DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

FOURTH SESSION—NINETEENTH PARLIAMENT

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1943

HOUSE OF COMMONS

DEBATES

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House of Commons Debates

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Monday, March 8, 1943

The house met at three o'clock.

UNITED NATIONS LEADERS

REPLIES TO MESSAGES SENT TO MR. CHURCHILL AND MR. ROOSEVELT ON MARCH 4

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, on Thursday the 4th instant I read to the house copies of telegrams which I had dispatched earlier in the day to the Right Hon. Winston S. Churchill, Prime Minister of the United Kingdom, and to Franklin D. Roosevelt, President of the United States of America. To these messages I have received the following replies:

From Mr. Churchill, a message dated London, March 6, 1943, as follows:

I am deeply touched by your very generous message and I send to you and to all members of the parliament of Canada my heartfelt thanks. I recall with gratitude the warmth of the reception which you all gave me when I visited Canada in December, 1941. In the darkest days Canada, under your leadership, remained confident and true. Now the days are brighter, and when victory is won, you will be able to look back with just pride upon a record surpassed by none.

I might add that this message was read over the radio last night and has appeared in the press of to-day. I have ascertained that it was given out in London on Saturday night, and that the Associated Press received the message from there. It was not given out from my office. Had I had control of the situation I should have held the message and given it to parliament in the first instance.

From Mr. Roosevelt I received this morning a message dated Washington, March 8, 1943, as follows:

The greetings of old friends have always been especially welcome to me, and so please accept my warmest thanks for your message on my tenth anniversary as president. My good neighbours, the Canadians, are kind indeed to have remembered me on this occasion; and I hope you will convey to them, especially to your colleagues in parliament and the government, my cordial appreciation.

The emphasis in your message on the success of our arms and the growing power of our offensive, strikes a prophetic note. Our people, like yours, and those of all the united nations, are determined that there shall be no faltering in our march towards victory whatever the obstacles. In this year, above all, we shall support to the limit our troops of land, sea and air in the grim fighting which lies ahead. All Americans are proud to know of the great sacrifices which their Canadian comrades have made so that Canadian men and materials could contribute so vitally to the struggle.

With cordial good wishes to you, as always,

Franklin D. Roosevelt.

PUBLIC ACCOUNTS

REFERENCE OF AUDITOR GENERAL'S REPORT TO COMMITTEE

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I indicated on Friday that I would refer the report of the auditor general to the public accounts committee to-day. I now move, seconded by the Minister of Mines and Resources (Mr. Crerar):

That the public accounts and the report of the auditor general for the fiscal year ended March 31, 1942, be referred to the standing committee on public accounts.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, I wish to say only a few words with regard to this motion. First I would draw attention to the fact that the motion will deal only with the report of the auditor general as it affects public accounts up to March 31, 1942. Since this motion will be the terms of reference to the committee, it will, as I understand the situation, limit the investigation of that committee to accounts up to that time.

I have a motion on the order paper which, I note, has been relegated to the graveyard of motions by private members and therefore is not likely to be discussed by the house. I would ask the Prime Minister (Mr. Mackenzie King) that his motion be made to extend the terms of reference so that the committee may be allowed to investigate not only accounts up to the end of the fiscal year, 1942, but also accounts up to the present time, and particularly with reference to the work being done by the office of economy control set up by the government.

The house is already familiar with the statement made or alleged to have been made

the other day to the press by the director of economy control, Colonel Thompson. Those statements are pretty serious. When a paper with the position of the Ottawa *Journal* proceeds to quote the director's statements, putting them in quotation marks, it seems to me the house and the public accounts committee should take serious cognizance of the fact. The press statement says:

Colonel John Thompson, the government's uncompromising economy director, to-day had just about reached the end of his tether.

He had found it increasingly impossible, he told the *Journal*, "To cope with all the crazy waste and extravagance which some eight months ago he was assigned to control if not eliminate".

Then in quotation marks:

"Evasion, subterfuge and outright trickery" are being used to nullify the work of the office of government economy control.

Thousands of dollars have been spent on office supplies, furniture and equipment, he charged, without the requisitions ever having been submitted to him for examination and approval or rejection.

Piled on his desk this morning were many of these requisitions which had reached him only after the orders had been placed and filled, and the bills for them accrued.

With these requisitions were the "accounts payable" for supplies which had been purchased without his authorization.

One of those accounts was for $2,500, covering but one printing job.

Colonel Thompson has kept a file of such records of "subterfuge, evasion and trickery", to prove, if necessary, how the office of government economy control has been short-circuited.

Each time the colonel has received these "accounts due" for office supplies, which have been purchased without his approval, he has marked them, in red ink, "payment refused".

Some of the accounts have been accrued with private business houses and with printing shops other than the government's publishing establishment.

"I don't know who will pay them, or how", declared the colonel, "but certain it is that I will not approve payment."

I want to draw the attention of the house to the fact that those statements have been made by an official. I know nothing about his qualifications, but I assume the government must have been satisfied with them when they appointed him to this office. He has made what amounts to a very serious charge with reference to waste and extravagance in the conduct of government business.

It seems to me that this is not a matter merely for the executive or for the government; it is a matter for the entire House of Commons, something which ought to be gone into thoroughly by a standing committee. It is true that there is a war expenditures committee, but that committee recognized that there were certain limitations to their work. I should like to quote from page 92 of the minutes of proceedings No. 3 of that committee, which contains the following in regard to the acquisition of the air field at Gimli:

It is not the duty of this subcommittee to supplant the responsibility either of the public accounts committee or the civil courts. This subcommittee does not express any opinion as to the need for further inquiry. In the light of the request made by the solicitor for the Winnipeg *Tribune* the subcommittee believes that such an inquiry, if deemed necessary, could be more satisfactorily made as above indicated.

I quote that for the purpose of pointing out that the war expenditures committee recognized that matters of this sort, dealing with money already spent or with the manner of the spending of such money, is a matter for discussion by the standing committee on public accounts. This is a matter to which the house ought to give serious consideration. It has often been stated that many of our functions have been usurped, but there are two great functions which this house still has. One is the duty of voting supply, and the other is the duty of scrutinizing all accounts paid or payable.

If we allow a situation of this kind to go unchallenged and without investigation, then we private members of the house are derelict in our duty. I want to make this appeal to the government and to the house. The Minister of Finance (Mr. Ilsley) has told us that during the next year the people of Canada are going to be asked to lend to the government the sum of $2,750,000,000. That is a tremendous figure. It will be lent to the government only as a result of considerable sacrifice on the part of the people of Canada. The members of this house will be asked, to urge upon the people of Canada that they make this contribution, and they will gladly do so. But if the people of Canada ever come to feel that this money is not being spent to the best possible advantage; if we ever allow the people to feel that there is waste, extravagance, or, as this report says, subterfuge and outright trickery, then we shall weaken in every fibre our war effort. This house can strengthen the morale of the Canadian people by asking the public accounts committee to examine the public accounts not only up to March 31, 1942, but all accounts up to the present time, and to have Colonel Thompson appear as a witness to discuss these questions which have been raised in the public press. I therefore move, seconded by the hon. member for York South (Mr. Noseworthy):

That the motion be amended by adding the following words:

"and that the committee be empowered to examine accounts up to the end of February, 1943, and to investigate the work being done by the office of the government economy control."

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, before this amendment is put I should like to say a word or so in connection with the argument which has been made by the hon. member for Weyburn (Mr. Douglas). On Friday last, on the orders of the day, I asked the Prime Minister (Mr. Mackenzie King) if he would permit the auditor general's report to be brought before the public accounts committee. I had it in mind that that should be an automatic procedure, one which I think should have been adopted in previous years as well.

There are many reasons which would move one to make that suggestion. Far too little attention is given by the House of Commons to the auditor general's report. On that occasion I was careful in my phraseology in order to indicate that the whole house must share some responsibility with respect to it, since perhaps the excuse may be made that from time to time a motion might have brought the auditor general's report before that committee. It will produce a much more healthy condition with respect to our whole scheme of expenditures to have these expenditures come before the public accounts committee year by year. It will not only provide an opportunity for that committee to deal with the various items in question, but it will also have the effect of putting a brake upon some of the spending if the departments know that each year the public accounts committee will give close scrutiny to the auditor general's report.

I spoke mainly with the idea of providing the first step toward having a closer scrutiny of accounts generally by this parliament. Coupled with that suggestion to the Prime Minister was the suggestion that Colonel Thompson, who had made certain charges as reported in one of the Ottawa newspapers, which charges were enlarged upon by the hon. member for Weyburn and also, on Friday last, by the hon. member for Lake Centre (Mr. Diefenbaker), should be brought before the public accounts committee. My suggestion was that Colonel Thompson should be summoned as a witness before that committee. I was saying then what the hon. member for Weyburn has said to-day in different words. I should like to associate myself with the suggestion he has made and to say that we in this parliament, particularly the members of the opposition, have a duty to see to it that no avenue is closed to the house or to parliament by which a full disclosure and complete scrutiny of the money being spent in Canada during this war-time period can be made by this House of Commons. There are in this dominion large sections of our people who are paying taxes in amounts which they have never been called upon to pay before. Because of that and for reasons of war there is growing consciousness among the people generally, amounting to a great pressure of public opinion, that every means should be adopted by members of the house to see to it that every dollar and every cent of that money shall be spent to the best possible advantage and in the most effective way towards the winning of this war. That is a duty which the public expect of the government and it is a duty which the government owes to the public.

I am glad to associate myself and this party with the amendment which has just been made, and I think we should go to the full extent and avail ourselves of every possible avenue through which these accounts can be closely scrutinized. We should not be in any way restricted or limited with respect to the time element in our inquiry into these accounts. Wherever there are matters which should be scrutinized or accounts which should be audited let us not be guided simply by a matter of dates; let us go back to the time when these accounts were incurred and the expenditures made, and then where necessary let us turn the accounts over to the public accounts committee so that it may scrutinize them in detail.

I would therefore ask the government if they would on this occasion enlarge the scope of the scrutiny of these expenditures to include any and every expenditure made up to the present time, so that the public will know that no stone has been left unturned by parliament in attempting to ascertain whether or not every cent that has been spent has been properly and well spent by the government and by parliament.

Hon. L. R. LaFLECHE (Minister of National War Services): Mr. Speaker, I am somewhat at a loss to understand upon what authority it is taken for granted that the director of economies control actually made these statements to the press. I am not in a position either to affirm or to deny that he did. As I said last week in this house, I instituted inquiries as soon as the matter was brought to my attention late that afternoon.

I submit to the hon. gentleman who has just spoken (Mr. Graydon) that it may not be wise to give a wrong direction to this matter by speaking of charges or accusations at least until we know who has said anything and what he has said. The only thing I am yet able to bring to the attention of the house in connection with this matter is a memorandum dated Saturday last, March 6,

addressed to me by Colonel John Thompson, director of government office economies control, which I should like to read:

Apropos of an item I saw in the press, either last night or the night before, I wish to say that at no time has there been any interference by the government, or yourself, or any member of parliament, with this office in the performance of the duties allotted to it by order in council.

The word "no" in the memorandum is underlined, and the letter is signed by John Thompson, whose full title is Colonel John Thompson, director of government office economies control.

Mr. DOUGLAS (Weyburn): Is that all that there is in the memorandum, may I ask?

Mr. LaFLECHE: Yes, and may I repeat what I said a moment ago, that I have brought to the house all that I have from Colonel Thompson as yet.

Mr. GRAYDON: If I may ask the minister a question, is that the only memorandum that has come to him from Colonel Thompson?

Mr. LaFLECHE: Yes, that is the only memorandum that I can find touching upon the question under discussion in this house.

Mr. GRAYDON: Had the minister seen the item in the Ottawa *Journal* and brought it to the attention of Colonel Thompson prior to his sending that memorandum?

Mr. LaFLECHE: On Friday last I made it very clear that as soon as I saw that article I instituted inquiries, and of course I wrote to the director.

Mr. DOUGLAS (Weyburn): Has the minister seen the list of specific charges in Saturday's Toronto *Telegram* and to-day's Ottawa *Journal*?

Mr. LaFLECHE: May I say that with the best of will or the worst I cannot take it for granted that these charges have been made by Colonel Thompson. I know him as an honourable gentleman, and I would remind the house of what I said in that connection last Friday, that particularly in the case of such a very old servant of the country as Colonel Thompson is—for years he was head of the pension commission—I would expect that had he any complaints to make he would make them to his minister direct. In their absence I am not in a position to add one word to what I have already said. I have already given to the house all the information that I have.

[Mr. LaFleche.]

Mr. GRAYDON: May I ask the minister one other question? Has Colonel Thompson denied to the minister the charges that were made in the Ottawa *Journal*?

Mr. LaFLECHE: I can only repeat—

Mr. SPEAKER: Order. I would point out that there is a motion and an amendment before the chair. We are not in committee and questioning cannot be permitted.

Mr. M. J. COLDWELL (Rosetown-Biggar): Personally I think the only manner in which this matter can be cleared up is to have the committee sit and have Colonel Thompson appear before it to substantiate or deny that he ever gave such an interview. The statements that appeared in the press quoted Colonel Thompson, and my experience with the newspaper reporters, particularly those in the gallery of this house, is that when they quote someone they endeavour to quote accurately. I have not known them to do otherwise deliberately. I suggest that the men in our gallery at Ottawa are reliable when they give statements within quotation marks. Moreover, I cannot quite understand the situation, because Colonel Thompson said in his quoted statement that he had made repeated representations to the minister, and the minister has just said, as I understand it, that he has no representations of this sort on file from Colonel Thompson.

I think that the amendment should carry and that the matter should be dealt with under the procedure laid down by parliament. The committee has the power to call witnesses and question them under oath and to go to the bottom of the whole matter in a proper manner. I believe we would be derelict in our duty if we did not follow that procedure, because the charges which are said to have been made are of a serious nature, and ought to be gone into very carefully indeed by a committee of this house. The proper committee is the public accounts committee.

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say first of all that my hon. friend the leader of the opposition (Mr. Graydon) asked me last week if I would see that the auditor general's report was referred to the public accounts committee and I said that I would. I have gone him one better by moving that the public accounts be referred as well. I made a mistake in replying to my hon. friend when I said that I thought the auditor general's report had in previous years been referred automatically to the public accounts committee. I agree with the leader of the opposition that it would be desirable that the auditor general's report and the public

accounts should be referred to the public accounts committee as soon as tabled and the public accounts committee set up. I think that should be done every year. It has not always been done; it has sometimes been done; when it has not been done, it is because the opposition no less than the government were content to have matters as they were.

In regard to the amendment which has just been proposed, may I say first of all that I think it is out of order. I think it is out of order for the reason that it is a substantive motion in itself and therefore cannot be moved as an amendment. His Honour the Speaker has already given a decision to that effect in this session.

But I do not wish to allow the matter to rest there. I am in complete accord with the leader of the opposition and with all hon. members of the house in their desire to see that every possible restraint is placed upon possible unnecessary expenditures and, certainly as far as it is humanly possible so to do, to prevent wasteful expenditure of any kind. The more we can apply safeguards in that direction, the better it is going to be for all concerned. At the same time I do think it is necessary that in these matters we should adopt a procedure which at least carries with it a sense of the responsibility of a great assembly such as this House of Commons with respect to matters that are to be made a subject of public inquiry. Newspaper articles have been read. They contain certain allegations and representations. Some of these allegations have already been discussed on the floor of this house as if they were charges. They have been spoken of as charges and the word goes out from the press gallery that the government has been charged with this and that, that there has been a charge that such and such has taken place, that there has been a charge also of such and such waste. When the matter is truly stated, it is seen to be only a report in a newspaper. Whether it is within quotation marks or not does not matter. If this House of Commons is going to begin to assume as evidence of bona fides everything that appears in the public press in the nature of representations or allegations against some officer of or matters connected with the government, and take that source as the one from which investigations are to be made, it must be apparent that we shall be making a farce of our whole procedure.

I have just as much respect for the gentlemen in the press gallery as my hon. friend has; but he has no guarantee that the particular report which he says is in quotations was from any journalist in the gallery. It may have been from some reporter who is not in the gallery. I cannot say. At any rate, I hope my remarks will not be taken as reflecting at all on any journalist, one way or the other. What I say is this. The press has its responsibility, and the House of Commons and its members have their responsibility; and if there is to be an investigation of any matter I submit that at least before an inquiry starts before a committee of this parliament, some member of the House of Commons should himself take responsibility for asking that the matter in question be investigated. I think we should have something more to go upon before a public inquiry starts than simply an item in a newspaper.

It is free to any member of this house to ask that the public accounts committee be convened at any time it is desirable to have it so convened, and when the public accounts committee meets it is open to the members of that committee, which contains representatives from all sides of the house, to make what requests they wish with respect to the parties who are to appear. So far as I am concerned, and I am certain my colleagues would join me in this, if when the public accounts committee is called together hon. members wish Colonel Thompson to appear before it, we will not have the slightest objection to having Colonel Thompson so appear. If it is going to serve a helpful purpose to have the statements that have thus far appeared in the press made the subject of inquiry and Colonel Thompson called as a witness, the government will be only too ready to meet the wishes of the committee if that particular request is made. But I wish to make this perfectly clear, that in so doing it should not be assumed that we are establishing a precedent, so that any time anyone wishes to begin an investigation before the public accounts committee, a representation in the press may be taken as sufficient ground for the instituting of a public inquiry.

There is one other point. It is in reference to the public accounts. I understand that the auditor general goes through the public accounts and audits the public accounts before they are made public by tabling in the house. I cannot say how soon the accounts of the current year can be made available to parliament and tabled; that is a matter upon which I would have to get further information. I mention this because I believe the motion I have made goes as far as any similar motion has gone in any previous year, —as far as at this particular moment I feel it is possible to go.

Mr. DOUGLAS (Weyburn): May I draw the attention of the house to one or two things. First, the memorandum read by the Minister of National War Services (Mr. LaFlèche) does not deal with the question under discussion at all.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Is the hon. gentleman speaking to the point of order?

Mr. DOUGLAS (Weyburn): No. A point of order, I understand, has not yet been raised.

Mr. SPEAKER: The hon. gentleman has already spoken.

Mr. DOUGLAS (Weyburn): I was speaking on the amendment. I did not know that a matter of procedure had been raised.

Mr. SPEAKER: The hon. gentleman moved an amendment and spoke to it. He cannot speak twice unless he is speaking to a point of order. If any hon. gentleman wishes to speak to the point of order I should like to hear him now.

Some hon. MEMBERS: Question.

Mr. COLDWELL: Mr. Speaker, before you give your ruling on the point of order, may I suggest that the amendment is properly an amendment to a motion, that all it does is to suggest that certain words be added to the motion extending the terms of reference. If the procedure is such that hon. members are precluded from amending a motion of this description, drawn in general terms so that general terms can be extended to include something specific, it seems to me that the house is being denied a right which it ought properly to have. The hon. member for Weyburn (Mr. Douglas) endeavoured to place his suggestion before the house by giving the required notice under the standing order providing for forty-eight hours' notice, not knowing that this motion was to be introduced by the government, and he finds that the motion which he filed in the usual way is being relegated to such a position on the order paper that in all probability it cannot be reached this session. If the ruling of the Chair should be that one cannot move an amendment extending the reference to cover a matter which cannot successfully be made the subject of a substantive motion because of the position in which it is placed, under private members' resolutions, on the order paper, I submit that that ruling would deny to this house a right which hon. members should be able to exercise.

[Mr. Mackenzie King.]

Mr. BOUCHER: Speaking further to the point of order taken by the Prime Minister (Mr. Mackenzie King), it seems to me that the attitude of the hon. member for Rosetown-Biggar (Mr. Coldwell) is particularly appropriate when one couples with it the statement I understood the Prime Minister to have made, that to refer a matter of this kind to the public accounts committee, some hon. member should take the responsibility of laying a charge. If that is so; if a member of the House of Commons must lay a charge and accept the responsibility of doing so before a matter can be referred to the public accounts committee, a substantive motion of this kind, enlarging the scope of the terms of reference to the public accounts committee, would apparently be out of order. But on the other hand how could a matter be referred to the public accounts committee unless an individual charge were made? The motion itself seems to imply the reverse of the statement that an individual member must make a charge before the matter is referred to the public accounts committee. One cannot but be forced to that conclusion.

Mr. SPEAKER: The motion is:

That the public accounts and the report of the auditor general for the fiscal year ended March 31, 1942, be referred to the standing committee on public accounts.

To that an amendment is moved by the hon. member for Weyburn (Mr. Douglas), seconded by the hon. member for York South (Mr. Noseworthy):

That the motion be amended by adding the following words:

"and that the committee be empowered to examine accounts up to the end of February, 1943, and to investigate the work being done by the office of the government economy control."

I have listened carefully and given due consideration to the statements made by the hon. member for Weyburn and the hon. member for Rosetown-Biggar (Mr. Coldwell) with regard to an amendment to a motion such as we have before us. The hon. member for Rosetown-Biggar spoke of the extension of the motion and the adding thereto of a period during which these accounts could be examined. The hon. member did not refer to the latter part of the amendment, which states:

". . . and to investigate the work being done by the office of the government economy control."

I am of course concerned with the procedure of the house. In my judgment it would be a dangerous precedent that any motion such as that which is now before the house should be added to and a reference made to an investigation to be made. Such

a motion for an investigation must necessarily be a substantive motion and, being a substantive motion, cannot be moved as an amendment to an original motion.

I would also point out to the house that under the reference which is made to the public accounts committee and all standing committees, persons and records may be brought before that committee; there is nothing to prevent members of the standing committee, when these matters are under discussion, from asking for the attendance of any witness, because they have that power now under the standing order; and the committee then will be the judge as to whether or not the investigation shall be completed, and if necessary they in turn can come back to the house for further instructions.

In the meantime we are faced with a motion, and, as I am of opinion, a substantive motion moved as an amendment, which is not in accordance with the rules of the house. Therefore I must rule the amendment out of order.

Mr. HARRY LEADER: (Portage la Prairie): Perhaps it will be in order for me to say a word or two, Mr. Speaker, before you put the motion. I believe I am a member of the public accounts committee, and therefore will have the opportunity to discharge my duties in that capacity. I was struck by what the Prime Minister said a few moments ago, that the members of this house owe a duty to parliament, and I presume that includes those who elected us to parliament. I believe that the amendment moved by the hon. member for Weyburn (Mr. Douglas), instead of being declared out of order, should have been accepted by the Prime Minister. I have not even read the newspaper article referred to by the hon. member for Weyburn. But I have gathered that suspicion will be aroused in the minds of the taxpayers, and we should do everything within our power to see that their minds are not poisoned. If the information is false, we should see that everything is brought out into broad daylight.

I was going to give an example of what happened years ago. The auditor general's report was being discussed in the house. I had gone through that report pretty thoroughly, and I noted that the auditor general brought to our attention the fact that there had been overpayment in a department of government. I am not saying it was altogether when the Liberals were in office; it was going on when either party was in office. But the watchdog of the treasury drew the attention of the members representing the people of Canada to the fact that overpayment had been made and had never been repaid. I ran across this also, which goes to show that something can be done even in parliament. A certain civil servant was moved from Ottawa to new duties in Calgary. He was a surveyor, receiving, if I remember correctly, a salary of over $4,000 a year. When he was moved to Calgary he was given a living allowance, I believe about six dollars a day. After about a year he was brought back to Ottawa, and I think for two or three years after he returned to Ottawa he was still getting his salary plus living allowance.

When I noted that the auditor general drew the attention of members of parliament to the fact that these overpayments were being made, as a representative of the people I thought it my duty to bring the matter before parliament, which I did. It was in the department of the Minister of the Interior of that time. When I mentioned it he said he was not aware that that situation existed, and being very sympathetic I asked the minister if he had not the information at the time to bring it down later. He promised to do so, and later did; he said that the situation as depicted by the member for Portage la Prairie was true. I met him on the street some time later and I am not giving away any confidences—he said, "Harry, I did not know anything about that."

There is an example. Such conditions as these things existed then and perhaps they exist now. We have charges to-day, or a quotation from a civil servant, as reported in the press, and the Prime Minister should be the first to say, we must explore this to the limit. I want to make my position clear. If a vote is taken on this amendment I shall have to vote against the government. My conscience dictates nothing else.

Mr. SPEAKER: The hon. member for Portage la Prairie (Mr. Leader) in the course of his remarks stated that the Prime Minister should accept the amendment. I should like to point out to the house that only during the last two weeks an amendment was accepted by the house which, as I indicated, if it had been placed before the Chair I should have ruled it out of order. Following that, within a week, another similar amendment was made and I had then to rule it out of order. I would say to the house that if the Prime Minister had moved the adoption of this amendment as part of the motion I should have felt it my duty to point out to him that it was entirely contrary to the rules of the house, and I should have to declare it out of order.

Mr. J. G. DIEFENBAKER (Lake Centre): No more important duty rests upon this house than careful scrutiny of all expenditures. Where there is any suggestion of over-expenditure, as is alleged to have been stated by Colonel Thompson, the place to determine that is in this house or in the committee, and not in newspaper articles. We now find ourselves in this position. One newspaper says that Colonel Thompson made a certain statement; other newspapers say he did not make it. The Minister of National War Services (Mr. LaFleche) in a statement on Friday which was very difficult to follow, seemed to take no stand whatsoever on the question. The position now is that although allegations have been made in a responsible newspaper, the members of this parliament are not to have the opportunity to examine the accounts. It is all very well to say, as the Prime Minister (Mr. Mackenzie King) has said, that the public accounts committee will be convened and that Colonel Thompson may be called before it if the committee so decides. You will have a committee of fifty members—and as in all committees the government will have an overwhelming majority. Why the government should seem to be desirous of not having Colonel Thompson brought before this committee I do not know. I suggest that the attitude will not be changed when the public accounts committee is convened.

We have the war expenditures committee which meets behind closed doors. When the committee was set up the Prime Minister said that the committee would meet in the open except when otherwise decided. Yet from the very beginning as soon as we got into the committee there was no question about it at all. The decision announced in the house by the Prime Minister was not carried out.

Mr. CLEAVER: Will my friend permit an interruption? I know he does not want to misrepresent—

Mr. DIEFENBAKER: I will permit an interruption when I am through with my argument. As soon as the subcommittees were set up the motion was made and in every case it was decided, except in the case of one subcommittee, that they should meet behind closed doors. What is the result? Everyone knows that a certain degree of secrecy must be observed, the paramount desire being the safety of the state. But the safety of the state does not demand that instances of over-expenditure should not be brought to the attention of parliament when heard in the war expenditures committee. Yet the lips of every member of the war expenditures committee are sealed as to the information they secure in that committee; they may not bring it before parliament.

Mr. CLEAVER: Before leaving that would my hon. friend allow me? I know he does not wish to leave an incorrect impression.

Mr. DIEFENBAKER: What is the question?

Mr. CLEAVER: Is it not a fact that it was left with the individual subcommittees to determine how each of their sessions should be held, whether in camera or in public. Also is it not a fact that as to the subcommittee on which my hon. friend sat for one entire session of the house no motion was ever made that it should sit in public? I am chairman of that subcommittee and I make that statement.

Mr. DIEFENBAKER: All I know is that the Prime Minister gave the promise that the committees would meet in the open except when in the interests of the safety of the state the committee might otherwise decide; and in every case when a vote took place the vote was always that they should meet in secret.

Mr. MAYBANK: Would the hon. member permit one more question?

Mr. DIEFENBAKER: Yes.

Mr. MAYBANK: I would ask the hon. member whether he himself ever proposed a motion that they meet publicly, and had it voted down. It does not seem to agree with what was said across the house.

Mr. DIEFENBAKER: I raised the matter in this house—

Mr. MAYBANK: In committee.

Mr. DIEFENBAKER: Yes, and raised it in the committee.

Some hon. MEMBERS: Oh, oh.

Mr. DIEFENBAKER: Just a minute; I raised it in the committee, and other members of the opposition raised it in the committee, and in every case they were voted down. Now—

Mr. CLEAVER: I do not like to have to interrupt again, but I was chairman of the committee on which the hon. member sat, and he did not nor did any other hon. member move such a motion.

Mr. SPEAKER: The hon. member should not interrupt.

Mr. DIEFENBAKER: I do not mind answering questions, but I do object to speeches being made. The fact that such conditions do

prevail in the war expenditures committee, where many matters were brought up, such as war-time housing, elementary flying training schools, air observer schools, information which would not have been of assistance to the enemy, has aroused the suspicion—

Mr. CLEAVER: I rise to a point of order. I suggest to you, Mr. Speaker, that the hon. gentleman is entirely out of order in discussing the war expenditures committee, and in dealing with war-time housing or any of these other matters on the motion now before the Chair.

Mr. SPEAKER: I do not agree that the hon. member for Lake Centre (Mr. Diefenbaker) is out of order. He is speaking with regard to public accounts, and in illustration he mentioned these other points. He is in order.

Mr. DIEFENBAKER: I wish to add this, that the very fact that the subcommittees of the war expenditures committees have met in secret has aroused a feeling that we in this parliament are not discharging our responsibilities, and that we are not properly scrutinizing public expenditures. And when an allegation of improvident expenditures is made in the press, by a man holding one of the most responsible positions in the service of his country—

An hon. MEMBER: He did not.

Mr. DIEFENBAKER: Well, he is alleged to have made certain statements—

An hon. MEMBER: That is different.

Mr. DIEFENBAKER: —and now the opportunity comes to have him brought before a committee, he should be given the opportunity to give his evidence. I ask the Prime Minister if he will give parliament and the country the assurance that if any hon. member on the public accounts committee will call Colonel Thompson, his evidence will be accepted in the committee.

Mr. HUGHES CLEAVER (Halton): Speaking, sir, to the present motion, and following Your Honour's recent ruling in regard to the remarks of the hon. member for Lake Centre (Mr. Diefenbaker), and answering the suggestion he has been good enough to make, that government supporters on the public accounts committee will gang up on him and prevent evidence from coming out, I should like to make one or two remarks. The hon. member for Lake Centre made the statement, in regard to the work of the war expenditures committee, that all the sittings of the committee had been in camera, although the Prime Minister (Mr. Mackenzie King) had declared to the house these would be open, except where for military reasons or otherwise they should not be open. I should like to make a few comments in regard to the hon. member's statement, just to keep the record clear.

The committee was given the fullest possible powers by the house with regard to its sittings. It had the power to hold sittings in open or in camera. The main committee, in turn, passed on that same power to the subcommittee, and it was left to the discretion of each individual subcommittee as to what, if any, of their meetings should be held in camera, and as to what, if any, should be held in public.

The hon. member for Lake Centre was a member of subcommittee No. 1, for one session of the house. I was chairman of that subcommittee, and I say as chairman that the hon. member did not at any time move that a sitting of that committee should be in public, nor was any such motion ever voted on, or voted down, as he inferentially suggested a moment ago.

Mr. J. H. HARRIS (Danforth): Mr. Speaker, I should not like to allow that last statement to be accepted as covering the activities of all the committees. I would correct it to this extent, that when we met in general committee, comprising all those making up subcommittees 1, 2 and 3, I had the honour on each occasion to move that all meetings be held in open session. On every occasion we were voted down by those who support the present administration. Then, in turn, as subcommittees convened, the same question arose and in the case of subcommittee No. 2, on which it was my privilege to serve, they did open up the session and we had open discussions. This arose from a little generosity on the part of some of the members supporting the government, and from the fortunate absence of another. The vote carried by a majority of one, which kept the sessions open. On a later occasion, to the embarrassment of the chairman, the sessions were again opened, and the chairman immediately adjourned subcommittee No. 2 on that particular day to consider the position. His ideas were voted down. But he was kind enough to reconvene the committee in open session afterwards. It is patent therefore on the very surface of it that government majorities on committees almost always—at least as far back as I can remember—vote the way the treasury benches want them to vote in handling any matter which is the subject of inquiry before any committee. That condition obtains in the work of the war expenditures committee.

Mr. G. R. BOUCHER (Carleton): Mr. Speaker, the hon. member for Halton (Mr. Cleaver) has risen in the house to make it perfectly clear, so far as sittings of the war expenditures subcommittees are concerned, that each is left to its own discretion as to how it shall operate. In the past year I had the honour of being on subcommittee No. 1. True enough, the main committee did delegate to the subcommittee the power to decide whether it should or should not sit in secret. True it is also that in subcommittee No. 1, on which the hon. member for Halton was chairman, a motion was made at the very first sitting dealing with war-time expenditures in which it was asked that the sittings be in secret. And true it is that the motion was defeated.

Mr. CLEAVER: It was withdrawn.

Mr. BOUCHER: The hon. member for Halton may speak again after I have finished. Subcommittee No. 1 sat in secret throughout the whole of the session, dealing with many things which in my humble opinion did not warrant the slightest secrecy. Therefore I say to the hon. member that when dealing with the question of secrecy, in order that what occurred may be perfectly clear, and perfectly understood by hon. members, let us face the fact that it has been impossible for members who wanted public sittings in either the main committee or the subcommittees to be successful in their applications.

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Speaker, the motion now under consideration is that the public accounts for the year ended March 31 last be referred to the public accounts committee. The hon. member for Lake Centre (Mr. Diefenbaker) was perhaps a little less than fair in the remarks he addressed to the house a short time ago. I do not think it is proper to have an impression go out to the country that the government desires to withhold the consideration of public accounts before the public accounts committee. I agree with the leader of the opposition (Mr. Graydon) that there is probably no more important duty for parliament than the consideration of public accounts. The whole origin of parliamentary government arises out of the question of the expenditure of public moneys and the manner in which those moneys should be raised. No duty resting upon parliament is more important than that of scrutinizing and investigating closely how moneys placed at the disposal of the government are spent.

Let me make it clear that there is not and never has been any reluctance on the part of the government to have the public accounts fully investigated and scrutinized by the public accounts committee.

Mr. DOUGLAS (Weyburn): The public accounts committee has not sat since the war started.

Mr. CRERAR: But if this motion passes, the accounts will come before the public accounts committee. In past years there seems to have been an impression that the government failed in its duty because public accounts were not scrutinized by the public accounts committee. Well, the public accounts are the record of the manner in which various government departments have spent moneys voted by parliament to the government for the purpose of carrying on the business of the country. As to the propriety of the expenditure of a single dollar in past years, it was open to any member of parliament, and it was particularly the responsibility and duty of the opposition, to have such an inquiry made.

Mr. DOUGLAS (Weyburn): That is what we have been trying to do to-day, and the minister sees how successful we are.

Mr. CRERAR: Oh, no. If my hon. friend will be patient I shall come to that in a moment. So much for that. Perhaps I should not discuss the motion of the hon. member for Weyburn since you, sir, have ruled it out of order, but I would point out that it had to do with public accounts that have not yet been considered by the auditor general and consequently are not in a position to be referred to the public accounts committee. The other point which he made, and which was made a great deal of by the hon. member for Lake Centre (Mr. Diefenbaker)—the hon. member has considerable skill in presenting a case of that kind and leaving impressions that are probably not wholly warranted—was in respect of the duties discharged by Mr. Thompson as director of government office economies control. The Prime Minister stated in his remarks that it was open to any member of the public accounts committee to ask that Mr. Thompson or anyone else come before the committee. The Prime Minister also stated that if the public accounts committee wants to investigate these allegations, if they may be termed such, of Mr. Thompson which have appeared in the newspapers, it can be done.

Mr. DOUGLAS (Weyburn): May I ask the minister how it can be done when the terms of reference are limited to discussing public accounts up to March 31, 1942?

Mr. CRERAR: As Mr. Speaker pointed out, if the committee wants to investigate that and their powers are not broad enough, they can come back to this house and get the necessary powers. When the committee is set up, as it will be under this motion, and it meets to consider the public accounts if it wishes its powers expanded in order to consider these newspaper allegations, so-called, of Mr. Thompson, it can come back to the house if necessary and have the matter considered then.

Mr. GRAYDON: May I ask the minister a question?

Mr. CRERAR: Just a moment. These allegations or so-called allegations of Mr. Thompson have been the subject of a good deal of discussion here this afternoon. You can scarcely pick up a newspaper to-day, particularly newspapers opposed to the government, without finding somewhere some criticism of the expenditures of the government.

Mr. DOUGLAS (Weyburn): But that is not by a government official.

Some hon. MEMBERS: Order.

Mr. CRERAR: As the Minister of National War Services (Mr. LaFleche) has pointed out, what proof has the hon. member for Weyburn that Colonel Thompson ever made those statements?

Mr. COLDWELL: That is what we want to find out.

Mr. CRERAR: If we are going to investigate everything of that kind, every rumour that appears in the pewspapers, this house will be busy doing nothing else. I rose mainly to make clear to the house that the government has no objection nor does it take exception to an investigation of the public accounts by the public accounts committee. I feared that the remarks made by the hon. member for Lake Centre—I do not think he wished to convey that impression—might be taken in the country as an indication that the government had something to conceal in the public accounts and was reluctant to have them considered by this committee set up specially for the purpose.

Mr. J. GORDON ROSS (Moose Jaw): Mr. Speaker, I have tried two or three times to get the floor. I just want to say a word in regard to the remarks that have been made by certain members of the war expenditures committee. I do not intend to discuss anything that took place in the meetings of the war expenditures committee that were held in camera; I am going to discuss only what happened in the open committee. Each subcommittee was given the right to determine whether it would sit in camera. Personally I was against holding open sessions of the main committee, and I would vote against that procedure in a committee such as the war expenditures committee. I want to be practical in this house. I am not going to spend my time in a committee for the purpose of helping certain members of the committee to get publicity in the newspapers, to have their speeches go out to the public. That is what would be done. If I am ever put on a committee of that kind again I certainly will not stay on it unless it sits in camera, because I am not going to waste my time in that way.

The hon. member for Danforth (Mr. Harris) has said that the members of the committee on the government side voted as the treasury benches wanted them to vote. I want to say that every member on the government side of the house has just as much responsibility and feels his responsibility just as much as any member of the opposition in regard to any matter brought before a committee of this House of Commons. No member of the government, the whip, no minister, no member of the cabinet intimated to any member of the committee on the government side what he should do in regard to matters that were to come before the committee. It is not very judicious, it is not very nice for the hon. member for Danforth to make a statement of that kind when he knows as well as I that no one ever said anything to the members on the government side about what they were to do in that committee, any more than anyone would say anything to him about it.

Mr. HARRIS (Danforth): He knows they were voted down.

Mr. ROSS (Moose Jaw): You know you were voted down? Each man took his own responsibility in the voting; it was not at the instigation of any member of the government or of the treasury benches in this house.

I do not know a thing about the matter that is before the house at the moment, except from what the minister referred to a moment ago. The hon. member for Weyburn makes quite a little noise in this chamber every once in a while, and sometimes he makes quite a little noise in the country. He generally asks or tries to ask for something which he knows cannot be done.

Mr. COLDWELL: Not in this case.

Mr. ROSS (Moose Jaw): Not in this case? He is asking that the public accounts to the end of February of this year be brought down. That is an utter impossibility, as my hon. friend knows.

Mr. DOUGLAS (Weyburn): Nonsense.

Mr. ROSS (Moose Jaw): Something that happened six days ago. Surely he does not mean that seriously?

Mr. COLDWELL: He certainly does.

Mr. ROSS (Moose Jaw): It would be utterly foolish to pass a motion in this house that we should bring down the public accounts of this country up to February 28, just a week ago.

Mr. P. C. BLACK (Cumberland): This committee is being set up and specific duties are being assigned to it. Certain matters are being referred to the committee and I think they should be cleared up. The hon. member for Halton (Mr. Cleaver) made reference to some of the decisions arrived at in one of the subcommittees of the war expenditures committee. I was a member of that committee and I want to say that he extended to me every courtesy, but I must take exception to what he has said in this house.

I took the stand in the committee that information with regard to the expenditure of public moneys should be disclosed to the public and that I, as a member, was not entitled to information not available to the public unless it was information which, if disclosed, might give comfort to the enemy or be detrimental to our war interests. That is the stand I took. Several important subjects were referred to subcommittee No. 1 of the war expenditures committee. Among these matters was war-time housing, involving at that time, I believe, an expenditure of $67,000,000. There was also the aeroplane industry, which involved the expenditure of hundreds of millions of dollars and in connection with which there had to be considerable secrecy. There was also war-time shipping, which involved many millions of dollars.

The first subject which was set up for investigation was war-time housing. I could not conceive that there was anything having to do with war-time housing that could give comfort to the enemy or that would be contrary to our military efforts. I made a motion, I think at the first session, that all evidence and information given before the committee having to do with war-time housing should be made available to the public. That was supported by the hon. member for Carleton (Mr. Boucher) and the hon. member for Bow River (Mr. Johnston), but it was voted down at the instance of the chairman, the hon. member for Halton (Mr. Cleaver), and the other members of the committee.

My colleagues and I then had to decide whether we should continue to act when our wishes were not complied with or whether we should retire from the committee. An important responsibility had been assigned to us and we felt that it was our duty to discharge that even under those limitations. We therefore decided to stay. I went on record then, and I go on record now, as not believing that the expenditures having to do with war-time housing should have been withheld from the public. I did not believe there was any necessity to sit in camera, but I complied with the request of the majority of the committee that the evidence be taken in camera, in secret. A copy of the evidence was not made available to me, although it is true it was in the hands of the chairman of the committee and I could go to his office and look it over. But I was handicapped and curtailed to that extent. Therefore I have to take objection to the statement made by the hon. member for Halton that we were not voted down but that we were allowed to make our investigations and give the information to the public. In making the motion that the evidence be made available to the public, I also made this condition, that even in the investigations with regard to war-time housing, matters should not be disclosed to the public which would give comfort to the enemy, and I was quite willing that such evidence should be taken in camera.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, we seem to have gone off at a tangent in the debate on this motion. As I understand the motion made by the Prime Minister, it is to refer the auditor general's report for the fiscal year ended March, 1942, to the public accounts committee.

Mr. ILSLEY: And the public accounts.

Mr. MacINNIS: And the public accounts, yes. Some of us on this side of the house would like to have the term of reference extended, and if my opinion is of any value to the government I suggest that they are really standing in their own light if at this time they oppose that extension. As has already been pointed out, the people are being asked to make substantial sacrifices, and they are prepared to make them because they believe that they are being asked to make them for a cause that is worth while. But the people are suspicious that there is a great deal of waste and extravagance, and if at this time they find that the government is opposed to investigating charges that have been made, not by a member of this house, not by the newspapers, but by a responsible official, then I am afraid that the repercussions will not be good.

There is no use in saying that charges have not been made. Charges certainly have been

made, and when the minister in charge of the department concerned comes into the house and says he does not know whether his subordinate has made charges or not, he is simply playing with the house. Either his subordinate made charges or he did not, and when the minister comes into the house he should be prepared to tell the house that his subordinate made these charges or that he did not. It is not good enough to say, "I do not know whether or not Mr. Thompson made these charges." Mr. Thompson is a subordinate in the minister's department, and the minister can ask Mr. Thompson to come before him and can say to him "Mr. Thompson, did you make these charges or did you not?" Then the minister would be prepared to tell us that Mr. Thompson did or did not make them. That is all it amounts to. It is not a question of rumour at all. It is a question of fact.

In order to bring the matter before the committee and in order that the house may have an opportunity to extend the reference to the committee, I move:

That the motion be amended by adding the following words:

and that the committee be empowered to examine audited accounts up to the end of February, 1943.

I do not believe that there is any substance in the statement that the public accounts committee can examine only those accounts that have passed through the auditor general's hands. I believe the public accounts committee can demand and examine any account and find out whether that account is in order or not. There is no limit to what the members of this house can do in the way of investigating the public accounts. For that reason I have moved my amendment and I hope that the government will realize the necessity of accepting it.

Hon. ALPHONSE FOURNIER (Minister of Public Works): Mr. Speaker, I wish to say a few words because for the last year I have been chairman of the war expenditures committee. That committee was set up two years ago on the suggestion of the then leader of the opposition. I recall that he quoted in the house the reference made in the British house to their committee on national expenditures. That reference was adopted in this house with but a few changes in the wording. We tried from the outset to follow the procedure followed by the British committee on national expenditures. In the first year our war expenditures committee sat as a general committee for two months investigating the functions, set-up and procedure of the Department of Munitions and Supply. Later we subdivided into three subcommittees. The main committee decided not to sit in public but left it to the subcommittees to decide how they would sit. I happened at the time to be chairman of subcommittee No. 3. We sat in camera. Other subcommittees, the one on which the hon. member for Danforth (Mr. Harris) was a member, sat in public, and if hon. members will look up the report of that committee they will find that it is a public document containing not only the committee's recommendations but also the evidence taken before that subcommittee. Everything that was said there was made public. Other subcommittees sat in camera where the evidence adduced was of such a nature that it could not be made public. We could not make a public inquiry, for instance, into the building of tanks, giving all the specifications, detailed costs, and even the contracts with the companies manufacturing the tanks. The members agreed at that time that we could not make that information public.

Mr. COLDWELL: Mr. Speaker, I rise to a point of order. Are we discussing a motion and an amendment, or are we discussing the work of the war expenditures committee? I do not wish to shut off the Minister of Public Works. I agree that you cannot discuss in public such matters as the building of tanks and munitions on which details must be kept secret. But the point of order I am raising is that we are getting away from the motion and the amendment. I submit, sir, that the present discussion is entirely out of order, and I ask for your ruling.

Mr. SPEAKER: When the hon. member for Lake Centre (Mr. Diefenbaker) was interrupted with regard to the relevancy of the remarks he was making, he was dealing at that moment with secret sessions of committees and was speaking to the motion for setting up the public accounts committee. As I understood his speech he was arguing that the committee should not sit in secret. I did not anticipate then that we were going to have a debate on what the war expenditures committee did last year, and I trust that members will confine themselves as far as possible to the motion and the amendment.

Mr. FOURNIER (Hull): I have no intention, Mr. Speaker, of discussing the war expenditures committee. There is a resolution on the order paper which will come up in due time and give hon. members an opportunity to discuss all the proceedings of that committee. I was drawn into this discussion by the remarks of the member for Lake Centre, who said that as the government members were in a majority on that committee the opposition were overridden; and he stated that

the committee sat in camera although members of the opposition had wished it to sit in public. I still favour sittings in camera for the examination of war expenditures where information of value to the enemy might be disclosed. There seemed to be an implication in the remarks of the hon. member for Lake Centre that because the government had a majority on one of the committees we did not realize our responsibility and would try to hide something which should be made known to the public. I wish to protest against that implication. All the members of the war expenditures committee were ready to report everything that would help in the war effort.

As for the present motion to refer the public accounts to a committee, hon. members who desire that to be done, once the motion is made by the government, start a debate as to what shall be referred to the committee. I thought that the public accounts committee was ready to hear any charges of maladministration, extravagance, trickery, subterfuge—call it what you will—if anybody would lay a charge or call the attention of the members of the committee to the facts. I believe the committee is entitled to call any witnesses to establish facts which are alleged by responsible parties. But up until now, having read the papers and seen the representations contained in them, I am at a loss to know who is laying charges, against what departments charges are laid, or what specific charges there are against individuals or officials or departments. It is very difficult to inquire in a committee as to the truth of a general representation such as that everybody is dishonest or that nobody is doing his duty. When an inquiry by the committee is asked for, it seems to me one should have something specific on which the members will be called upon to decide. Up until now we have had general talk in the papers that there may be extravagance, unjustifiable expenditures. But where, and when, and by whom?

Mr. DOUGLAS (Weyburn): That is what the committee would have to find out.

Mr. FOURNIER (Hull): That is what would interest the committee. But nobody seems to wish to stand up at this moment and say, "Extend that present motion and refer to the committee these charges." I believe that if charges were preferred the government would immediately refer them to the committee.

I am convinced that the committee should sit every session and inquire into all these expenditures, so that officials might perhaps be more careful in the way they are handling procedure and administration. It cannot do any harm, at all events, because when somebody knows his actions are going to be inquired into he is probably inclined to be more cautious than if he knows that a committee will not sit for five, ten, or fifteen years. As to the war expenditures committee, I hope that when later on we have a discussion with regard to it, the facts will be presented, so that the public will know exactly why we proceeded in the way we did.

Mr. SPEAKER: There is an amendment before the house. Does any hon. member wish to speak to the relevancy of the amendment?

Mr. MACKENZIE KING: Yes, Mr. Speaker, I would say that the amendment is out of order because, in the first place, it asks to refer to the public accounts committee, accounts which have not yet been tabled. The public accounts for the present fiscal year have not yet been placed on the table. Until they have been tabled they cannot be referred to the public accounts committee. My motion is to refer to the committee such accounts as have been tabled.

Speaking on the point, may I say that this parliament has enacted statutes for the purpose of dealing with matters of revenue and expenditure. There is the Consolidated Revenue and Audit Act, which covers these matters. We can amend the act if we wish to do so, and after it is amended if a different procedure is set forth, if may be followed. But so long as the statute remains as it is, this parliament would be wise, I think, to follow the procedure which has been adopted in previous parliaments. Section 49 of the act reads as follows:

> The auditor general shall report annually to the House of Commons the result of his examination and audit of the accounts of Canada in such manner as will exhibit the true state of each account at the termination of the fiscal year last ended.

Until the auditor general has performed that function, I submit, his report or the public accounts to which they relate cannot be tabled, and until they are tabled in whole or in part they cannot be referred to the committee on public accounts. That does not mean, and it does not imply, that an important matter of a public nature which hon. members may wish to have inquired into, something concerning which they have grounds to believe there has been an irregularity, may not be made the subject of a motion in this house, a motion to have such matters referred to the public accounts committee, and that such motion cannot be debated and discussed like any other motion. The section of the act certainly relates to public accounts generally. It is obviously necessary that some statute should govern these matters.

This afternoon reference has been made from both sides of the house to what in the

opinion of certain hon. members I, as Prime Minister, should have done. The hon. member for Portage la Prairie (Mr. Leader) says that the Prime Minister should have accepted the proposed amendment, and the hon. member for Lake Centre (Mr. Diefenbaker) says that the Prime Minister should tell the house now that he will see that the public accounts committee does so and so. Well, a grievance I have had against some prime ministers has been that they have assumed altogether too much the role of dictators, that they have tried to take away from the House of Commons the rights which private members have, and to take everything into their own hands. I have tried to see that the rights of private members were protected, and I propose to follow that course. The rules of this house have been framed, not for the purpose of enabling a government to refuse to do things which are in the public interest, but to help to protect private members in their rights; and experience in this house has taught me that as soon as one begins to interfere with the rules of the house as they have been established out of the wisdom of many minds and the experience of many years, one is likely to be taking a course which, instead of increasing the rights and privileges of hon. members, will be depriving them of some of those privileges and rights. That is sound and true and cannot be too carefully remembered.

If I had done what the hon. member for Portage la Prairie said he thought I should do, and agreed to the reference of some subject because it was one of suspicion, although I knew that the rules of the house had been framed so that among other things the time of the house would not be taken up in hunting out and running down suspicion wherever it arises but should be devoted to matters which are of importance and of real concern, I might have sought to follow his suggestion but the only effect would have been, as Your Honour has said, that I would have been ruled out of order by yourself. It is part of my duty as well as the duty of Mr. Speaker to see that the rules which this house has adopted and the statutes which govern its procedure shall be observed, and I am only discharging my duty to the House of Commons as its leader when I take steps to point out that a motion is out of order when the rules of the house clearly indicate that such is the case.

Now, as to instructing the public accounts committee on what they should do: I think the gentlemen on that committee are quite capable of arriving at their own decision as to what they should do, and I do not propose to interfere with them at all. If they reach a decision that a certain individual should appear before the committee or a certain matter should be investigated, and so report to the house, I shall be prepared to back the report. If they come here with any request I shall certainly take cognizance of it, and act in accordance with what I think is the right procedure. But I claim it is altogether wrong for a—

Mr. MacINNIS: On a point of order, Mr. Speaker, is the Prime Minister speaking to the amendment or is he speaking to the point of order? If he is making a second speech it is not at all in order on the point of order as to which you, Mr. Speaker, asked if there were any remarks to be made.

Mr. MACKENZIE KING: I am perfectly agreeable to saying nothing further, but I would point out to the hon. member that he, of all hon. members, takes up plenty of the time of this house in discussing amendments. I have no desire to delay the house, but I do object to hon. members on the other side being permitted to create the impression through the country that the government is seeking to prevent investigation and inquiry, while I myself am not to be permitted to make perfectly clear that we are allowing the fullest inquiry that can possibly be allowed.

I have already said that the public accounts committee has the full right, if the house approves, to inquire into anything which its members may ask to have investigated. On that committee are hon. members representing all parties in this house. It is true that it contains a majority of government supporters, but the people of this country are going to take account of whether the majority does or does not do what is right.

I was about to say when I was interrupted that I do not think it is right or proper for any hon. member to say that the members of any committee, be it public accounts or war expenditures or any other, are fashioning their conduct in accordance with what direction may come to them from the treasury benches. I have been on the treasury benches for a good many years, and in all the years I have been a member of any government I have never once asked any member of a public accounts committee not to have a particular matter investigated which ought to have been investigated. May I say further, so that my position will be perfectly clear, that if any hon. member of any party knows of anything which is wrong, any expenditures which should not be permitted, any waste or extravagance, if he wishes to bring that matter before the public accounts committee I for one will back him to the full in endeavouring to see that an investigation is

made. I am anxious, the government is anxious, as indeed we all are, to see that every possible brake is put upon extravagance and waste and that wrongdoing is prevented and punished. But that does not mean that we should lend ourselves and the time of this house to attempting to run down all the suspicions, newspaper allegations and the like which may be raised.

We had that matter up only a day or two ago, in connection with an article in a magazine called *Boating*. It contained a number of allegations, and several hon. members talked about "charges"; the press was full of "charges" being made against the government. The Minister of National Defence for Naval Services (Mr. Macdonald) made a statement to the house giving the true position, and we have not heard a word of the matter since. Yet the allegations of the publication in question were all set forth as charges that ought to be investigated by some committee of the house. I submit that the way to maintain the morale of this country at this time of war is not to create all kinds of groundless suspicion based on newspaper statements, but rather for everyone to join in seeing that before charges are made which are calculated to create suspicion in the public mind there are grounds for them.

Just this word in regard to the public expenditures committee. There are two sides to every question. The idea that the procedure of obtaining information in camera is followed because the government is merely seeking to avoid inquiry in an entirely false conception of the purpose that holding meetings in camera is intended to serve. Our committee on public expenditure is following precisely the method followed at Westminster. I think our people are no better and no worse than are those at Westminster, but at Westminster they have had a degree of experience in regard to some of these matters that we in this parliament have not had, and I think in this particular we are safe in following the example of the old country. The reason inquiries are held in camera in the war expenditures committee is that that method furnishes a better guarantee that all information will be readily given and given without fear of it being misconstrued and misused. Take an inquiry in the open; a question is asked of a witness on the stand, no one present knows what the question is going to be until it is asked, whether it is a question which if answered will give comfort to the enemy or if not answered will give equal comfort to the enemy because suspicion is aroused. If the question is asked in the open the witness has to hesitate and ask himself, will I be justified in giving this answer, or will I be blamed after it has been given for having told something I should never have told? That is the purpose of having the inquiry in camera. It is in order that it may be possible to elicit from officials and every source as full information as possible.

The thought that when a member of the committee gets hold of information with respect to some wrongdoing he is precluded from having that subject subsequently investigated is a wrong inference altogether. There is no ground for that. The inquiry in camera affords to hon. members of this house an opportunity of getting hold of wrongdoing in a way that they would never have otherwise, just because they are able to probe into such things to an extent they could not do in public. If a member investigating in committee finds something that is wrong I have said over and over again that it is his duty to come and report the wrongdoing to the minister of the department concerned, to the Prime Minister if needs be, thereby to give the government opportunity to see whether a prosecution should be started immediately or some other step taken. But if a member does not care to take any of these steps, if he has in his possession information which is evidence of wrongdoing, let him bring the matter up in the public accounts committee. Surely it is not too much to ask that he should be in a position from information he himself possesses to take the responsibility himself of saying, this ought to be investigated.

Surely parliament at a time like the present must, in its actions, be governed by responsible considerations, if matters are to be investigated by parliament. An investigation by parliament is not a small thing, it is a big thing. If there is to be an investigation by parliament on any matter, let the inquiry be based on some reliable and responsible action on the part of some member of this house, not on some newspaper article the representations of which may or may not have any foundation.

Mr. COLDWELL: I am not sure whether we are discussing the point of order or the amendment. I wish to speak briefly to the point of order.

Mr. SPEAKER: The relevancy of the amendment.

Mr. COLDWELL: To the relevancy of the amendment. The Prime Minister has made much of the fact that any member of the

public accounts committee may bring to the attention of that committee something which he considers should be brought before it. I point out that the motion moved by the Prime Minister referring the public accounts and the report of the auditor general to the public accounts committee deals with the public accounts to the end of March, 1942. My understanding is that in all probability the gentleman who made the statement which has created a suspicion—because, Mr. Speaker, we are not creating a suspicion in this house; the suspicion has already been created, and what we are anxious to do is to prove whether or not that suspicion is ill-founded—

Mr. MACKENZIE KING: Does my hon. friend think it is the duty of this house to start an investigation in relation simply to matters of suspicion?

Mr. COLDWELL: No; I say the suspicion has been created. This man is an official hired by this government, a man called controller of government economy, or director of government economy, one of the important officials appointed, we thought, to safeguard public expenditures in wartime. What did we attempt to do? We attempted to amend the motion, and as I understood you, Mr. Speaker, you ruled the amendment out of order on the ground that we could not pass an amendment which was a substantive motion to investigate work being done by the office of government economy control, that that would be something new and substantive and that therefore you could not accept that amendment. Accordingly what have we done? We have cut off the objectionable part, and the amendment now reads:

and that the committee be empowered to examine audited accounts up to the end of February, 1943.

We know perfectly well that the accounts are audited not only at the end of the year but from time to time throughout the year. It seems to me, I believe I am stating a fact, that it is the right of this house at any time to examine any account, whether it be audited or not and whether it be laid on the table of this house or not; for, after all, the only control we have of any government is our right to grant supply to his majesty. If we fail to keep that tightly under the control of this parliament then we fail in our duty to the country and to the traditions of parliament.

One thing more. My colleague the hon. member for Weyburn tried to bring this matter to the attention of the house in what he thought to be the regular and proper manner. Before the matter was raised on Friday afternoon by the hon. member for Lake Centre (Mr. Diefenbaker) and the leader of the opposition (Mr. Graydon), my colleague had already filed a motion with the proper officer of this house. That motion of course is placed at the end of private members' motions. How can we bring something to the attention of this parliament? If a motion is filed, giving the forty-eight hours' notice, it is placed at the foot of all private members' notices already filed for discussion, which will never be reached. Where does the right of the private member come in?

In this connection again let me say that I would not take the responsibility of saying that Colonel Thompson's statements are correct and placing them in the form of a charge; of course I would not. I have had no opportunity to investigate whether these statements are correct or not. But when a man who is the head of a particular branch of government, particularly dealing with expenditures to be authorized by this house, is reported to have made the statements that are attributed to him, then I submit that we are derelict in our duty if we do not bring this matter to the attention of the house and use every means in our power to call Colonel Thompson before the proper committee and either accept responsibility for the statement or deny its truth. I submit that under the rules of the house the amendment moved by the hon. member for Vancouver East (Mr. MacInnis) is in order and ought to be accepted by the Chair and voted upon if necessary by the house.

Mr. LaFLECHE: May I make an attempt to assist this hon. house in better understanding this particular matter.

Mr. COLDWELL: I rise to a point of order. I do not want to prevent the minister from making a statement, but he must do it at the proper time. We are discussing a point of order; I understand the minister is proceeding to make a statement.

Mr. LaFLECHE: I take it one is always in order in attempting to help people who do not seem to understand.

Mr. SPEAKER: We are dealing now with the point of order raised by the Prime Minister in regard to the relevancy of the amendment.

Mr. LIGUORI LACOMBE (Laval-Two Mountains): The statement made by Colonel Thompson is extremely serious. He asserted—

Some hon. MEMBERS: Order.

Mr. SPEAKER: I have already called the attention of the Minister of National War Services (Mr. LaFleche) to the fact that we are dealing now with the amendment to the motion, and I have asked hon. members who wish to speak to confine themselves to that, not to enter into a discussion of the merits of the matter.

Mr. LACOMBE: I understand that we are keeping closely now to the point of order. I draw the attention of the Chair to standing order 63:

(1) At the commencement of each session, a special committee, consisting of five members, shall be appointed, whose duty it shall be to prepare and report, with all convenient speed, lists of members to compose the following standing committees of the house.

(a) On privileges and elections, . . .

(e) On public accounts, to consist of 50 members, 15 of whom shall constitute a quorum.

I should like now to be permitted to cite some decisions respecting standing order 63. I turn first to paragraph 593 in Beauchesne's Parliamentary Rules and Forms. It is as follows:

There shall be a standing committee, to be designated "the committee on public accounts", for the examination of the accounts showing the appropriation of the sums granted by parliament to meet the public expenditure, to consist of eleven members, who shall be nominated at the commencement of every session, and of whom five shall be a quorum.

This is a decision given in the parliament at Westminster. Then, in paragraph 599 I find the following decision:

It is then moved that the said standing committees be severally empowered to examine and inquire into all such matters and things as may be referred to them by the house, and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Then again, this decision in paragraph 604:

A committee which is appointed beforehand, for the consideration of all subjects of a particular class, arising in the course of the session, is denominated a "standing committee".

And this decision in paragraph 605:

Generally speaking, the proceedings of a select (special) committee are assimilated, like those of standing committee, to those of a committee of the whole house.

And this last decision, in paragraph 618:

The committee can obtain directly from the officers of a department such papers as the house itself may order, but in case the papers can be brought down only by address, it is necessary to make a motion on the subject in the house through the chairman.

This decision is reported in Bourinot, at pages 470 and 471. I submit respectfully that the amendment of the hon. member for Vancouver East (Mr. MacInnis) is in order.

Mr. SPEAKER: Does any other hon. member wish to speak?

Mr. JOHNSTON (Bow River): I do not know whether I would be speaking to the point of order or to the amendment.

Mr. COLDWELL: Make up your mind.

Mr. JOHNSTON (Bow River): I have been trying to make up my mind as to just how I should direct my few remarks, because if I speak to the point of order in the manner followed by the Prime Minister (Mr. Mackenzie King) I should have a good deal of latitude. However, I would prefer to save my remarks until Mr. Speaker's ruling has been given, at which time I would be in order in making my observations.

Mr. SPEAKER: We now have an amendment before us, and I am asking hon. members if they now wish to speak as to the relevancy of the amendment. If hon. members confine themselves to that, I shall be in a position afterwards to give my ruling as to the relevancy of the amendment.

Mr. JOHNSTON (Bow River): I shall wait until after Mr. Speaker has given his ruling.

Mr. SPEAKER: Since it appears that no other hon. members wish to speak I would say that I have listened carefully to the hon. member for Laval-Two Mountains (Mr. Lacombe). He has quoted standing order 63 respecting the constitution and quorum of a committee. He makes further reference to paragraph 593 in Beauchesne's Parliamentary Rules and Forms, but I would point out that that paragraph deals only with the rules applicable to the British House of Commons. I think there can be no doubt in the minds of hon. members as to the position of a standing committee, namely, that all matters submitted to it are of course bound by the reference from the house to the committee.

The rules are perfectly clear and well understood, where they state that any matter which could be called a substantive matter cannot

be moved as an amendment, but must be distinctly the subject of a motion. The amendment now before us is substantive. I think without doubt it is a substantive motion, and therefore is not in accordance with the rules of the house.

The Prime Minister has quoted the Consolidated Revenue and Audit Act, sections 49 and 50, which state:

49. The auditor general shall report annually to the House of Commons the result of his examination and audit of the accounts of Canada in such manner as will exhibit the true state of each account at the termination of the fiscal year last ended.

50. (1) The reports of the auditor general shall be laid before the House of Commons by the minister on or before the 31st day of October, if parliament is then sitting or if not sitting, then within one week after parliament is next assembled; provided that if the minister does not, within the time prescribed by this section, present to the House of Commons any report made by the auditor general, the auditor general shall forthwith present such report.

The position we are in to-day is that under the act as it stands at present the auditor general's report is not in the possession of the house, and cannot be submitted to the house by the terms of the act; and, moreover, as I stated when dealing with the former amendment, the committee of itself has power to obtain all that is being asked for on the floor of the house to-day. Witnesses can be summoned before the committee, and can there be interrogated. Any member may move in the committee that the scope of the reference be further enlarged and a report applying for further powers may be made to the house.

For the reasons I have already given, although this is only part of the original amendment, it is irregular because both parts were out of order. And while I stressed in my former ruling the investigation as something which should not be done, and which would create, if allowed, a dangerous precedent, yet I have no doubt in my mind that this amendment is also out of order. The present amendment was incorporated in the first part of the original amendment, and therefore I rule it out of order.

The question is now on the main motion.

Mr. JOHNSTON (Bow River): I wish to say a few words—

Mr. MacINNIS: Mr. Speaker, with regret I have to appeal against your ruling. I cannot now go into my reasons, but I must appeal against it.

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Black (Yukon)
Bradette
Brunelle
Casselman, Mrs. (Edmonton East)
Cleaver
Corman
Crerar
Cruickshank
Dechene
Donnelly
Dubois
Edwards
Emmerson
Evans
Farquhar
Fournier (Hull)
Furniss
Gardiner
Gershaw
Gibson
Gladstone
Golding
Goulet
Graham
Grant
Gregory
Hanson (Skeena)
Henderson
Howden
Hurtubise
Ilsley
King, Mackenzie
Kinley
Kirk
LaFlèche
McCann
McCubbin
Macdonald (Halifax)
Macdonald (Kingston City)
McDonald (Pontiac)
McGarry
McGeer
McGibbon
McIlraith
McIvor
MacKinnon (Edmonton West)
McKinnon (Kenora-Rainy River)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Simcoe East)
McNiven (Regina City)
Martin
Matthews
Maybank
Mayhew
Michaud
Mitchell
Mulock
Nixon
O'Neill
Pinard
Poirier
Ralston
Reid
Rennie
Ross (Calgary East)
Ross (Moose Jaw)
Sanderson
Sissons
Slaght
Taylor
Tripp
Turgeon
Veniot
Ward
Weir
Whitman
Winkler—78.

NAYS

Messrs:

Adamson
Bence
Black (Cumberland)
Blackmore
Boucher
Bruce
Casselman (Grenville-Dundas)
Castleden
Coldwell
Desmond
Diefenbaker
Dorion
Douglas (Weyburn)
Fair
Gillis
Graydon
Green
Harris (Danforth)
Hatfield
Hazen
Hlynka
Jackman
Johnston (Bow River)
Knowles
Lacombe
Leader
MacInnis
MacKinnon (Kootenay East)
MacNicol
Marshall
Neill
Noseworthy
Perley
Quelch
Ross (Souris)
Senn
Shaw
Stirling
Stokes
Wright—40.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, I wish to say a few words on this motion before it carries. While the amendment proposed may not have been in order, I think it was a very fair request to make of the government. If the government desired, as the Prime Minister (Mr. Mackenzie King) has intimated, that these matters should be brought before the committee I do not think there would have been any objection had the amendment carried. The Prime Minister went to great length to assert that his desire was to have all these matters brought before the public accounts committee. I am glad he did that because a charge of the nature of the one which has been made is sufficiently serious to warrant a thorough investigation into it.

I have in mind asking the Prime Minister to hold a secret session of this house in order that we may discuss some of the matters investigated by the war expenditures committee. It was not my intention to cause any scandal, and therefore I ask the government to hold a secret session in order that hon. members may become conversant with some of the matters dealt with by the war expenditures committee. I felt sure and I feel yet that if the members of this house knew the way in which large sums of money have been spent they would want an investigation by the public accounts committee.

The Prime Minister may say that if I have a charge to make, I can make it before the public accounts committee, but I should like to draw to his attention the fact that I cannot do that because the information I have was obtained during sittings of the war expenditures committee which were in camera. I cannot go to the public accounts committee and say to them, Here is my reason why I think you should investigate this case because it was all held in secret sittings. I shall draw only one or two instances to the attention of the Prime Minister. These were recorded in the report tabled in this house by the war expenditures committee, subcommittee No. 1. The first was in connection with a contract in which reference was made to sales commission. I think the words of the report were that something like fifty per cent of the capitalization of the company was given to a salesman as sales commission. That reveals only part of the story because the capitalization of the company runs into thousands and thousands of dollars. Take half of that and you still have a quarter of a million dollars. That is a great deal of money. I think these matters should be brought before the public accounts committee, and if this money has been wrongly got it should be returned to the government. But how can I go to the public accounts committee and state my reasons why I think the committee should deal with these matters? It is most important that they should be dealt with.

I am not conversant with the charges made in the house by the hon. member for Weyburn (Mr. Douglas), but I say that if there is any room for suspicion the public accounts committee is the place where it should be aired. I have in mind a reference to insurance that was made in subcommittee No. 1. There, again, may I suggest to the Prime Minister, is a good case to bring before the public accounts committee. It runs into thousands and thousands of dollars. But again I cannot even express the reasons why I think this should be done because the meetings of the committee were held in camera.

The Prime Minister has spoken of the great need of holding these meetings in secret. In part I agree with him because some things that were discussed by the war expenditures committee could not very well be made public. I have reference only to those things which indicated our production or related directly to the designs of our aircraft, ships and guns. As far as the financial transactions are concerned I cannot see why they should not be made public. Therefore I would say that there are times when meetings should be held in camera and definitely there are other times when the meetings should be public. Usually a more thorough investigation will be obtained if the meeting is held in public.

There has been some discussion as to the vote that was taken in the subcommittee for secret meetings. With all due deference to the hon. member for Halton (Mr. Cleaver), as I recall it there was a vote taken as to whether that subcommittee should hold secret or public meetings. I do not recall that the motion was withdrawn, and I cannot see how he could argue that, because the committee could not have sat in secret if there had not been a vote to that effect. I have not looked up my notes, but my memory is that a vote was taken on that question.

The Prime Minister should get over this technicality of ruling these motions out of order. If the Prime Minister really desires an investigation into these matters, I am sure he will make it feasible for that to be done. There is a suspicion in the public mind that large expenditures of public money have been made unnecessarily.

Mr. MACKENZIE KING: My hon. friend has stated that I have ruled these motions out of order. I am not the Speaker. It is the

Speaker who is the custodian of the rules of the house, and whose duty it is to see that they are observed. I do not wish the impression to go abroad that I am usurping the Speaker's authority.

Mr. JOHNSTON: I should not like that inference to be drawn, but the Prime Minister will agree that he does a great deal of guiding the Speaker in his judgments because when the Prime Minister—

Mr. MACKENZIE KING: Mr. Speaker, I regard that remark as a reflection on Your Honour, and it should be withdrawn at once. One of the first rules of the house is that no member has the right to reflect on His Honour the Speaker in the discharge of his duties.

Some hon. MEMBERS: Withdraw.

Mr. SPEAKER: I think the hon. member will withdraw.

Mr. JOHNSTON: If the Prime Minister thinks I have imputed motives I certainly withdraw that remark. But I will say this, that there was a great deal more latitude given to the Prime Minister in his remarks when speaking on the point of order than was given to the other members.

Some hon. MEMBERS: Withdraw

Mr. SPEAKER: I am sure the hon. member does not wish to imply that partiality has been shown in the course of this debate, but that is the only inference that can be drawn from his remark. I must ask him to withdraw that statement.

Mr. JOHNSTON: If I have offended the Chair, I shall have to withdraw that too, but I think the record will bear out what I say.

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member must withdraw without reservation.

Mr. JOHNSTON: I will withdraw it, Mr. Chairman.

Mr. MACKENZIE KING: Mr. Speaker, not Mr. Chairman. The house is not in committee.

Mr. JOHNSTON: It seems to me that the government is exceedingly anxious lest this matter be brought before the public accounts committee, and it leads me to believe that there is something behind the accusations. If the public is thinking along the same lines that I am, knowing what I do about some government expenditures, the government would be well advised to have the public accounts committee investigate this charge.

Mr. MACKENZIE KING: The hon. member is saying either too much or too little. He had better inform the house and the country what the charge is that he is prepared to make.

Mr. JOHNSTON: I think I can answer immediately if the Prime Minister will give me permission to reveal some things that came to light in the war expenditures committee. That is why I asked for a secret session to discuss these things. I am not permitted to say what I have in my mind.

Mr. MACKENZIE KING: The Prime Minister does not give permission or withhold permission. This house has decided what is right and what is wrong in the matter of procedure, and it is by the rules of the house the hon. member is obliged to abide.

Mr. JOHNSTON: The Prime Minister has withheld from this house the privilege of having a secret session in regard to these matters.

Mr. MACKENZIE KING: The Prime Minister has not. He had a conference with the leader of the hon. member's party and with the leader of the opposition, and the leader of the other group. We discussed the question of a secret session and we decided that a secret session would be held, but at a time that is likely to suit the convenience of all parties in this house.

Mr. JOHNSTON: I am extremely pleased that the Prime Minister is to have a secret session, but I would suggest to him in all fairness that it be held in sufficient time to allow these matters to come before the public accounts committee. That is as far as I shall go at the present time.

Mr. H. C. GREEN (Vancouver South): This has been a rather hectic, windy afternoon. Perhaps that is because the day is Monday. I feel that there is some danger of the real point being overlooked in this debate. To my mind that point is this: Are the public accounts committee to be limited in their investigations to what took place before the 1st of April, 1942, or are they not? There has been much talk around the subject but that point has not been made clear.

The reference to the committee to-day is that they deal with the auditor general's report for the fiscal year ended March 31, 1942, and with the public accounts up to that date. May I suggest to the Prime Minister that the settlement of this point, a decision as to what the public accounts committee are to consider, should be a matter of government policy? That question cannot be evaded by saying: Oh, it is up to some private member to bring

in a motion. Or by leaving the matter to the public accounts committee itself. This is too serious a matter, and it is important enough for us to have a statement of government policy. Talk of leaving it to the committee! Well, there has been much said this afternoon about the war expenditures committee, and well we know what happened with that committee. In 1941, when the war expenditures committee was set up for the first time, the Prime Minister (Mr. Mackenzie King) and the Minister of National Defence (Mr. Ralston) told us in the house when the motion was under discussion that the sittings of the committe would be open except where something might come up that would be of help to the enemy. In other words, we understood that secrecy would be the exception rather than the rule. But what happened when the committee sat? I have here the proceedings of that committee and I refer to the eleventh report, dated May 5, 1941. At that time this question of secrecy was considered. There was a debate in the committee and this motion was passed:

That the sittings of subcommittees be in camera except as the subcommittee may otherwise from time to time determine.

Some hon. members speaking to-day have said, "Oh, it was all left to the subcommittees."

Mr. ROSS (Moose Jaw): So it was.

Mr. GREEN: But I suggest that, from the very wording of this resolution, the dice were loaded in favour of secrecy. In other words, secrecy was to be the rule rather than the exception. That was pointed out by members of the opposition on the committee on that very day, May 5, 1941, but we were voted down by a vote of twelve to three.

Then last year, when the committee for 1942 was set up, the same resolution was passed. In other words, for all practical purposes, most of the meetings of the subcommittees were to be held in camera. Therefore we have no grounds for believing that if this matter is left to the public accounts committee they will make a decision which will result in all the questions being discussed and all the facts being brought out.

The report of the war expenditures committee of 1942, which was filed in this house on January 27, 1943, contains, at page 96, a paragraph which I suggest to the Prime Minister should be brought to the attention of the public accounts committee at its first sitting. The hon. member for Bow River (Mr. Johnston) has referred to it. I will read this paragraph to the house:

In its investigations the subcommittee—

That is subcommittee No. 1.

—found in one instance that an aircraft producing firm agreed to pay a salesman for release of an existing sales contract an amount equal to fifty per cent of its firm capital.

Presumably that money came out of the treasury; undoubtedly the country paid it.

Mr. MACKENZIE KING: Just a minute. I do not wish to interrupt my hon. friend, but I feel very strongly that we ought to seek to get on with the business of the house. I submit that this discussion is entirely out of order. On the order paper there is a resolution which relates in specific terms to the setting-up of—

a select committee . . . to examine the expenditure defrayed out of moneys provided by parliament for the defence services. . . .

—the so-called war expenditures committee. I have not the rules in front of me, but my recollection is that there is a rule of the house that where there is on the order paper a motion which relates to a specific subject, the house cannot anticipate the discussion of that particular matter but must take for its consideration the time that is assigned to it on the order paper. I feel that almost the entire afternoon has been taken up in discussing a matter which ought to be discussed if so desired, on the motion with respect to the setting-up of the committee on war expenditures and not at this time. Unless Your Honour rules to the contrary, it is, I feel, a part of my duty to seek to have the house get on with the business which was fixed for to-day, namely, the debate on the budget, and not to have this discussion now, when without question it will be had all over again when we come to the motion to deal with war expenditures.

Mr. GREEN: Mr. Speaker, on that point, the Prime Minister himself has made this afternoon two somewhat lengthy speeches—perhaps three or four; I have lost count—and this war expenditures committee has been dealt with by at least five or six other hon. members. I propose only to read the remainder of this recommendation, and I suggest to the Prime Minister that in the interests of good government in Canada the discussion be not stopped at this time, because this particular paragraph is of the greatest importance, and I should be allowed to finish reading it.

Mr. MACKENZIE KING: I have not the control of the business of the house.

Mr. GREEN: The right hon. gentleman raised the point of order.

Mr. MACKENZIE KING: It is part of my duty to bring to the attention of Mr. Speaker an occasion where I believe rules are being violated. I have done that, and in the interests of all hon. members of the house I have asked Mr. Speaker for a ruling. I am not trying to stop any hon. member. When the resolution respecting war expenditures is before the house the hon. member may read all he wishes of what he has in hand at the present time. But I am trying to give the hon. member for Danforth (Mr. Harris) the opportunity to make the speech which it was announced last Friday evening he would make this afternoon, in presenting the views of the opposition with respect to the budget. I must say I think it has been a great discourtesy to the hon. member that this afternoon should have been taken up, in part by hon. members of his own party, in a manner which will prevent him from bringing before the house until this evening the matters with which he will wish to deal in the most important speech he will make this session.

Mr. GREEN: This motion before the house is of great importance, and I suggest to the Prime Minister that this is no time for him to try to shut the mouths of hon. members.

Mr. MACKENZIE KING: I take exception to the statement that I am trying to shut the mouths of hon. members, and I will ask my hon. friend to withdraw those words. He has no right to say that I am trying to shut the mouths of hon. members, and I ask him to withdraw. I am in part responsible for seeing that the business of the house is carried on in accordance with the rules, and with due regard to its importance, and I am trying so to do, with as little interference as possible with any hon. member, but we have taken the whole afternoon in discussing a matter for which on the order paper due provision is made and which should be taken up at the appropriate time, later.

Mr. GREEN: Mr. Speaker—

Mr. SPEAKER: A point of order has been raised, and of course I must decide. There has been considerable latitude in this debate, due in the first instance to the speech made by the hon. member for Lake Centre (Mr. Diefenbaker), who was dealing in his argument with the secret session and supporting it by instances of past procedure of the house and the committee, and therefore I allowed him to speak. But I must say that since then there has been more latitude taken than is warranted by the motion before the house. My attention has now been drawn to standing order No. 41, and citation 293, which states in part:

> Besides the prohibitions contained in this standing order, it has been sanctioned by usage both in England and in Canada, that a member, while speaking, must not: . . .
> (d) anticipate discussion on a motion set down for future consideration.

A notice of motion was given by the hon. member for Weyburn (Mr. Douglas) with regard to the amendment which I have already discussed and ruled out of order, and exception might be taken to it. But in view of the fact that it is at the end of the notices of motion and that there is doubt whether it would come before this present session of parliament, I did not take it into consideration. But now that this matter has been brought to my attention, as to the procedure before the house, and having regard only to the procedure, I must ask the hon. member to continue only with regard to the motion itself and without regard to matters which took place and were discussed in connection with another committee.

Mr. GREEN: I submit to Your Honour that that is exactly what I am doing. You have mentioned this report from which I am quoting and which was tabled on the last day of the last session. It has nothing whatever to do with the notice on the order paper for the setting-up of a war expenditures committee for this session, and therefore I submit that in mentioning it I am not discussing anything which is on the order paper for consideration by this house at a later date; I am stating what I think should be considered by the public accounts committee; and I submit that in doing so I am entitled to refer to this statement contained in the report of the war expenditures committee of last session and to ask that the allegations contained in this paragraph be placed before the public accounts committee and be considered by them very, very carefully.

The paragraph goes on to say—

Mr. MACKENZIE KING: Mr. Speaker, I say that my hon. friend is out of order. Not only that; he is an old member of this house and one who has had some experience in its proceedings, and he knows he has no right to defy Mr. Speaker in the manner in which he is doing.

Mr. GREEN: I rise to a point of order.

Mr. MACKENZIE KING: And I wish to ask this further question—

Mr. GREEN: I rise to a point of order. The Prime Minister has accused me of defying Mr. Speaker.

An hon. MEMBER: So you did.

Mr. GREEN: The Prime Minister has raised that point, and I suggest he must withdraw his statement.

Mr. MACKENZIE KING: Just a moment. I rose for another purpose.

Mr. GREEN: Just a minute.

Mr. MACKENZIE KING: I ask my hon. friend to withdraw the statement he made with regard to myself.

Mr. GREEN: On a point of order, I would ask that the Prime Minister be ordered to withdraw his statement.

Mr. GARDINER: Withdraw your statement.

Mr. MACKENZIE KING: Before the hon. member spoke I raised a point of order with respect to his saying that I was trying to shut the mouths of members of parliament. I asked that that statement should be withdrawn. I do not think my hon. friend has withdrawn it.

Mr. GREEN: I will withdraw it. The effect may have been that, but I withdraw that statement.

Mr. SPEAKER: I have already given a ruling. The hon. member is an experienced parliamentarian and a competent lawyer. He states on his responsibility as a member that what he is preparing to read is relevant to the reference to the committee, which is the subject-matter of the motion. If the hon. member is satisfied that this is perfectly relevant to it—and of course I cannot say until I have heard it whether it is relevant or not—I ask the hon. member to complete his statement with regard to what he says is relevant to it.

Mr. GREEN: Perhaps we can get everything in order, if the Prime Minister will now withdraw his statement that I was defying Your Honour. I ask that that statement be withdrawn.

Mr. MACKENZIE KING: I have no desire to embarrass my hon. friend in any way.

Mr. GREEN: You are not embarrassing me, but I want it withdrawn.

Mr. MACKENZIE KING: I am quite prepared to withdraw it. But I am doing so because my hon. friend says from now on he is going to try to have peace and order.

[Mr. Mackenzie King.]

Mr. GREEN: Now, Mr. Speaker, this paragraph——

Mr. CLEAVER: I rise to a point of order.

Mr. GREEN: They do not like this paragraph.

Mr. CLEAVER: I state that the hon. member is reading from a war expenditures committee report which will be properly under discussion when the motion now on the order paper is before the house.

Mr. SPEAKER: It is not for me to make a tit-for-tat ruling. I must hear what the hon. member reads and must judge then whether he is in order or not. But I am placing the responsibility for its relevancy on the hon. member himself, who is an experienced parliamentarian and an accomplished lawyer.

Mr. CLEAVER: Will Your Honour ask him if he is reading from a war expenditures committee report?

Mr. GREEN: If I may be allowed to go on I am suggesting that this paragraph should be considered by the public accounts committee, that they should be given authority and power wide enough to be able to consider it. It reads:

> In its investigations the subcommittee found in one instance that an aircraft producing firm agreed to pay a salesman for release of an existing sales contract an amount equal to fifty per cent of its firm capital and which agreement the subcommittee believes to be an improvident agreement and should not have been entered into had the facts been brought to the attention of the department promptly.

I submit that that should be considered by the public accounts committee. And may I say again, if this is to be left to a private member to raise there will be no results obtained. Members of the ministry say a private member has the right to have these questions aired, but in actual practice they are not aired unless it is the policy of the government that they should be. Therefore I ask the Prime Minister to let us know to-day what the government's policy is with regard to the matters to be considered by the public accounts committee. I ask him to give us the assurance that the ministry will recommend to the public accounts committee not only that they call Colonel Thompson but also that they consider these reports by last year's war expenditures committee, and further will recommend to the public accounts committee that there should be the widest possible investigation of all public expenditures right up to date, not only expenditures that were made prior to April 1, 1942, but expenditures right up to the present time. In conclusion may I point out to the

Prime Minister and to the Minister of Finance particularly that you are expecting too much if you expect the Canadian people to raise five and a half billion dollars either by taxation or loans if you are unwilling to go to the root, quickly, of all these cases where there may have been a waste of money. These matters must be investigated and investigated quickly and far more thoroughly than would have been the case in peace time. Otherwise you cannot expect the people of this nation to stand behind you in raising five and a half billion dollars during the coming fiscal year.

Mr. LaFLECHE: With my respects to the Prime Minister and to the hon. member for Danforth may I take just a moment—

Mr. DOUGLAS (Weyburn): I do not want to stop the minister, but may I ask what the minister is speaking on? He has already spoken once, and since both amendments have been ruled out of order he must be speaking to the motion.

Mr. LaFLECHE: I was speaking on the amendment which later was declared out of order.

Mr. SPEAKER: As I recall, the minister spoke on the amendment. The amendment has been disposed of. We are now dealing with the main motion, and he is speaking now on the main motion.

Mr. MacINNIS: He has already spoken on the main motion.

Mr. SPEAKER: I am not sure of that.

Mr. LaFLECHE: If I recall, I was speaking on the amendment. Now may I speak to the main motion? I rise for just a moment—

Mr. COLDWELL: I should like your ruling, Mr. Speaker. If the amendment is ruled out of order, can one speak to that amendment or must he speak to the motion?

Mr. SPEAKER: The minister spoke on the amendment, as I recall, and prior to that he did speak on the point of order. He is now speaking to the main motion.

Mr. LaFLECHE: I am afraid that the temperature of the country is pretty high after what has been said. May I ask what is the reason for the rise in temperature? It started, as I understand, on the strength of a press report. Many persons, it seems to me, have taken for granted that everything that appeared in the first article was words given out by the director of economies. If it is found that he did not do so, then what is the position? To come to that point now, may I read from another newspaper.

Mr. SPEAKER: I am sorry to interrupt the hon. minister, but he is now dealing with what was the subject of the amendment, which has been disposed of. The only question before us now is the motion. Is the house ready for the question?

Mr. J. A. ROSS (Souris): I have tried to say something on this for most of the afternoon. I am disappointed that the Prime Minister (Mr. Mackenzie King) should have raised the point of order he has in regard to the amendment. If I followed him correctly and this resolution carries, it means that under this present system we shall not be able to correct a mistake, if we see one, until that mistake is completely audited and the report tabled in this house, of course after the money is spent. In other words, the door is locked.

Mr. MACKENZIE KING: That is not correct.

Mr. ROSS (Souris): The Prime Minister has pointed out the procedure that must be followed. I venture to say that the chairman of any committee feels exactly as the Prime Minister has expressed himself on that point. I remember, when the war expenditures committee was being set up, that the Prime Minister made remarks very similar to those made this afternoon, that he wanted everything investigated. Then I remember the speech delivered in this house by the hon. member for Winnipeg South Centre (Mr. Maybank) on March 11 or 12, 1941. I think I would read charges in that speech. He certainly built up a strong case, saying that if this matter was continued, namely the establishment of a certain plant at Winnipeg, it would mean an annual waste of $200,000 a year. The Minister of Munitions and Supply (Mr. Howe) said with some heat that if that were correct it should be investigated in the war expenditures committee. If I had more time I had intended to quote the speech of the minister and the hon. member at that time. However, the hon. member suggested that if that was right it was a case of locking the door after the horse was gone. This matter was raised in the war expenditures committee, and the then chairman, Mr. J. T. Thorson, ruled that the terms of reference would not allow its consideration. I submit that this is the proper place and time to set up the proper terms of reference, because, irrespective of what the Prime Minister thinks, the chairman will base his ruling upon the terms of reference under which the committee works, which will mean, if this resolution carries, that we cannot investigate anything that has taken place since March 31, 1942, in

the matter of public expenditure. There is a great deal taking place across this country to-day in which the public is very much interested, and we are not doing our duty if we do not set up proper terms of reference under which these matters may be investigated at this time.

Motion agreed to.

At six o'clock the house took recess.

After Recess

The house resumed at 8 o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WARTIME PRICES AND TRADE BOARD—BROCKVILLE DISTRICT PROSECUTIONS

Mr. McGREGOR:

1. How many prosecutions have been instituted by the wartime prices and trade board district headquarters at Brockville?
2. What are the names of the parties representing the crown at these prosecutions?
3. How much money has been paid to each of the said parties?
4. How are said parties chosen?

Mr. ILSLEY:

1. Prosecutions of seventy persons for alleged contraventions of regulations of the wartime prices and trade board were conducted in the area served by that board's regional office at Brockville, to the end of January, 1943.

2 and 3. Names of counsel who acted as agents of the Minister of Justice and payments to each with respect to these prosecutions.

A. B. Collins K.C., $50.50; Rodolphe Danis, K.C., $31.61; R. A. Downing, $226.25; W. O. Dwyer, $77; L. V. Fitzpatrick, K.C., $40; Arthur Flynn, account not yet rendered; J. S. Latchford, $30; J. R. Maclaren, K.C., $200; Henri Proulx, $100; T. J. Rigney, K.C., account not yet rendered; S. G. Robertson, $246.95; G. F. Smith, $63.90.

4. Chosen by the Department of Justice.

FORT NORMAN, NORTHWEST TERRITORIES, OIL AREA

Mr. WRIGHT:

1. Is the dominion government doing any exploration, drilling, construction work, etc., in the Fort Norman area in the Northwest Territories with respect to the oil development there?
2. To what private company or companies have oil leases in this area been granted?
3. What is the total number of wells drilled in this area?

[Mr. J. A. Ross.]

4. What was the 1942 production from these wells?
5. To what private company or companies has permission been granted for the construction of pipe lines from this area?
6. Is the construction of a highway from this area to Alaska proposed?

Mr. WRIGHT: I ask that this question be dropped.

Question dropped.

PRINCE EDWARD ISLAND CAR FERRY SERVICE

Mr. BLACK (Cumberland):

1. At what exact time did the ferry steamship *Charlottetown* strike a shoal and become damaged?
2. At what exact time did she sink?
3. Was Captain John Lefurgy Read the master in charge?
4. Did Mr. Justice Archibald in his findings dated February 25, 1942, find that Captain Read, the master, (a) did not choose a proper and safe course; (b) that his navigation was faulty and improper; (c) that he did not take the necessary and proper and adequate measures after the striking to ensure the safety of the vessel and to obtain assistance?
5. What salary and other allowances were paid to Captain Read, the master?
6. At what date did the payment of salary and allowances terminate? Was he dismissed from the service?
7. Is Captain Read paid a retiring allowance or superannuation and, if so, what amount per year and from what date did payment commence?

Mr. MICHAUD:

1. Approximately 10.54 a.m., June 17, 1941.
2. 7.07 p.m., June 18, 1941.
3. Yes.
4. (a) Yes; (b) Yes; (c) Yes.
5. It has never been the policy of the Canadian National Railways to publicly disclose the salaries of officers of the company.
6. Salary terminated February 25, 1942. No.
7. Captain Read was a contributor to the Intercolonial and Prince Edward Island railways employees provident fund, and under the rules of the fund he was entitled to a retiring allowance of $135.54 per month which commenced September 1, 1942.

Mr. MACMILLAN:

What steps are being taken, (a) to improve the facilities of the Borden-Tormentine car ferry service, which has been curtailed by the sinking of the ss. *Charlottetown*, (b) to arrange for the replacement of the ss. *Charlottetown*?

Mr. MICHAUD:

(a) Immediately following the loss of the ss. *Charlottetown* extensive enquiries were made over the whole of North America to ascertain

the possibilities of securing a relief vessel either to replace the *Charlottetown* or to supplement the service affordable by the ss. *Prince Edward Island,* but no vessel suitable for the special class of service called for could be found.

The steaming qualities of the ss. *Prince Edward Island* have been considerably improved by partial conversion to oil burning equipment and she will be fully so converted as the oil situation improves. Additional passenger accommodation by way of a new lounge room over the auto deck and other improvements were also made, the total cost of these improvements amounting to approximately $100,000.

The traffic handled during 1942 as compared with 1940 was as follows:

(1941 was handled partly by one ship and partly by the other).

	1942 *Prince Edward Island*	1940 *Charlottetown*
Number of crossings..	3,886	2,772
Tons of revenue freight	479,600	356,071
Number of passengers.	121,272	117,077
Number of vehicles (including railway equipment)	9,465	25,759
Number of loaded freight cars	22,449	19,449
Number of empty freight cars	12,020	11,315
Number of passenger train cars	3,055	2,117

(b) Possibilities of replacement of the ss. *Charlottetown* have been fully explored. Competent naval architects have been engaged and plans are in course of development to enable construction of a new vessel to be proceeded with. It is proposed that tenders will be called for as soon as the plans are ready with a view to putting the work in hand with the minimum delay when shipyard facilities become available. In preparing the new plans full advantage is being taken of the experience gained through the operation of the ss. *Charlottetown* and of the increase in technical knowledge and practical experience that has developed in the whole field of vessels performing the class of service required since that vessel was built. Both the existing and the anticipatible services required are being taken into consideration towards the provision of a vessel that will have the utmost in power, structural design, manoeuverability and modern equipment in all respects essential or desirable for this special service.

HOUSING COORDINATION COMMITTEE

Mr. NICHOLSON:

1. What recommendations have been made by the housing coordination committee (set up by P.C. 10797) regarding the need for the construction of additional housing accommodation in particular communities?

2. In what communities have surveys of the adequacy of housing been made by this committee?

3. What are the findings of these surveys where they have been made?

Mr. MICHAUD:

1. No recommendations have been made by the housing coordination committee regarding the need for construction of additional housing accommodation in particular communities. The committee is not an originating committee but considers and coordinates recommendations made to it by departments or other agencies of the government charged with the particular responsibility of providing housing accommodation or appraising the need of such in particular communities.

2. The committee has made no surveys in any communities with respect to the adequacy of housing. This is the responsibility of Wartime Housing Limited with respect to housing for munitions workers and of the real property administrator, and both this company and the administrator have made many surveys in the course of their duties.

3. Answered by 2.

WARTIME PRICES AND TRADE BOARD—RATION COUPONS

Mr. MARSHALL:

1. What financial arrangements have been made by the wartime prices and trade board with the chartered banks for the handling of ration coupons under order effective March 1, 1943?

2. When will the government issue coupons covering rationed commodities which will be a claim for goods without the limiting financial factors?

Mr. ILSLEY:

1. The ration administration of the wartime prices and trade board has arranged with the chartered banks that they shall be reimbursed for the handling of ration coupons on a cost basis. The formula for deriving this cost figure will be worked out between the banks' accountants and the comptroller of the wartime prices and trade board.

2. This question relates to a matter of policy and it is not the practice of the government to disclose policy in giving answers to questions.

BREWERS AND DISTILLERS—HOUSE OF SEAGRAM

Mr. NICHOLSON:

1. Has the attention of the Minister of National Revenue been drawn to the large advertisements by the House of Seagram appearing in Canadian daily papers?
2. Are such advertisements allowable as costs connected with the industry when computing corporation, income and excess profits taxes?
3. Will it be possible for brewers and distillers to publish this type of advertisement in the light of the Prime Minister's broadcast on December 16, 1942?

Mr. GIBSON:

1. Yes.

2. Yes, but to-day's advertising costs are not permitted to exceed a reasonable relationship to the advertising costs incurred in the standard period.

3. Yes, as they do not advertise spirituous liquors.

SELECTIVE SERVICE—HEALTH AND MORALE OF WAR WORKERS

Mr. COLDWELL:

1. Is there a recreation programme under national selective service designed to sustain and improve the health and morale of war workers?
2. If so, who is in charge of, and responsible for, the programme?
3. What budget has been allocated for the programme?
4. Of what does the programme consist?

Mr. MITCHELL:

1 and 2. Mrs. Rex Eaton, assistant director of women and welfare division, has under study the question of war-time recreation. A number of conferences have been held with provincial authorities and others interested. The underlying principle of the development of recreation by the national selective service is to foster, encourage and develop the essential attitude of mind on the part of war workers and their families to partake in healthful, wholesome activities.

3. Authority has been granted for all national selective service activity out of the war appropriation vote.

4. In areas where war industries are established efforts are made to encourage existing groups, clubs and organizations to organize their programmes to meet the present war-time recreational needs of their community; to place their facilities at the disposal of war workers at hours convenient to the workers and to give leadership in the recreational activities. Cooperation of management of war industries in the improvement of existing facilities and leadership is being encouraged. Where no such facilities and leadership are available a survey is being made of essential requirements and upon the basis of such a survey the necessary plans will be given effect.

WARTIME HOUSING LIMITED—ST. CATHARINES WOMEN'S HOSTEL

Mr. NICHOLSON:

What was the cost of preparing plans and specifications by Wartime Housing Limited for the women's hostel in St. Catharines?

Mr. MICHAUD: $1,449.47.

WARTIME HOUSING LIMITED—HAMILTON PERMANENT HOUSES

Mr. NICHOLSON:

What was the cost of preparing plans and specifications in connection with the permanent houses proposed by Wartime Housing Limited for Hamilton?

Mr. MICHAUD: $326.61.

STORAGE OF BUTTER IN WAREHOUSES

Mr. LACOMBE:

1. Is there a quantity of butter stored in warehouses in Canada?
2. If so, how many pounds?
3. Will such butter be made available to the public?

Mr. ILSLEY:

1. Total stocks of creamery butter in warehouses in Canada, March 1, were estimated to be equal to about one pound per person or about half the quantity held at that date last year.

2. Total stocks held in storage warehouses and creameries in Canada March 1 are now being compiled by the dominion bureau of statistics and will be announced March 10. Stocks in the nine principal cities of Canada, March 1, 1943 already announced by dominion bureau of statistics totalled 4,552,227 pounds compared with 13,079,288 pounds March 1, 1942.

3. All butter held in warehouses in Canada is available to the public. No stocks are being withheld from sale and there is no incentive to do so for the price cannot advance and no carrying charges can be earned. Measures taken by the wartime prices and trade board would effectively prevent withholding butter, should any attempt be made to do so.

BORROWINGS FROM BANK OF CANADA AND CHARTERED BANKS

Mr. SLAGHT:

1. How much of the $983 million which we shall have borrowed during the current fiscal year from the Bank of Canada and the chartered banks, will come from, (a) the Bank of Canada; (b) the chartered banks?

2. What are our total obligations for borrowings, and which we owe to, (a) the Bank of Canada; (b) the chartered banks?

3. What portion of such total obligations are secured by, (a) bonds; (b) treasury bills; (c) other forms of security, if any?

4. What are the maximum and minimum rates of interest on our total obligations to the chartered banks?

5. On what terms, and on what form of security do we borrow from the Bank of Canada?

Mr. ILSLEY:

1. (a) $192,831,000 (estimated); (b) $790,000,000 (estimated).

2. The periodic reports required from the Bank of Canada and the chartered banks do not disclose the holdings by these institutions of dominion short or long term obligations separately from their holdings of provincial short or long term obligations. While the purchases at time of issue by the Bank of Canada and the chartered banks of dominion obligations are of official record, there is no official record of subsequent sales or purchases. Information in regard to sales at time of issue of dominion securities is given on page 34 of the appendix to the budget speech for the fiscal year 1942-43 and similar information is to be found in the public accounts for each of the earlier war years.

The monthly return of the Bank of Canada shows that on January 30, 1943, the Bank of Canada held dominion and provincial government short term securities in the amount of $767,974,194.26, and other dominion and provincial government securities in the amount of $231,759,686.80.

The monthly return of liabilities and assets of the chartered banks of Canada shows that on January 30, 1943, the chartered banks held dominion and provincial government direct and guaranteed securities maturing within two years in the amount of $1,262,628,974 and other dominion and provincial government direct and guaranteed securities in the amount of $742,822,904.

3. (a) See answer to No. 2.

(b) See answer to No. 2.

(c) Dominion of Canada deposit certificates estimated to be issued to the chartered banks by end of fiscal year—$790,000,000.

4. See answer to No. 2. However, Dominion of Canada deposit certificates bear interest at the rate of ¾ of 1 per cent per annum; Dominion of Canada treasury bills have been sold in the past year on a yield basis of slightly over ½ of 1 per cent; and the short term maturity (three and one-half years) of the third victory loan was sold to yield 1¾ per cent, while the short term maturity (two and one-half years) of the second victory loan was sold to yield 1½ per cent.

5. In the fiscal year ending March 31, 1943, the Dominion of Canada sold to the Bank of Canada the following securities:

April 15, 1942, one year 1 per cent notes at par—$250,000,000 (replacing a like maturity);

April 15, 1942, two year 1½ per cent notes at par—$100,000,000;

June, 1942, two and one-half year 1½ per cent bonds at par—$92,831,000.

CALGARY ROLLING MILLS

Mr. JOHNSTON (Bow River):

1. Has there been a second blast furnace added to the Calgary Rolling Mills plant at Calgary, Alberta?

2. If not, when will this be done?

3. When this blast furnace has been added will the rolling mills section of the plant be working to full capacity?

Mr. MICHAUD:

1. There are no blast furnaces at the Calgary rolling mills plant. A second open hearth furnace has been installed, doubling the former steel-making capacity.

2. Answered by No. 1.

3. It is expected that the plant will operate at full capacity, but this will depend upon the sizes of materials required to be rolled.

FARM LOAN BOARD

Mr. REID:

1. How many applications for loans were made to the farm loan board during the year 1942 from each province?

2. How many loans were granted and what was the total value, in each province, during the year 1942?

3. What was the total amount collected by the board in each province during the year 1942?

4. What was the total expenditure in connection with administration of the farm loan board in 1942?

Mr. ILSLEY: The following return is furnished by the Canadian farm loan board to cover its operations for the period April 1, 1942, to January 31, 1943:

1. Province	Applications for loans received
British Columbia	59
Alberta	89
Saskatchewan	112
Manitoba	138
Ontario	247
Quebec	201
New Brunswick	27
Nova Scotia	51
Prince Edward Island	61
	985

2.

Province	Loans granted Number	Amount
British Columbia	25	$ 54,300
Alberta	60	89,250
Saskatchewan	77	155,250
Manitoba	94	168,700
Ontario	104	262,250
Quebec	130	302,150
New Brunswick	16	17,550
Nova Scotia	14	25,300
Prince Edward Island	33	54,150
	553	$1,128,900

3.

Province	Collections
British Columbia	$ 260,218
Alberta	809,422
Saskatchewan	713,435
Manitoba	571,775
Ontario	652,332
Quebec	1,251,610
New Brunswick	104,550
Nova Scotia	138,144
Prince Edward Island	112,494
	$4,613,980

4. $258,706.

FARM LOANS

Mr. DORION:

1. What amounts have been allotted to each of the provinces by the Canadian farm loan board to loan to farmers?

2. What is the number of loans authorized in each of the provinces by the Canadian farm loan board since its inception to January 1, 1943?

3. What amounts in each province have been loaned to farmers by the board since it commenced operations to January 1, 1943?

Mr. ILSLEY:

1. No allocation of funds by provinces. Moneys loaned on the basis of applications received.

2. and 3.

Province	Number of loans authorized	Amount loaned
British Columbia	1,121	$ 2,590,437
Alberta	4,963	9,004,840
Saskatchewan	3,800	7,990,865
Manitoba	2,711	5,798,914
Ontario	2,902	5,968,235
Quebec	6,609	13,542,713
New Brunswick	852	1,187,920
Nova Scotia	1,023	1,573,385
Prince Edward Island	760	1,200,063
	24,471	$48,857,372

REGINA RUBBER CONTROL

Mr. PERLEY:

1. What building is occupied by the rubber or tire controller in the city of Regina?

2. What is the type of the building?

3. What is the rental per square foot?

4. Were any changes necessary in the office space, and if so, what is the cost of said changes to the government?

5. Does the rental include heat and light?

6. What was the building previously used for?

7. What is the term of lease and is there a termination clause in same?

Mr. MICHAUD:

1. Office space in Silverman building.

2. Two storey and basement, solid brick, stuccoed, with patent roof.

3. 72·84 cents per square foot.

4. Nil.

5. Rental includes heating but not lighting.

6. New building not previously occupied.

7. Lease expires six months after cessation of hostilities by his majesty, with option to the crown to renew thereafter for two further periods of one year each.

MILITARY COURTS-MARTIAL

Mr. GAUTHIER:

1. How many military courts-martial have been held in Canada since the declaration of war in September, 1939?

2. How many in each military district?

3. In how many have the proceedings been public; what are the districts and what is the nearest city or town thereto?

Mr. RALSTON:

1. 3,398 up to 28th February, 1943.

2. Military district No. 1, 147; military district No. 2, 633; military district No. 3, 563; military district No. 4, 122; military district No. 5, 349; military district No. 6, 350; military district No. 7, 167; military district No. 10, 253; military district No. 11, 93; military district No. 12, 99; military district No. 13, 103; Pacific command, 129; Petawawa, 94; Camp Borden, 96; in various formations apart from districts, 200.

3. With the exception of three (3) courts-martial, all proceedings were in open court and therefore public. The proceedings of the three (3) courts-martial mentioned pertained to the escape of certain prisoners of war from internment camps and for reasons of security they were not held in open court. They took place in military districts Nos. 2 and 3.

Remainder of question answered as far as possible by No. 2.

MILITARY TRIBUNAL—MILITARY DISTRICT NO. 5

Mr. GAUTHIER:

What is the amount in Canadian dollars of expenses incurred by the Department of National Defence for the military tribunal held at Quebec (military district No. 5) during the months of November and December, 1942, and January, 1943?

Mr. RALSTON: All accounts relating to these courts-martial have not yet been received by the department.

PUBLIC COURTS-MARTIAL, MILITARY DISTRICT NO. 5

Mr. GAUTHIER:

1. How many public courts-martial have been held in military district No. 5 from November 2, 1942, to February 1, 1943?
2. How many private courts-martial for the same period in the same district?

Mr. RALSTON:

1. Forty-nine courts-martial.
2. None.

QUESTIONS PASSED AS ORDERS FOR RETURNS

WINNIPEG WINTER CLUB

Mr. KNOWLES:

1. Has the government purchased the property formerly held by the Winter Club, situated in the city of Winnipeg?
2. If so, on what date was the purchase made, and what price was paid?
3. What was the assessed value of the above land, and the improvements thereon, at the time it was purchased?
4. How many shares had been issued by the above-mentioned Winnipeg Winter Club?
5. What was the market value of the above shares at the time of the above purchase?

Mr. MACDONALD (Kingston City): Return tabled.

NEWSPRINT

Mr. BRUNELLE:

1. What was the total Canadian production of newsprint during the years 1938, 1939, 1940, 1941 and 1942?
2. During the same years, what was the total production of newsprint in the province of Ontario and in the province of Quebec?
3. What has been the approximate reduction of newsprint, in tons, in the province of Ontario and in the province of Quebec, in accordance with federal regulations?
4. What mills in Ontario and Quebec were affected by such reduction in the production of newsprint?

Mr. ILSLEY: Return tabled.

MONTREAL WINTER CLUB PROPERTY

Mr. HANSON (York-Sunbury):

1. Has the government purchased the property in Montreal formerly occupied by the Winter Club, situate in the city of Montreal?
2. If so, on what date was the purchase made, at what price, and for what purpose?
3. What was the assessed value of this property, (a) for land, and (b) for improvements, at the time it was purchased?
4. What was the issued capital stock of the Winter Club?
5. Had the said shares any market value at the time of the purchase?

J. K. L. ROSS PROPERTY, MONTREAL

Mr. HANSON (York-Sunbury):

1. Has the government purchased the property in Montreal formerly owned and occupied by J. K. L. Ross, Esquire?
2. If so, on what date was the purchase made, at what price and for what purpose?
3. What was the assessed value of this property, (a) for land, and, (b) for improvements?
4. Was the property occupied for any purpose before the purchase, and if unoccupied, how long had the property been unoccupied?

MOTIONS FOR PAPERS

WARTIME HOUSING LIMITED—ARCHITECTS

Mr. NICHOLSON:

1. The names of all the registered architects employed by Wartime Housing Limited.
2. The total amount paid in salary and expenses to these architects.
3. The names and addresses of the architects in Canada who have been engaged by Wartime Housing Limited, and the amounts paid to each for their services and expenses.

WARTIME PRICES AND TRADE BOARD—CHAIRMAN

Mr. BENCE:

For a copy of all orders in council relating to the powers and authority of Donald Gordon, chairman of the wartime prices and trade board.

UNDERPAYMENT OF WAGES ON DOMINION GOVERNMENT CONTRACTS

Mr. KNOWLES:

For a copy of all letters, telegrams and memoranda, and other documents from November 1, 1941, to the present, exchanged between the Department of Labour, or any official of said department, and the Department of Labour of the province of Manitoba, the Manitoba regional war labour board, the national war labour board, the Department of Justice, and any other departments or officials, relating to alleged underpayment of wages on dominion government contracts, as discovered and submitted by the Department of Labour of the province of Manitoba, with respect to the following firms: Claydon Co., Ltd.; Rayner Construction Co., Ltd.; Tomlinson Construction Co., Ltd.; and Duff Construction Co., Ltd. Also for a copy of all correspondence and documents, dated from November 1, 1942, to the present, relating to any other cases of underpayment of wages on dominion government contracts which may have been reported to the government.

Mr. MITCHELL: Mr. Speaker, with reference to this motion I wish to state that on February 25 last, Mr. T. W. Laidlaw, K.C.,

of Winnipeg, Manitoba, was appointed an industrial disputes inquiry commissioner to investigate charges that certain companies holding government contracts, including one of the companies specifically referred to by the hon. member for Winnipeg North Centre (Mr. Knowles), had not met in full the requirements of the labour conditions governing contracts awarded by the dominion. Until such time as the commissioner's report is received, it would not be in the public interest to divulge the correspondence and documents asked for.

I discussed this matter with my hon. friend before the house met this afternoon, and I think he agreed with the position I took.

Mr. KNOWLES: It is quite true that the minister telephoned me before three o'clock this afternoon, and stated that for the reasons he has now given to the house he would prefer that this motion stand. It is not correct to say that I agreed to that, but I had to accede to what he proposed. As a matter of fact, I do not think that the reasons he has given for failing to bring down the documents for which this motion asks are valid because I have in my hand a copy of a return which was tabled recently in the Manitoba legislature—

Mr. DEPUTY SPEAKER: This motion is not debatable. Stand.

Mr. COLDWELL: Surely when the minister makes a request that a motion stand, the mover has the right to explain why he does not wish the motion to stand, and I understand that is what the hon. member for Winnipeg North Centre is doing.

Mr. DEPUTY SPEAKER: The hon. member may proceed, but I would ask him to make his explanation as brief as possible.

Mr. KNOWLES: Thank you, Mr. Speaker. In a return recently tabled in the Manitoba legislature the statement was made, and is now public property, that on January 14 the Minister of Labour (Mr. Mitchell) wrote to the department of labour of the province of Manitoba giving certain information which I have here, which would indicate that at that time the matter was in the nature of a closed book.

Mr. SLAGHT: I rise to a point of order. The minister, as I understand it, did not ask that the motion stand. He gave reasons why it could not be agreed to. The hon. member who has just taken his seat had the right, I think, to explain that he did not acquiesce in the reasons given by the minister, but that does not permit him to make a speech and to explore the matter further. That is my point of order.

Mr. DEPUTY SPEAKER: On the point of order, the minister has the right to make his statement that it is not in the public interest to divulge some of the documents and correspondence asked for in the motion. That is the ruling I give.

Some hon. MEMBERS: Dropped.

Some hon. MEMBERS: Stand.

Mr. MACKENZIE (Vancouver Centre): On the point of order, Mr. Speaker, it is quite obvious that if the motion is not in the public interest it should not stand but should be dropped.

Mr. MITCHELL: As I stated, I discussed the matter with the hon. member before three o'clock. I have no objection to allowing the motion to stand, but there is a commissioner in Winnipeg inquiring into the matter and it seems to me that the most practical thing to do is to await his report. I would make this further observation. Hon. members will understand that the province of Manitoba has some right to be consulted as to whether any of this correspondence should be brought down.

Mr. COLDWELL: Is that a correct statement, that the province has to be consulted with respect to bringing down correspondence between the province and the dominion? The province is not a sovereign state like a foreign nation. The suggestion is entirely new.

Mr. DEPUTY SPEAKER: The minister has stated that he is agreeable to letting the motion stand.

Motion stands.

WEYBURN, SASK., MILITARY BARRACKS

Mr. DOUGLAS (Weyburn):

For a copy of all reports and recommendations to the Department of National Defence regarding the use of the International Harvester building at Weyburn, Saskatchewan, as a military barracks.

Mr. RALSTON: I do not think my hon. friend will press this motion. It covers a class of documents which are not the subject of returns. As my hon. friend knows, the reports of departmental officials are not brought down. I could not consent to the motion.

Mr. DOUGLAS (Weyburn): I am not going to press it, but I would say that the information in the report that was sent to me from the minister's office does not tally with

other reports that have come to me. I thought it would save time, when the war appropriation is under discussion, if we could have the information asked for in the motion.

Mr. RALSTON: It would save time if the hon. member would have a word with me. These documents are not made the subject of a return.

Motion dropped.

GRAIN POLICY

REQUEST FOR RECONSIDERATION OF MARKETING PROPOSALS FOR 1943 CROP YEAR

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, I should like to address a question to the Minister of Trade and Commerce. In view of the substantial increases which have taken place in the prices of wheat and oats on the Chicago market since the quota restrictions were removed, prices having reached the highest in fifteen years, will the minister reconsider his marketing policy for 1943 and take into consideration increasing the price to the Canadian producer, and increasing also the quota to be delivered in order to put the Canadian producer on a fairer basis with the United States producer?

I would ask another question while I am on my feet.

Mr. MACKENZIE (Vancouver Centre): Put it on the order paper.

Mr. PERLEY: It is not a question for the order paper. This question is based on a report from Winnipeg, dated March 7, Sunday, to the effect that the Winnipeg market made quite an advance on Saturday last, a three-cent rise since Thursday. The report states that 15,000,000 bushels were sold in three days on the Winnipeg market, chiefly to United States houses. Will the minister state under what conditions this wheat is being sold to Americans and whether it will interfere with the export of our wheat board wheat? Also, will the minister in the next day or two—

Some hon. MEMBERS: Order.

Mr. PERLEY: —make a statement with respect to sales of Canadian wheat of the 1942 crop, and generally with respect to his marketing policy?

Mr. MACKENZIE (Vancouver Centre): The hon. member should give notice.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): The hon. member has covered a very wide range in the various questions he has asked. The answer to the first question or two is that the subject of the inquiry is a matter of government policy and will be dealt with and announced in due course. I may add that the matters referred to by the hon. member have received and are receiving the earnest and careful attention of all those especially interested in the handling of our wheat and coarse grain crops.

There has been an unexpected and very much appreciated rise in the price of wheat on the Winnipeg grain exchange. Over the past few days the price advanced several cents, this being caused by purchases of our wheat in the United States. As a matter of fact the wheat board have been called in for consultation with the wheat subcommittee of the cabinet, and the whole matter is receiving very careful attention.

Transportation difficulties, both present and prospective, are of very great concern to us as affecting the government's wheat policy for this year.

Mr. PERLEY: Will the minister make a statement to the house in a day or two?

FLAX PRODUCTION

REQUEST FOR STATEMENT BY MINISTER OF AGRICULTURE AS TO SITUATION

On the orders of the day:

Mr. A. H. BENCE (Saskatoon City): In view of the reported statement on March 3 of L. H. Lehberg, technical adviser to the federal oils and fats administration, that United States crushers were in the market for Canadian flax; in view of a press dispatch from Ottawa in the Saskatoon *Star-Phoenix* of March 1 that a campaign to increase flax acreage by one million acres would be launched; in view of the fact that a question of mine was answered by the Minister of Finance (Mr. Ilsley) on March 4—

Some hon. MEMBERS: Question.

Mr. DEPUTY SPEAKER: I ask the hon. member to put his question as briefly as possible.

Mr. BENCE: I have practically finished. I am trying to demonstrate the importance of the question.

Mr. RALSTON: There is no "whereas" to a question.

Mr. BENCE: —in view of the fact that a question of mine was answered by the Minister of Finance on March 4 that the flax crushing capacity of all the plants on the north American continent exceeded the anticipated total of the crop grown on the continent in

1942 only by approximately two and a half millions of bushels, and in view of the statement made by the Minister of Trade and Commerce on behalf of the Minister of Agriculture on January 29 that there is no assurance that flax seed from an additional acreage in Canada can be disposed of in 1943—

Mr. DEPUTY SPEAKER: The hon. member must realize that it is absolutely impossible for the minister to answer that question. The hon. member should put it on the order paper to enable it to be properly answered.

Mr. BENCE: I am asking the minister to make a statement because of the facts. The urgency of the situation would not permit of my putting the question on the order paper.

Mr. ILSLEY: On a point of order, the hon. gentleman quoted an answer I made relating to the flax crushing capacity of North America. At the time I gave the answer I qualified it by saying that I could take no responsibility nor could this government take any responsibility for the United States figures.

Mr. BENCE: Quite right. I wish to finish the question, if I may. Will the Minister of Agriculture make a statement as soon as possible to clear up the whole situation and advise the farmers what is expected of them in this respect?

Hon. J. G. GARDINER (Minister of Agriculture): I made a statement on December 9, and I made another statement about the middle of January. In the latter statement I said to the farmers of Canada that before seeding time a final announcement would be made with regard to the flax situation. I think that is the explanation which is required.

CANADIAN WHEAT BOARD

INQUIRY AS TO REFERENCE OF ANNUAL REPORT TO COMMITTEE ON AGRICULTURE

On the orders of the day:

Mr. P. E. WRIGHT (Melfort): On February 24 I addressed a question to the Minister of Trade and Commerce regarding the reference of the annual report of the wheat board to the committee on agriculture. He stated that he was referring it to them. How soon will that report be released so that we shall have a chance to discuss the marketing policy of the wheat board for this season.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I will take any formal steps necessary to have the annual report of the wheat board referred to the agriculture committee immediately.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, March 2, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. J. H. HARRIS (Danforth): Mr. Speaker, the Canadian people, all of whom are interested in the gigantic struggle which is being waged at the present time, are thinking about what is taking place here, and all of them undoubtedly studied and gave a good deal of thought to the budget brought down by our Minister of Finance, when they read for the first time his statement that the economic and financial requirements of war become greater and more exacting as the scope and thoroughness of our plans grow. On reading this statement a second time they may have thought to themselves, is the scope of the plans growing as fast and with all the intensity that it should grow? Is the thoroughness of the plans as complete as the capacity of the Canadian people to make them thorough?

An hon. MEMBER: Louder.

Mr. HARRIS (Danforth): My hon. friend is worrying about my remarks not being sufficiently loud. Some day the end of the world will come; the angel Gabriel will descend from the heavens and, placing one foot on the land and one foot on the waters, will say that earth shall be no more. And my hon. friend will say "Louder!"

The fifth war-time budget, even though it exceeds all other budgets and all previous standards, even though it makes provision for expenditures on a scale never before known in Canada, still leaves room for even greater achievements of which I believe the Canadian people are capable. I am satisfied that they can rise to greater heights in this emergency if they are made to realize the necessity of greater industry, greater thrift and more provident living. As I see it, each of us in this chamber has a direct responsibility to the Canadian people if we are to face up to these tasks. Last year's budget did bring our people very sharply to their senses. The measures contained in last year's budget made the people realize that our freedom was at stake, that Canada would be in jeopardy if we

were to lose this struggle. In the kindliest possible way I would say to the minister that the budget this year is weak, that compared with the budget of last year it is very weak. To my mind the measures which have been taken will not do very much toward stopping or even slowing down the carnival living and the spendthrift tendencies of many of our people who now have aggregate incomes in their homes much greater than they ever experienced before. In this budget there is not enough drastic legislation to make such people stop and realize their responsibilities.

The minister went on to say that the current fiscal year had brought to fruition all our major production programmes. Surely that is not so; surely all our major production programmes have not yet reached full fruition. If they have, I say at once that we are culpable in that we did not set our programmes sufficiently high to ensure an all-out war effort. We have not reached our full capacity; industry, invention, and science have not reached their limits; and in addition we have a power being used to-day to a greater extent than ever before in our history. I refer to the use of woman-power in all vocations. The women of Canada are just beginning to realize what they are able to do, and the full momentum of their energy and effort in all lines of endeavour is still not realized. As we go on we shall find that by the use of woman-power we may achieve results of which we have never dreamed. The same applies to the youth of our country. Before the war it was not quite the thing for high-school students to work in the mills, the factories, or even on the farms. Ten years ago it was not quite fashionable for teen-age girls to work in market gardens or to act as farmerettes; it was not done. It is now being done. The whole high-school population of Canada is available; and the job of harnessing the power of our teen-age youth has not been carried out to anything like one hundred per cent. There is great opportunity to use that power to increase our production programmes in all directions. Therefore, when the minister said, in making his economic and financial review, that all our major production programmes were coming to fruition, and that as we approached our full capacity the over-all increase in production became less marked than was the situation last year. I say we have not yet approached full capacity. I believe we have the capability to reach even greater heights. In my opinion our people ought to be encouraged to believe that this can happen.

Then we come to the shifts in production from non-essential to essential industry, which have been mentioned quite often. We have not made real shifts from non-essential to essential industry. We have made, on account of a shortage of certain raw materials or for other reasons, some changes which have been obvious; for instance, we have, by order in council, stopped the production of certain lines of goods, and so on. But have we taken Canada as a whole and said, this non-essential industry must be stopped and that essential industry must be continued. We do not need to police industry or to be a Hitler to do that, because our people are anxious to do the right thing. They want to do what is right, and they want some suggestions, some leadership from those of us who are charged with responsibility, so that they may know what is to be done. Believe it or not, Mr. Speaker, the people of Canada have an idea that you and I and others in this House of Commons know something about the affairs of Canada. They have an idea that we know something about the seriousness of the present war situation. When an order is issued by this government that order is looked upon with respect, and the people are anxious to carry out the will and intent behind it. Consequently I say that without acting as Hitler would act we should give instructions to our people that we desire them to produce this and not to produce that; that we shall give them some direction, and I believe we shall be able to increase all our major production programmes.

I am still of opinion that there is room for even greater support to the men and women in the armed forces, at home, at sea and abroad. This budget does not contain very much in the way of a suggestion emphasizing our determination to support our men and women to the very limit of our resources, in every activity making for an all-out war effort.

Any economic review that we find in the budget is so far removed from the days of Fielding, White, Dunning, or Bennett that we really find ourselves in another era. I hope my criticism of this budget will be constructive; I approach it in that spirit, to see if we can bring some human element into the equation. I approach it from the point of view of the activities of individual Canadian citizens; yet in the final analysis it makes up to what will take place by reason of policies of finance and production. Even though this is not a budget of the Fielding type, at the same time I am of opinion that the Canadian people will have to come back to fundamental principles of thrift and provident living which made it possible for us to achieve the progress made in earlier times.

The movement from production of consumer goods to production of implements of destruc-

tion is of a magnitude not conceived, and will be greater yet, and that adds to the burden and to our responsibility in approaching the problem of how it is to be financed. What applies in that field applies also to employment. It applies also to income. If it applies to income it must apply to the curtailment of private spending.

During the last four years we have seen our federal revenue move from $500 million to $1,500 million, and this year it will reach well over $2,000 million. Our duty is very plain in regard to ordinary expenditure. I had hoped ordinary expenditure would have been kept below the $500 million mark but I see it is $610 million.

In dealing with ordinary revenue and expenditure the thought occurs to me, What right has our administration to attempt to freeze normal enterprise at the levels of 1936-39 and pass scores of orders in council to hold our economy, namely, the economy of ordinary production, particularly in secondary industry, to the 1940 level, as far as price and volume are concerned, unless the administration make a determined effort to do likewise in the matter of ordinary government expenditure. We have probably had enough discussion about that in this chamber this afternoon, but I shall deal with that part of the problem a little later. Our war economy demands intensive exploration looking to the increase of production for the war effort, so that our national income can stand the strain of war costs and it is made more and more possible to pay as we go.

Canada has the man-power, if we use every one available; Canada has the woman-power; Canada has the willingness and the enthusiasm. But Canada lacks a man-power policy; it lacks all-out direction; it lacks equality of sacrifice; it lacks driving force. Before we can say we have an all-out war effort Canada requires adequate reinforcements, trained men to keep high the morale, the courage, of our gallant lads who fly over Europe, those who make up the front line in the United Kingdom, those in our navy, those who go down to the sea in ships. This is a first and all-important necessity, to achieve which those at home must produce, economize and give everything that they have.

Before I leave the economic situation I wish to depart a little from the usual form of criticism and bring to the attention of the house the need of maximum effort.

It is not enough to point to the men who are in the services to stir up the enthusiasm of our people at home. We shall have to go farther; we must give consideration to their social security and the security of their boys and girls when they come home after the war; we must dispel from their minds the fear of want in this land of abundance.

How are we going to do it? I can put my idea in simple language. As I see the problem, it is to keep a floor under our people which is based on a reasonable standard of living, based on the cost of efficient production. It is the duty of government to maintain that floor. At the same time a ceiling must be kept over our economic structure so that monopolies shall be controlled and income taxed to help provide the revenue to maintain the floor which is kept under our people. Between that floor and that ceiling every encouragement for maximum production, and compulsion if necessary, should be resorted to. There are some idlers who will not work; hold them on that floor, do not let them get down in the depths, down into poverty and slum conditions; if necessary, compulsion will have to be resorted to. But encourage the great body of our people who are between that floor and that ceiling to combine their individual initiative with intelligent industry coupled with integrity, and there will be ample room for the development of our Canadian economy in this land of opportunity.

I might enlarge on that with regard to a ceiling on prices and commodities, especially in the field of industry. Put a ceiling on the price of goods, whether wheat or bacon or beef, or a secondary product, and say that the price shall go no higher than such and such a figure. As our economy goes along in this difficult time, it will be necessary for us also to put a floor under the price of these commodities. It is within the memory of hon. members when hogs, for example, sold as low as 3·5 cents a pound, when everyone knew they could not be produced for that price. Hon. members will remember a long list of other commodities in 1931 which had no floor under them. I am not so much concerned about the commodity itself as I am in the production of that commodity by which the individual Canadian made his living. Had that commodity been held at a floor which was at least equivalent to the cost of production, then many thousands of our Canadian people would have been able to carry on their vocations, and the collapse of our system would not have been as imminent as would seem to be the imminent situation now unless a floor is put under that commodity, and under commodity prices generally, as well as under the people themselves.

This particular portion of the discussion may sound rather pessimistic, when one is speaking about this Canada of ours. I do not

wish to leave one note of pessimism in any remarks I make to-night. I have great hopes. In fact, if one thinks the thing through he must conclude there is no other place in the world where the citizens have greater opportunities than they have right here in Canada—and we are not the only people who know that. There are other people who know it. The field, the farm, the forest and the factory of Canada would be a great prize packet for the axis powers, if we were to lose this struggle. I hope hon. members, and people throughout the country will ponder those words.

We are trying our best to hold our economy together by controlling prices. In this year's budget we find a little more control. What concerns all is that there is no long-range plan for control. It is true that it is a difficult task; but even if we had a short-range plan we would know where we were going. A man who happened to be in a certain industry would not wake up to-morrow morning only to find that the price had been set at such and such, and that he was out of business, as far as his line of goods is concerned.

The whole programme is spotty, a kind of patchwork. Each day sees a new order in council adding restrictions to whole lines of endeavour, and thereby destroying the possibility of a well-balanced price structure. Price control may be necessary, but it must be adjusted to meet conditions, in justice to the primary producer, secondary industry and labour.

May I explain what I mean by saying that we have failed, not dismally, perhaps, but in large measure to take into consideration, in the control of prices, what is happening in other economies similar to our own. The particular one to which I should like to refer to-night, the one which perhaps receives more discussion, and concerning which there are more experts in this chamber than there are with respect to any other line of industry, is the industry of agriculture. To prosper and to be satisfied, all that agriculture asks is equality of reward for the industry and application they put into the working of their farms. Some people call it parity. But, call it what you will, if the Canadian farmers are given an even chance, not only in Canada but in competition with any other agricultural country, they will give a good account of themselves, and come out on top.

Bank of Canada figures illustrate this point, and in order to make it clear I shall place on record a short review of wholesale prices in Canada, as they are found at page 11, section 8 of the statistical review published by the Bank of Canada. This review sets out wholesale prices in Canada for farm products in the different years going back to 1926. Then it gives wholesale prices on food made from farm products. In like manner it gives prices in the United States with respect to those two classes of commodities.

Taking 1926 as a base of 100, we find that in the depression of 1932 farm products dropped in Canada to less than half the wholesale price in 1926, namely, to 48·4. Farm products have not even yet come back to the 1926 figures. They still lag at 87. On the other hand, foods, which were 100 in 1926, and which might be considered as secondary products to those produced on the farms, have now risen to 101·6. Despite these conditions, the return to the farmer stands at only 87.

While this condition prevails with respect to farm products in Canada, the return to farmers in the United States does not lag behind returns for other commodities. Returns to farmers in the United States have maintained a fair relationship, and have been kept on a parity with the prices the consumer has to pay for food. The return to the farmer in the United States to-day, as compared with 1926, is 113·8, whereas in Canada it is only 87. The production of other materials, in like manner, lags behind by 13 points in the return to the Canadian primary producer.

I believe the Minister of Finance (Mr. Ilsley) would agree with me that if, as some people say, we were to pierce the ceiling and let prices run riot, we would be taking action fraught with a good deal of danger. I am not asking for that. I would be one of the last members in the house to support any measure of inflation. The figures I have before me are as recent as January of this year and, while the condition may right itself, even during this year, it seems that up to the moment, and particularly during the last three or four years, there has been a lack of understanding on the part of those charged with the responsibility of providing equal reward for agriculture as compared with the rewards from secondary industry and food products, or as compared with returns from other primary products, or the secondary products made therefrom.

In Canada, possibly on account of the great distances and the smaller quantities, as compared with the economy of the United States, it does not seem possible to overcome the wide spread between producer and consumer goods. That is a problem to which we should address ourselves. And when I say "we" I am thinking not only of the Minister of Finance, but rather of the membership of the house as a whole. Why can we not harness the membership of

the House of Commons, and put it to work? I am thinking of the house as a whole, not of just the Minister of Finance.

Once in a while some one will break forth with a thought. We had an example when the hon. member for Elgin (Mr. Mills) pointed out the danger of price control as it applied to beef cattle, and showed that the control did not give equal reward for the energy and industry expended in production. He pointed out the difficulties arising from bootlegging and black markets.

Once in a while an hon. member will rise in his place and point out the way through some of our difficulties. Only a short time ago the hon. member for Waterloo North (Mr. Breithaupt) made a suggestion. I shall have more to say on his point later with reference to wages. I should like to see emanate from this discussion a greater use of the brain-power and man-power of this Canadian House of Commons.

I suppose it was a dollar-a-year man or somebody else who originated subsidies calculated to keep down consumer costs, as well as the matter of bonuses. All this is fraught with danger. To my mind they are not the result of the considered opinion of the members of the Canadian House of Commons, and I think they should be. We are elected by the people. Of course we can review these matters; of course we can discuss them, but we are not doing enough of the actual work.

One of the most glaring examples of the absence of parliamentary control in these matters occurred a week ago last Thursday when the Minister of Agriculture (Mr. Gardiner) announced to the Canadian press that he would build up in his department an organization to take care of bonuses to farmers on farm products. The facilities of the House of Commons were open to the minister, but they were not used. I suppose he has a reason for that. The Canadian press were advised that the new organization would be in charge of recommendations for all subsidies and bonuses, including those which were at the time under the prices board. The news item stated that in the present fiscal year production bonuses and consumer subsidies would total around $100,000,000.

Not only is this system of bonusing and subsidizing foodstuffs reacting unfavourably in the minds of the Canadian people, but there is also an unfavourable reaction in connection with subsidies paid to certain secondary industries. I should like to use an example which I am sure many will recall. It is probably not generally known, or not as well known as it should be that the soap industry of Canada is receiving large subsidies on production. Ordinary soaps are subsidized anywhere from thirty cents to one dollar per 100 bars, this subsidy being paid from the treasury of Canada. When one considers this in terms of a production of 60,000,000 pounds or more he gets some idea of the cost of subsidizing this particular industry.

The cost of the necessities of life must be kept down, but I would point out some of the weaknesses in the control of this particular industry, which happens to be one which I think illustrates the difficulty. The cost of maintaining the ceiling prices of September, 1941, will run into scores of thousands of dollars. Because the wholesalers had considerable floor stocks on hand, it was found necessary to push the ceiling price back to the price of June, 1941, with an added cost to the treasury of Canada of many thousands of dollars for this particular industry. Large sums of money which are paid out in advertising go into the cost of manufacturing this necessity. Every few hours during the day and during the night the radio blats out all sorts of advertising, stories of fiction, fact and fancy, the cost of which is added to the cost of this essential, namely, soap. If this House of Commons should determine that it was not necessary for the Canadian broadcasting corporation and the other broadcasting corporations to carry this advertising, that they did not need it to keep them going, I am satisfied that the industry would be prepared to economize in that regard and money would be saved for the treasury. To my mind this is price control which illustrates the lack of control.

People will use soap anyway. Perhaps if they did not pour so much down the sink and waste it, it would be better for our economy at the present time. They still believe that cleanliness is next to godliness and they will keep clean from the cradle to the casket. They also know that there is a war on. Hon. members know that there is a great shortage of the raw material which goes into the making of soap. As long as there is a shortage of that material, as long as this difficult time is on us, we should have a moratorium on wasteful expenditures of this kind. If the broadcasting corporation cannot balance their budget without the revenue they receive from this advertising, they might just as well fold up. The power could be saved for more essential war needs during the peak loads; or, if the power consumption is not serious, if it is not great enough to worry about, they could use a little canned music by taking some records off the shelves. In any event it would be just as elevating as the advertising propa-

ganda which comes over the air. Our women could knit much faster to the recordings of music than they are able to weep to the fiction of the radio soap ads. The Prime Minister finds difficulty in understanding that, but I can tell him that it is the fact.

Mr. MACKENZIE KING: I have not given up using soap.

Mr. HARRIS (Danforth): I witnessed thirty or so Red Cross workers at work and I have heard them say, "Shut off that soap advertisement; we have dishpan hands and we do not want to be reminded of them". Some music was put on and the knitting needles went that much faster.

I come now to the matter of the control of income. The most important feature of the attempt to freeze incomes is that section which affects a million and a half employees who depend on their weekly pay envelopes for their sustenance. Not nearly enough publicity has been given to the Canadian public, particularly the wage-earner, about the energy and the effort that have been put into the price control system in order that costs of living shall be kept down. When you brought the price of eggs down to forty cents a dozen you should have made some noise about it. I think we have been a little neglectful about this kind of advertising. We should let the working man know that he is getting a square deal. You should have said more about it when you brought down the price of eggs, oranges, tea and what-not. I feel tempted to tell an advertising story, but perhaps I will let it go because this is rather a serious matter.

Too much emphasis is being given by the press and others to those things which worry the working man. According to the headlines he is told that there is no fuel, no coal. He is told that housing accommodation is short; that he will get no shelter. If the opposite factors were stressed we would have a more contented working population and more production. Great publicity is given by our friends to beer, butter and beef shortages, but very little with regard to matters that are costing the people a good deal less than they cost them previously. We do not seem to have laid out our legislation from one year's budget to another with sufficient consideration for the conditions under which our working men have to make a living. We have failed miserably in our tax structure, and I shall give illustrations of that in a moment or two when I discuss income taxation. Our present system does not encourage absenteeism, but it makes room for absenteeism and certainly it does not penalize absenteeism. I shall have more to say on that in a moment.

I now come to the control of supplies. An organization has been set up to control supplies. That organization requires more coordinated direction. The controllers seem to be a law unto themselves. Each is functioning as best he can in his own field without sufficient regard to the requirements of the controller in another field. It must be remembered that the finished goods of one industry are very often the raw materials of the next industry; and with a ceiling on the finished product of the second industry, and a ceiling on the raw material which that industry must buy, there is brought about a static condition in the conduct of business. That static condition is not good for business. In many lines there is not much room any more for salesmanship. It is becoming a lost art because the spread in many instances is not sufficient to take care of the cost of management, distribution, and particularly transportation. With ceiling prices set, what incentive is there to put merit into your goods and to develop salesmanship? I mention this merely with the idea that we must get back to the old conditions. We must not regiment our entire production. I mention it also for this reason, that this control leads to a concentration in the hands of a few of the control of necessary commodities. There is no room for the small operator when ceilings are set on the cost of both the raw material and the finished product. So much for the general picture.

If we look at the geographical picture, what do we find? There is a concentration of industry in the central provinces and little opportunity for the development of industry in the western provinces. In those provinces labour is available at certain times of the year, while in the central provinces there is practically a shortage of labour all the year round. The monthly review of business statistics for the month of January shows that the expansion of industry and the physical volume of business and employment have increased from the 1926 base to 186 in Quebec, 178 in Ontario, and only 127 in the prairie provinces. Under our present controlled system that condition will become more aggravated as we go along. I think it was the hon. member for Winnipeg North Centre (Mr. Knowles) who said a few weeks ago that there were 5,000 unemployed in Winnipeg. If we could so arrange our economy as to have more industry in the west and in the maritime provinces, these surges of unemployment could be taken care of.

Another matter which I would bring to the attention of the house and the country—I

have mentioned it before in this chamber—is the possibility of transferring or transplanting to western Canada industries which are at present in Great Britain. There are a number of industries in Great Britain which have had their factories bombed, but the machinery could be salvaged and the technicians in those industries who are not required for Britain's defence and who are eating up the food in Great Britain which is required for other purposes could be transplanted with their families to western Canada. Many of those industries were exporting to Canada prior to the war, and they would be quite satisfied to establish a branch of their industry in Canada to take care of their Canadian business which has decreased by reason of the war. I put this suggestion on the record of *Hansard* again because I feel that our commercial intelligence branch and the industrial departments of the railways should take this matter in hand. Some might ask: Why do not the Canadian people establish those industries here themselves? If they did they would be faced, in the days to come, with serious competition from the United Kingdom which previously had a share of the Canadian market. But if we could encourage our British friends to come here with their plants we would have the advantage of their long experience in different lines. No one knows the woollen goods trade or the linen trade and other needle trades, for example, better than do the British people. The same is true of many other lines of industry. I could mention half a dozen others if time permitted. There are the nut-oil pressing trades, for instance; the pressing of oil seeds for the manufacture of shortening and things of that kind. No one knows this trade better than do the people of Great Britain. If we could persuade them to establish branch plants here we would have something which would remain with us after the war, and that would be better than trying to do it ourselves in the absence of their expert technicians and tradesmen who have been engaged in these trades for eight or ten generations. We could cooperate with them and in that way add to our Canadian economy other lines of industry which will be very necessary when the war is over.

Of all the difficulties that Canada has had ever since confederation, transportation has been one of the greatest. It has engaged our attention more perhaps than any other phase of our national life. We have great distances, an abundance of raw materials, with a small unit cost per ton. All these factors have made our transportation problem one that requires our everyday study and attention. The actual facts of transportation costs in Canada are startling. I raise this question because it is of vital importance to Canada. I am so fearful of a collapse or even a partial collapse or slackening off in our transportation system that I ask the house to bear with me while I enlarge a little on this subject, which to my mind did not receive sufficient attention in the budget and must engage the attention of all members of the house.

The monthly review of business statistics for December shows that the average income for the last twenty years in Canada was as follows: primary production, 25·8 per cent; secondary production, 20·7 per cent; trade, 12 per cent; services, 11·5 per cent; finance, 8·5 per cent; government, 11·4 per cent; transportation, 10·1 per cent. In passing, I would remind the Canadian people that the last three items are out of all proportion in a well-balanced economy. There is no reason why the national income of those living off the government in this economy should be 11·4 per cent. That figure should be reduced substantially and as quickly as possible; it is out of proportion. In like manner consider finance; the national income from this source, 8·5 per cent, is quite high.

I do not complain of transportation being 10·1 per cent; I mention it merely to draw attention to its importance. Transportation divides itself naturally into two divisions: domestic transportation, and transportation to support our war effort overseas.

As regards domestic transportation, not nearly sufficient control and direction is being given to this problem. I regret that the Minister of Transport (Mr. Michaud) is not at the moment in the house. I would say to him that we must have direction and drastic control, and they must be such as will keep high the morale of our fighting forces. Priority must be given to the young men and women of tender years who are wearing the king's uniform, so that they can get home to their people and their friends whenever they have leave. This will tend to keep high the spirits of those young people and of the parents and cousins and uncles and aunts whom they visit on their leaves.

On the other hand, civilian traffic made possible by higher incomes must be definitely curtailed. I am of opinion that it should be rationed. The strain on our transportation system demands that priority be given to labour, materials and supplies for the railroads.

What applies in passenger movements also emphasizes the importance of freight movements. The right of way must be given to

essential services and food supplies, munitions and everything directly connected with an all-out war effort. The movement of non-essentials must be curtailed. We must improve and expand railway facilities which are essential to our war effort. We are in this particular spot just now: carloadings, which averaged last year 280,000 cars, have increased 33⅓ per cent, largely on account of war freight. War freight is heavy freight. War freight moves long distances, and our ton-mile next year will increase 100 per cent compared with pre-war figures. I ask the Minister of Transport, who is charged with the responsibility of the railways, if enough attention is being given to the rehabilitation of our transportation system. He will speak in this chamber either on the Canadian National railway estimates or during this debate, and I say to him now that he has the responsibility of being able to assure the Canadian people that our rolling stock and transportation system generally are being maintained and improved. We must remember that the whole Canadian transportation system has had a very hard winter. When the frost comes out of the ground, floods will follow in the spring and many weak spots will develop in an already overburdened system. Attention must be given to priorities all along the line for the preservation of this most vital part of our Canadian economy.

As to railway finance, it should not be a burden on the Canadian people in the coming year. The overflowing revenues which have resulted from the doubling of ton-mile traffic over that of pre-war days have temporarily done away with railway deficits. Nevertheless I would guard very carefully the revenue which is in excess of operating costs. I throw out the warning that it should not be used to rehabilitate the financial interests of those of our investors who made improvident investments in railway enterprises in pre-war days. There are not very many of them, but I would ask for some vigilance on the part of the government with regard to this particular feature of our economy. For example, exhibit 5 of the report of the Canadian National Railways investments in affiliated companies shows that the national railway holds stocks and bonds to the extent of $35,000,000 in companies or organizations whose stocks have a par value of $78,000,000. It is true that the greater part of that sum represents necessary joint enterprises; there is, for instance, the Toronto terminal, which is not being run primarily for profit. But we ought to be very careful that this expanding revenue of ours is not used to recoup the financial position of any of the owners of the non-par value shares associated with the Canadian National Railways, who own the other $42,000,000. While these pre-war concerns did not go through bankruptcy, it would have been well if, to use an expression of the hon. member for Rosedale (Mr. Jackman), they had gone through the wringer at the time. But while in financial difficulties they have been maintained and built up until to-day they are worth $78,000,000. However, as I have said, this is no reason why we should recoup the unfortunates who made the improvident investments in days gone by.

In saying this I am thinking not only of the Canadian National Railways but of the other railroad and of various other large organizations in Canada, particularly those which have monopolies in different lines of industry and production. I give them the solemn warning that, if it is necessary to put a ceiling and price control on commodities, incomes and supplies, with which I have already dealt, it is also necessary to do the same with pre-war investments.

Transportation is so vital that I should like to think of it now in regard to getting our supplies to the scene of action. There are various estimates as to the tonnage of commodities necessary per year to keep one fighting man in the field. I have seen an estimate as low as four tons of goods and commodities per year per soldier, while the highest I have noticed is sixteen tons per year. One can readily see, therefore, that each one hundred thousand of our fighting men will require at least one million tons of commodities per year. When one takes into consideration the question of distance, we are faced with an astronomical figure if we reduce the equation to ton miles of transportation required to give a full-out war effort. This branch of our transportation system must be given first attention, while everything non-essential must be reduced to a minimum. There are different methods of transportation; and the one which will not be much of a problem when the war is over is, to my mind, air transportation. In the meantime, however, it must be brought to the attention of the Canadian people that within the next few months or perhaps even weeks great strides must be made, from the point of view of the war, in regard to air travel. With our aircraft production reaching a figure of $268,000,000 last year, representing 400 planes a month, we must organize ourselves to meet this strain on the national economy; but at the same time I say that new means of transportation will have to be developed to take care of the submarine menace. With all the research at present being conducted in this connection, as hon. members know, I believe this house would be well advised to give the

Minister of Finance a free rein in loosening our purse-strings in order to support air research to the very limit. Perhaps I should say that here I am speaking as the member for Danforth, and it is the privilege of any of my colleagues to disagree with me, but I believe we should support to the limit the research work that is so necessary in this field. That is so for the simple reason that our greatest hope of meeting the submarine menace rests with those boys who fly up and down our coast, searching for submarines.

This brings me to the question of merchant shipping. I believe the submarine is the greatest menace to be faced in this war by Canada and the United States. The production of millions of tons of shipping is not enough; more and more attention must be given to saving our shipping from loss by submarine action, for it is not only the loss of the vessels themselves that is important; it is also the loss of the strategic war materials they carry. I wonder if perhaps I have said too much, but I do not think those remarks require censoring, for I think they are common knowledge. I am quite in agreement with the censoring of any information considered important by the censorship branch; it is necessary that zippers be placed on the lips of all employees and servants of the state. But we must keep our people informed as fully as possible if we are to hold their confidence and if they are to face up to the huge expenditures, the energy and the effort that are necessary, and we must make them realize the gravity of the situation.

Let me pause here for a moment to say that in my opinion we should more frequently make available the facilities of this house to the various ministers of the crown, to permit them to make statements which will keep Canadians informed of the progress of events, instead of having to get their information through the press. I believe more official statements pointing out the dangers and difficulties, the need for greater production here and there, and that sort of thing, would keep our people informed and enable us to retain their confidence. On February 25 of this year we had an example of this sort of thing when the British war secretary, Sir James Grigg, made a statement in regard to the movement of supplies. Why should we not have a statement like that from one of the ministers of this government? We have not heard at all this session from some of the ministers, and that does not inspire confidence. You do not tell us what you are doing, and we do not like it. The old adage, "Get them young, treat them rough and tell them nothing," is not good enough. We want to know, and Canada wants to know.

[Mr. J. H. Harris.]

The British house was told that in 1942 a million tons of supplies, five hundred thousand men, fifty thousand tanks, guns, armoured vehicles and all the rest of it, had been sent around the Cape of Good Hope to various destinations. That must have inspired confidence; it must have built up the morale of the British people. They were also told about the landings in north Africa; that Britain moved 185,000 men, 20,000 vehicles and 220,000 tons of stores in three weeks, requiring 440 special troop trains, 680 freight trains totalling 15,000 cars, and so on. I offer this suggestion in order that we might impress upon the Canadian people the magnitude of the problem we are facing in this war, and also that it might be impressed upon the members of this house and those charged with the responsibility of looking after our transportation system. I mention it in the hope also that the way may be paved for the application of some restrictions by the transport controllers to eliminate non-essential travel and the shipment of non-essential freight.

I come now to the matter of government accounts and finances. I am of opinion that with all our war expenditures Canada can maintain a sound financial position, but it will be necessary for our people to observe a few cardinal principles which I enunciated in the early part of my remarks and which I shall enunciate again in few moments. For the moment let me say that I believe those charged with the responsibility of raising funds for various purposes should give a clear right of way to our victory loans. I believe we are a little late with our first loan for this year, and in a moment I shall give my reasons for that statement. We should encourage the purchase of more and more war savings certificates, and their regular purchase week by week and month by month. It was disappointing to hon. members to learn that subscriptions to war savings certificates, which we had hoped would run well over $100,000,000 a year, have fallen to something like $77,000,000 this year. Red Cross drives should be spaced in such a way as not to interfere with victory loan drives. Campaigns that grip the imagination and the heart of our people, such as the funds for British war victims, Russian war victims, the Queen Mary fund and so on, should be encouraged because they keep our war interest to the forefront and maintain morale among our people.

Of course we must continue our present economy and support the churches, educational institutions and hospitals. Large sums of money are collected under our present

taxation system for unemployment insurance, forced savings, the refundable portion of our taxation and many other items which now go into the consolidated revenue fund, the only place into which, of course, it can go; but I say the government accounts should show this money received for these purposes earmarked as a liability. I am glad to see the minister is giving some sort of certificate now for the savings which are being deducted, although I am not just in accord with the way in which he is doing it. It is true the employee has a record of his unemployment insurance in his unemployment insurance book, but a corresponding receipt or certificate is not given to him for the portion of his wartime earnings which is kept from him until after the war. Employees who have these deductions made and the receipt held back until the end of the year are not satisfied; they demand that some sort of weekly or monthly certificate should be issued when the deduction is made. They might save them up in the same manner as one accumulates war savings certificates. No doubt in reply the government will say it is just like superannuation. But forced savings are not the same as superannuation. Superannuation is an old-established art for the purpose of having people save money for themselves; it is a contract between the government on the one hand, or perhaps an organization, and the employee on the other, and is thoroughly understood by both parties. I hope the minister will give some consideration to revising the receipt or certificate given for these deductions.

I come now to our expenditures, which occupied so much of our time this afternoon. They fall into two categories; ordinary expenditures and war expenditures. I hope that what I say in this regard will be considered constructive.

We must service our national debt, carrying charges for loan flotations. We find ourselves forced to compensate the provinces for invading their tax field. But we can and must reduce our ordinary expenditure. Another field for reducing our ordinary expenditure is found in paternal legislation for relief and works projects, wheat acreage reduction, and the operations of the wheat board and other government enterprises such as harbours and railways. Many of these organizations will have profits instead of deficits and will be able to recoup the treasury to a certain extent; they should certainly call for far less than in previous years. Their calls demand the scrutiny of every member of this house if he is to discharge his responsibility in regard to examining expenditures. That is our duty; every dollar saved is a dollar earned, and should be used to increase our war effort.

The other field of expenditure, namely, war expenditure, has not had the care and attention from members of the house that the vast sums spent demand. Every criticism unfortunately seems to take on a political angle, and this attitude defeats any good intention hon. members might have in making their criticisms. Hon. members will recall that the Prime Minister said this legislation was an opportunity for the private member to be of service to his country. The Minister of Munitions and Supply (Mr. Howe) said on various occasions that he welcomes the committee and that the committee would be of some assistance to him, that the committee could review the expenditures. But we all know that it has been a failure as far as accomplishing the task which its name implies. The lack of representation of minority groups, the secrecy forced on the activities of the committee—I do not intend to enlarge on this subject now because I realize I am out of order, that it is on the order paper to be discussed in a day or two—these things all tended to restrict the possibility of our doing an efficient job. These expenditures are the concern of every member of the house. Ten per cent of the membership of the house is not enough to assume the responsibility of checking seventy per cent of Canada's expenditure. The entire House of Commons for years devoted itself to examining estimates amounting to $500 million. In days gone by I have seen the whole membership sit for months, discussing estimates. Yet now it is suggested that ten per cent of the membership can examine and report back on expenditures more than eight times as great. It is out of all balance. It is another evidence of the fact which is so patent that no effort is being made to use the man-power of this house in an orderly way. I say to hon. members supporting the government, the futility of your service to the nation in this time of stress is to be deplored. In party warfare the vulgar expression is used that those supporting the administration are rubber stamps. I would hesitate to say of this house in these serious times that the members are just rubber stamps, but I should like to leave that thought with them; let them examine their own conscience and see if they can bring themselves to believe that they are doing everything humanly possible to help in this war effort. I suggest to them that the whole matter of war expenditure should be overhauled; I leave it there until the committee is introduced.

I come now to the subject of borrowings. The success which attended our victory loan is something in which Canada can take pride. I was of opinion then, and I am now, that we did not ask for enough money. If our national income a couple of years ago was $4,500 million and we raised $1,000 million, then if it is now $5,500 million, we could raise more than $1,000 million. If this year it is to be $7,000 million we are out of balance if we try to raise only $1,000 million. In my opinion we must set our sights higher and go after this money. I will give my reasons in a moment why this must be done. I say to the Minister of Finance: set your sights high; get your campaign under way as early as possible. We have not had the same degree of success with war savings certificates and stamps. Part of the reason undoubtedly lies in the new forms of taxation introduced in last year's budget. People who previously started buying war savings certificates found themselves letting their money go into other taxation avenues. And part of the reason—one I should like to see dispelled as quickly as possible—is the allegation of waste in war expenditures. Whether it be gossip, rumour, or something else, there is no doubt that there is something disturbing the confidence of the Canadian people in the operations of the affairs of the country. Our people must be reassured that every dollar taxed and every dollar borrowed are put to the best possible use.

I was a little disturbed when on February 9 the Minister of Finance gave a statement to the house, as he said to allay the damage being done to our victory loan by wholly inaccurate statements regarding victory bond sales. As I listened to the statement it occurred to me that the inaccuracies in the public mind which the minister was thinking about had to do with the money which was provided for the victory loan by the banks of Canada. Individuals subscribed $401·1 millions, leaving all other kinds of subscribers $590·4 millions. The minister's statement reads:

> There was only three million purchased by the banks, 2·5 million out of Quebec savings banks and a half million by the chartered banks.

That is the minister's statement and, literally, it is correct. The minister emphasizes the insignificant volume of purchases by the chartered banks. But this compilation made on February 9 does not give a clear picture to the Canadian people of what actually has occurred. The minister knows, and the house knows, that even though the chartered banks as such purchased bonds to a value of only half a million dollars, in the last billion dollar loan, they certainly used the people's deposits to finance a very large portion of that victory loan. That is elementary; we know that.

Take, for example, the $298,000,000 subscribed by firms and corporations. A very large portion of this subscription was financed by business firms and corporations borrowing the people's money from the banks. In like manner many patriotic citizens borrowed from the banks, in many instances—and I know of a number—as a patriotic gesture paying the full rate for overdraft interest, in order that they might bear their full responsibility as citizens of this country.

It is not enough to say that you have discouraged participation by chartered banks in the purchase of victory bonds. You must tell the people at the same time that you have encouraged the banks to have their clients buy victory bonds, whether those clients have credit balances or debit balances. In other words, my criticism is that there is a tendency to make statements which do not carry the whole picture. More confidence would be inspired if the statement covered the amount of money borrowed by our people from the banks to make the loan possible. And more confidence would be engendered in the minds of our people if they were given the plain facts that during the current fiscal year we shall have borrowed direct from the Bank of Canada and the chartered banks the amount of $983,000,000. Of course we did not borrow the $983,000,000 to subscribe to victory loans; they are two entirely different matters. However it is still money required to take care of our war expenditures. And when we say that only half a million dollars came from the chartered banks we must give the other side of the picture. At the same time let us be—I cannot think of a better word than frank—let us be frank enough to say that we found it necessary to borrow $983,000,000 from the banks in order to discharge our obligations. I believe the minister and the house will agree that this is a dangerous situation. It is dangerous to borrow this money, but it had to be done. To my mind nothing will start the spiral of inflation faster than will the government borrowing money from the banks, and leaving the people holding considerable savings for their own account. That is why I said a moment or two ago that we must be closer up on the heels of our spending, as far as our victory loans are concerned, or we shall be culpable and guilty of starting a dangerous spiral of inflation, and thereby destroying all the work done in an effort to control in the last three or four years. To my mind the minister spoke

a truism when he said, "If the government borrows from individuals, the government spends the money. The individual does not."

We are face to face with the fact that this $983.000,000 cannot be spent by each of us. That is to say the government cannot spend it on the one hand, and the people spend the same amount on the other. If the people spend it, it will not be in the banks for the government to borrow next year, or even now. I therefore throw out the warning that the government must get possession of this spending power if next year we are to be able to meet our war obligations. Of course they say the obligations will be met with the next victory loan. I must repeat, however, that the amount of loan is not sufficient, because the savings of individuals are held by the individuals in the banks of Canada. They are there; we ought to find the means of prying this money out, so that the government rather than the individual will have it to spend. It is possible that the individual may not spend it as providentially as we might wish him to spend it. If, in order to avoid the chaos of inflation which will be forced upon us, we do not acquire immediately a victory loan of magnitude in order temporarily to freeze up this liquid money, we shall find it has been spent by the people themselves. I entreat all those who have the interests of Canada at heart to place every available dollar in the service of the nation at this critical time. If the present condition continues, business enterprise will be unable to borrow, interest rates will go up, and the whole financial structure will be out of hand.

Mark you, twelve months ago it was reported to the house that there were no borrowings by government from the banks. That was a fairly healthy condition. We now find that in one year the borrowings from the banks have risen to $983,000,000. What will it be in two years? Where will private enterprise be able to borrow funds with which to carry on, if the government has borrowed all the money from the banks. To borrow $1,000 million in the next victory loan is not enough. To say that fifty per cent of your expenditure is pay as you go is not enough. It is always the extra five dollars earned by a bread-winner that makes it possible for him to balance his budget and make an investment. That particular bread-winner is earning that extra $5 to-day, every week he is working. It is always the last few dollars of the hundred dollars in a transaction which provide the credit balance. Anyone who is in business or in production knows that we have not seen a profitable year like 1942 for a long while. Wage-earners were not seeing the $5 left over at the end of the week to the same extent as they did in 1942. Therefore I say that it should not be at all difficult to secure a good deal more money for the next victory loan.

I reinforce that suggestion by saying that we are now experiencing a velocity of turnover of all commodities which provides larger credit balances. The acceleration which turnover of money and commodities has experienced leaves the Canadian people to-day with more income and more spending power than they have ever before been accustomed to. One of the main factors in the turnover of commodities has been the necessary restriction which has been brought about in the number of lines a merchant may carry on his shelves. The more articles of food, clothing, shelter and personal services are standardized, the faster will be the turnover of inventory. The faster inventories are turned over, the greater will be the credit balances available for taxation. In passing, I warn the administration that we have come to the end point in many commodities, but this condition has been going on since the war started and we have not taxed into that position sufficient to check extravagant spending.

We must do it. Improvident spending and carnival living which have been so rampant this winter will break out again with renewed intensity with the advent of spring and the Easter bonnet unless something is done. Surely we do not have to wait for a blood-letting tragedy overseas to sober us. The government has a responsibility; the government has no alternative but to take this situation in hand immediately. It is a delicate matter to deal with; it is fraught with many dangers, but the delicacy of the situation and the dangers involved are not to be compared with the danger of inflation. That is most difficult to keep in rein. If it ever breaks loose, the damage done to this country by the runaway horse of inflation will bring us into financial chaos.

In regard to this question I bring to the attention of the house a factor in connection with the raising of funds to which perhaps not much consideration has been given. There are, according to a return tabled in this house a few days ago, 734,760 farms in Canada. During the time of the spring victory loan there will be incidental expenses to these farmers in getting their seeding under way, buying machinery and equipment or putting it into service. They will have to make cash outlays for a certain amount of seed, grasses, fertilizers, fence repairs and other items which will run far in excess of $100 per farm. The

fishermen on our inland waters, as well as those on our seacoasts, will have to rehabilitate their equipment. If we add to the farmers and the fishermen those who are engaged in other vocations and who must increase or establish their activities in the spring of each year, we find we have a million people spending anywhere from $100 to $300 each. This means that $200,000,000 or more will be used up by primary industry and will not be available for the victory loan. In order to meet this situation I make a suggestion which I hope will be considered constructive. Our primary producers should be given an opportunity to subscribe in the spring and to pledge payment with the harvest.

Last year we gave the United Kingdom a billion dollar credit, made up of food and supplies. Along with the repatriation of securities, this is now a part of Canadian war expenditures.

Mr. BLACKMORE: Louder, please.

Mr. HARRIS (Danforth): I invite my hon. friend to come and take a seat here close to me. He will then be able to hear what I am saying.

This is now part of our Canadian war expenditures and should be a matter of study and review—in this regard I am expressing my own opinion—by the banking and commerce committee of this House of Commons. I suggest this because some agents of Hitler have been confusing the public mind by telling them that the United Kingdom sold a good portion of these gifts to other members of the united nations who are fighting our battles in the south Pacific and in North Africa. The budget this year provides ways and means for a billion dollars to the united nations. The Hyde Park agreement assists us in making this possible, but in order to allay criticism in the minds of our people against such gifts, the whole matter should be reviewed by the banking and commerce committee and reported to the house.

I also make the observation that every possible expansion of our trade with the western hemisphere should be explored. Ten years ago we received the benefits of the empire trade agreements. They did a great deal to re-establish Canada as a great trading nation. The war requirements of the United Kingdom are helping us to-day to maintain our export position as far as the natural products and war supplies produced by this country are concerned. Our exports are ever increasing to the United Kingdom. The billion dollar credit to the United Kingdom has made this possible.

I have no objection to the billion dollar appropriation to the united nations. In fact, the Hyde Park agreement on the one hand, and the courageous offensive of the Russian people and the long suffering tenacity of China on the other, make it imperative that we support the cause of the united nations. At the same time our allies in the united nations will not deny us the privilege as well-grown cubs to support the mother lion of Britain in her days of travail. Much more will this be so when we bring to the attention of the united nations the fact that thousands of our finest sons and daughters, in common with those of other units of the empire, stand shoulder to shoulder with Britons in defence of freedom.

I come now to the matter of the trade of Canada. There seems to have been a falling off in the discussion of ways and means of increasing our trade, which we all realize is and recognize as the blood-stream of the economic life of this country. I am glad the Minister of Trade and Commerce (Mr. MacKinnon) is in his seat. I say to him that we have not had very much success in expanding our trade as far as the western hemisphere is concerned. I hope he has some plan with regard to trade to lay on the table of this house or discuss when he comes to speak on this budget. The usual budget speech in days gone by contained a lot about trade, but he will find very little about it in this budget speech.

Mr. SLAGHT: Will the hon. member permit a question?

Mr. HARRIS (Danforth): In accordance with the aims of the Atlantic charter Canada should join in setting up effective national measures with a view to making world resources available for the satisfaction of human needs. That was a long sentence, Mr. Speaker, and I wanted to get it on the record before permitting this interruption.

Mr. SLAGHT: Does the hon. member not think it fair to suggest that the reason why we have not increased our trade with South America is transportation difficulties? They are primarily responsible for the absence of a showing for the time being.

Mr. HARRIS (Danforth): That is patent on the surface. Anybody who reads the press would know that. At the same time there is no reason why we should not have some word from the minister as to what he has in his mind for the future. We have a great opportunity to cooperate with the united nations and organize our trade in such a way that we shall assure our people of gainful occupation and a high standard of living, and at the same time assure a fair price to the consumers. To reach these objectives it will

be necessary to establish a foreign trade advisory service to assist exporters. We must train men for foreign selling—and this in part answers the question of the hon. member for Parry Sound (Mr. Slaght). I hope the Minister of Trade and Commerce will tell us about this when he makes his speech in this debate. We must, as I said, train men for foreign selling and place them abroad, first, among the united nations, and, second, in strategic places where they can facilitate the sale of Canadian goods and act as a medium for the purchase of imports to aid our export sales.

At present not nearly enough attention is being given to the home consumption of our natural products. We should not wait for war shortages to force us from the consumption of luxury foods imported from abroad while our own equally nourishing products lie in storage. Let me take a homely example, so often referred to, the Canadian apple—and here I purpose using a confidential figure with regard to imports of fresh fruits and vegetables and other commodities which are really luxury foods. While the figures are confidential, I do not see anything in them that will give comfort to the enemy, and very little in them that will give comfort to the administration, and I will take the full responsibility for using them.

Last year we imported $24,476,326 worth of fresh fruits. There is no reason at all why we should not replace a very large portion of this from our own natural production. I mention this to try to encourage and inspire our Canadian people to produce more during the current year. I mention it not so much as a criticism as to bring it to the attention of the Canadian people and of the house. We imported dried fruits to the value of $5,199,003; fruit juices were imported to the value of $1,852,067. Our fresh fruit imports in 1934 amounted to $10,576,033. Even in 1938 they reached the sum of only $16,000,000, as compared with $24,000,000 to-day. This trend is an indication of our high living and improvident tastes and should be taken definitely in hand, not only to save foreign exchange, but also to make more of these supplies available to the United Kingdom. These luxury foods should be made available to the people of the United Kingdom and not be brought into Canada. Why should the people of the United Kingdom have to starve for lemons and oranges? Why should traffic on the embankment in London be held up by the sight of a girl eating a banana? The people had not seen one there for such a long time. Our troops overseas should have first call on luxury foods. Fruit juices of the orange and grapefruit could be very readily replaced by apple juice and tomato juice. This coming year we should produce more and more tomatoes and apples for this purpose and also to replace our heavy imports of vegetables. The Prime Minister has taken some lead in the restriction of beer and alcoholic beverages. As a suggestion, I would say that it might be a simple matter to encourage in some of us who have old-fashioned traits, the consumption of cider to replace this extravagant drinking of beer and alcoholic beverages.

Mr. SLAGHT: Hard or soft cider?

Mr. HARRIS (Danforth): It depends upon the taste of my hon. friend. I say that cider and grape juice could replace this extravagance. Our fruit juice imports have doubled in four years. Our imports of fresh vegetables last year were $9,190,192; in 1934 they were $3,545,725. Why should we now be importing almost three times as much and waste our exchange on imported luxury foods when the money is so badly needed for war purposes? Our total import of fresh vegetables in 1939, the first year of the war, was only $5,338,140, against $9,000,000 now, which means that we have almost doubled our imports of fresh vegetables since the war began. Not only that, but we are subsidizing out of the treasury the consumer purchase of some of these commodities which are wasting our foreign exchange, while our own fruit and vegetables are running up improvident storage charges and so on.

If we are to have gainful occupation for our people when this war is over, and if we are to have revenue from customs and excise by which we can run the affairs of this country, we should be careful not to let our financial structure in the control of imports entirely collapse. In the matter of manufactured goods, Canadian industry is agreeing to millions of dollars of imports without tariffs while the war is on. The same spirit will prevail during the period of reconstruction. Whereas it is good business for Canada as far as war supplies are concerned, at the same time it should not be allowed to apply to non-essential supplies that have no relation to the war effort.

World trade and world economy changed very considerably and very quickly with the advent of the war. Some two years ago I made a compilation of the world's supply of raw materials. I took the Geneva figures for all the countries of Europe, Africa and Asia, deducted imports and exports one to the other, took into the equation the grand total of production and the grand total of consump-

tion, and I make this observation now because I did not have an opportunity of doing so a year ago. I am of opinion that a nazi-controlled Europe and a Japanese-controlled Pacific almost make the axis powers self-sufficient. That is a startling statement. Our dream of economic starvation of the axis powers is a dream of yesterday. It does not obtain to the same extent to-day. But with respect to many raw materials it is still possible. The outstanding example of this condition of self-sufficiency is the control that Japan has taken of the Pacific—tin, rubber, oil and vegetable oil.

The house will recall that in 1936, 1937 and 1938 I placed on the record the position this country would be in if we did not produce more and more oils and fats. I pointed out at that time that for every pound of creamery butter produced in Canada we were importing almost as much palm, peanut and other vegetable oils. The figures given were the production by Canada of 250 million pounds of creamery butter, and at the same time we imported a like amount of vegetable oils. I pointed out that if anything ever happened to our vegetable oil supply from the Pacific we would be so short of fats in this country that even butter would have to be rationed. We have seen the rationing of butter. We are now face to face with a problem which I enunciated five, six and seven years ago. Quite true, the problem was approached from another point of view, but one of the outstanding merits of that approach is the fact that it was not economic for this country to be bringing in these materials when it was possible to produce our own fat requirements in this northern clime. Therefore I would trespass on the time of the house long enough to bring this picture up to date, as I see it, as far as butter is concerned. My purpose in doing so is to be constructive, to urge our people to produce more and more of this natural commodity which is so necessary to the life of Canada.

To meet the situation it is necessary to produce more and more butter fat. If we are to support the effort overseas we shall have to restrict further the high per capita consumption of fat at home so that we may have an exportable surplus of butter in the days to come to feed our troops overseas.

For years butter production in Canada has been growing. When I discussed this matter some five years ago we were producing two hundred and fifty million pounds a year. To-day the production is two hundred and eighty-four million pounds of creamery butter and eighty-five million pounds of farm butter. But that growth has not exceeded to any appreciable extent the increased consumer demand on account of the natural increase in our population and an increase in the demands and requirements of our people. I went to school with some men who are now members of this house. The pupils of that school had beef dripping on their first course for their frozen lunch; on the second course they had corn syrup; on neither course did they have any butter; and substantial men were raised in that day and generation from that fare. About the only time butter found its way to the table was when company came in on a Sunday afternoon prior to going to church. We may have to go back to those conditions.

It is true that at times much is said about surplus, or exportable surplus, but when we come to deal with that surplus we find it usually does not amount to as much as five per cent of the total production. It is practically negligible; we are able to make barely enough butter to supply our own people; and as our tastes become more extravagant with increased incomes we shall not have a surplus here to supply the boys overseas in case they need some of the butter which is being produced here. We must demand of our people greater production. I intend to suggest one or two ways by which this may be done, and done early enough, so that the farmers of Canada can do their planning now. Small and all as this surplus may be, nevertheless it is a depressing factor and one which has been with us long enough to be dealt with on some fair basis, so that its depressive influence may disappear. If we consider that butter production represents more than forty-two per cent of the total utilization of milk in Canada, it is a problem which justifies the most careful and constructive attention which can be given to it. True, in war time the importance of this great agricultural production has been impressed upon the government of the day. Subsidies are being paid, not for the purpose of dealing with surpluses, but to stimulate production. I am in accord with that. But what has been done has not been sufficient and has not taken into account the increased consumer demand which has been apparent at least since the first year of the war. It is true that the bait of subsidies has been thrown out to the cream producer, but these subsidies have been a hit-or-miss proposition and have been paid without due regard to the price relationship to other items of utilization, such as cheese, evaporated milk, and milk for fluid consumption. Furthermore, for the past year at least, the farmer was not told of

subsidies until his programme of operation for the year had been decided upon. I suggest to the government of the day that the butter subsidy is less than it should be, and that the government's policy in respect of the subsidy and the requirements should be announced now, early in the year, right now, rather than late in the season, when milk producers find it difficult or impossible to accommodate themselves to what is required of them.

The production of butter cannot be divorced from the need for oils and fats already being pressed upon us by one department of government, and there is nothing more national in character than agriculture, since we are fortunate in having agricultural activities in every province. With feed aplenty and an undiminished cow population, there should be no butter shortage in Canada. The minister may challenge that statement. Some of us imagine, from the gossip we hear, that cows are being killed in great numbers because there is no help on the farms to look after them, no milking machines to milk them, no spare parts for the milking machines, and so on. But I have enough trust and confidence in the Canadian producer to believe that he will find ways and means of getting milk and turning it into butter if we find ways and means of giving him that parity of price, that fair reward for the knowledge and effort which he puts in on the farm to produce butter. We should have some surplus, too, which we can send either directly or through our friends across the line to countries starving for oils and fats.

I come now to another section of the same discussion, and in this connection I wish to pay tribute to one or two of the departments for something they are trying to do. The waste of inedible oils and fats in Canada has been appalling for many years. I am putting some facts on the record for the purpose of encouraging those who are trying to lessen this waste, and in the interests of the national economy. If one will take the time to read *Hansard* of 1936, 1937 and 1938, and particularly the evidence given at the hearing of the tariff board on December 9, 10 and 11, 1936, he will find that our waste of fats and greases amounted to fifty million pounds a year. The salvage department of national war services, and the oils and fats administrator for Canada, Mrs. Phyllis G. Turner, with Mr. Laferle of the national war services organization, have been indefatigable in their efforts to rectify this situation. I would say from observation that they have saved Canada's economy about twenty million pounds a year of what previously went to waste. The women of Canada and the municipalities are doing a fine job, from both a voluntary and an economic point of view, in saving fats. There is room for great improvement in fat and grease salvage, and I urge all concerned to do everything possible. One hundred pounds of this commodity will produce from ten to thirteen pounds of glycerine. Thirty million pounds extra saved per year will produce three million pounds of glycerine. Three million pounds of glycerine manufactured into explosives could blow the city of Ottawa to smithereens and shake the entire Ottawa valley. I mention that to try and impress even Kingsmere; I see the Prime Minister is getting worried. I make this statement in order to encourage those patriotic women who are voluntarily working to save this material; to encourage the street cleaning departments of our cities and towns and all those who are trying to assist the Department of National War Services in this very necessary work.

We have still another opportunity to increase our production of edible fats. Let the government increase the weight allowed for hogs before they are slaughtered, and make sure that the producer receives the maximum price even if the hogs are heavy, because there is no easier method of manufacturing fat than by means of the hog. The government has gone some distance in this direction by allowing top prices for hogs put on the market at weights greater than obtained before the war. It is freely admitted by those who know anything about the trade that the last twenty pounds are the cheapest and quickest to put on the hog, and this would help out by increasing the consumption of our mixed grains. So that we would be serving two ends: on the one hand we would be feeding our grain, of which we have a large surplus, and on the other we would be producing heavier hogs, thereby increasing the available amount of a by-product of which we are short to the extent of 200,000,000 pounds a year. We depend upon the British market, of course, to consume all our export surplus of hog products, though nowadays I imagine our production is more for export than for home consumption. It is my opinion that the United Kingdom has no appreciable surplus of fats and would not be averse to accepting heavier Wiltshire sides. If we pointed out to the United Kingdom how easy it was for us to add an extra ten pounds before slaughtering a hog for the British market, they might concede a point and allow us to export bacon as a means of shipping an extra supply of mixed grain in the form of heavier fat bacon.

As far as the domestic consumption of pork is concerned, I would be even more drastic. I believe that in connection with many commodities this government should tell the people what they have to put up with in regard to what they eat, what they wear and what shelter they have. The people should be reminded that there is a war on; that if they do not put up with inconveniences of one kind and another perhaps something will happen to us and we shall have somebody placed over us who will see that we get very little of the extras we are getting now. Therefore, in connection with the domestic consumption of pork products I say the government should come out boldly and tell the Canadian people that we are not going to allow small shop hogs to be slaughtered and sold in the butcher shops, but that Canadians must acquire a taste for heavier pork. I believe the public would be receptive to a campaign of this kind, and the result would be that our supplies of fats would be supplemented, our coarse grains would be used up, and at the same time Canadian hog producers would make some real money. I believe this matter deserves the attention of this house, so that if I seem rather ponderous or appear to take up a great deal of unnecessary time in this connection, I make no apology whatever for doing so, because I am not one of those who in days gone by have taken up very much time in this House of Commons.

I come now to a short discussion of the meat situation. We still import $2,000,000 worth of meat a year, but the big problem in connection with this natural product is the export problem. The relation of fat to beef has been partly dealt with during the last six months by the muddle in connection with the ceiling prices on beef. While this fuss has been going on, the cattle raisers have been holding their cattle in the feeding barns. As a result, the weight of these cattle has gone up, and in my opinion that is a quite satisfactory result, because we have been placing much heavier cattle on the market than was the case before the war. As I say, this result was brought about by the muddle in connection with ceiling prices, but I am hopeful that the dissatisfaction which has been expressed by the producers of beef cattle will result in the government bringing forward some sort of policy that will enable us to get away from rumour and gossip, and the black market.

Undoubtedly there was a good deal of truth in what the hon. member for Elgin had to say about the prevalence of a black market, and I notice that those who sniped at him, both in the press and elsewhere, found it difficult to enunciate any policy that would avoid a recurrence of this situation. I agree with the hon. member for Elgin and with the press that once the government has put its hand to the plough in the matter of controlling the price of beef or any other commodity, it should at the same time control those people in the trade who violate the regulations. You cannot maintain a price ceiling without controlling those who have to deal with a particular commodity. It would not be a difficult matter to ascertain whether or not there is any truth in the accusations of the hon. member for Elgin. We have the mounted police in every town and city throughout the country; we have records of the hides taken off all beef cattle, so that we can tell whether a man slaughtered ten cattle in 1937 and 100 in 1942. In every village and town throughout the country we have investigators in the various departments of government; for example, I saw a question on the order paper the other day with regard to prosecutions in the town of Brockville. Let these various officials be charged with another responsibility, namely, that of running down all this bootlegging and these black-market activities. Take a firm stand in that connection, and we shall realize that we have an administration that is taking some action to control those who would violate its regulations. Never in the history of Ontario have so many cattle been slaughtered by individuals in small slaughter houses, which has resulted in great economic waste in connection with the by-products. That is a very serious matter. One thing is sure; these people would not be in this line of business if they were not getting a good profit out of it.

The other fact in the equation is that in the United States, which so vitally affects our economy, the average price for all kinds of agricultural products was 113, while ours was 87. This applies to a degree also with regard to live stock, though perhaps not to the same extent. We must make an attempt to meet part of the situation. Give the live stock producers a fair reward for their industry and you will soon eliminate any vestige of black markets. With the advent of the war the government seems to have entirely neglected the matter of trade and commerce. I say to the Minister of Trade and Commerce that he will be expected to give some report to the Canadian people.

I come now to a subject which I would say was rather smuggled into the budget. I hope to have time to complete my remarks on that before eleven o'clock; if not, we might run through to twelve o'clock with the permission of the house.

The minister says an exchange of notes took place with the United States on November 30 last. I should like to have those notes laid on the table so that we might have them before us during this budget debate. The minister is one who favours trade agreements; he favours empire trade agreements. I ask him, when he is thinking about this exchange of notes regarding trade, to enlarge the empire trade agreements and at the same time give consideration to trade agreements with the united nations. Let us not be too quick to pick out one member of the united nations whose economy is so close to ours, and ignore the others. Other allies, China and Russia, require food and munitions. I have no objection to trading to the utmost with the United States, but with the war and our dependence on a joint effort of all the united nations in the struggle this is not a good time to make a trade agreement with any one unit of the united nations, which to my mind might be a panicky agreement; that is to say, decisions made in that particular agreement might be based on a reason which was evident to-day on account of war pressure but might be dispelled to-morrow. The present agreement carries on until six months' notice of abrogation is given. Let us not disturb the situation. When the envoys of China and of Russia are at Washington, why have them studying the fact that Canada, one of the members of the united nations, and the United States, are making an economic deal, and divert their attention from the war effort, or even divert our attention? Let the matter rest. Let us be fair with all members of the united nations while this war is on. These are delicate subjects, and all concessions should be distributed equally among all the united nations without picking out any one nation for special attention. It is all fraught with danger. This task of revising and opening up proceedings with the United States is too serious to be taken up at this time; let us get on with more vital war matters and not divert the mind of our people. We have only to read our history to know how easily the mind of the people in Canada is diverted when a matter of this kind is under discussion. Some hon. members can remember back to 1911 and to the United Kingdom trade agreements of a few years ago. Why do we want to stir that matter up now? There is no necessity for any real changes; any change which is an economic necessity on account of the war, as the minister very well knows, is being made very freely now by what one might term gentleman's agreements between the industry in the United States and the industry in Canada, with the knowledge and consent of the government officials, waiving duties during the time of war. That in itself ought to be sufficient.

Not only that; this situation is even more serious. I see one of the hon. members from Essex in his seat. I should like to hear what he would have to say in regard to opening up negotiations for a trade agreement with the United States at this critical time. How does the hon. member for Ontario (Mr. Moore) feel about disturbing the peaceful relations of the automobile trade at this time? Bear in mind that when this war is over—and remember it can be over soon—we shall have thrown into the picture about five hundred thousand wage-earners who will be looking for employment. Almost that many will come out of war industries alone. We shall have to transfer them to some other vocation. Do not interfere with our present trade position, or we shall find it very difficult not only to find vocations for those, but also to keep established our economy as we understand it to-day. I know that the authority of the President of the United States to amend the rates of duty expires in June, 1943, and may not be extended, but I also know that the people of the United States, when the proper time comes, will be responsive and ready to make an agreement with us.

Just to give an idea of the magnitude of the study required when one comes to deal with a trade agreement of that kind, I have here what took place with regard to the last Canada-United States trade agreement, and the effect it has in upsetting trading in the different items. The final result was almost six to one against Canada. This is taken from the files and from the trade of Canada; Canada gave this large handful and in return got this small lot. We gave that much extra trade to the United States. I do not want to have to work on this thing while the war is on. I do not think the people of Canada or the press of Canada want at this time to discuss negotiations for a trade treaty with the United States; the time is too serious. I say this not from the picayune sense that it might be a little tariff advantage here or there to an industry, but in a big broad sense. And I say it, not in the broad sense, as it concerns Canada and the United States, but in the greater and broader sense as it concerns the saving of our civilization and the saving of freedom, through the keeping of a united front by the united nations.

With your permission, Mr. Speaker, I should like to discuss the national debt. I wish to make some observations and offer some constructive suggestions as to how we might improve our taxation position. I also wish to make a few remarks concerning annuities, con-

cerning the Ruml plan and the Ilsley plan, and I suggest, sir, that you might call it eleven o'clock.

On motion of Mr. Harris (Danforth) the debate was adjourned.

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

Tuesday, March 9, 1943

The house met at three o'clock.

PRIVILEGE

MR. DORION—REFERENCE TO REPORT IN OTTAWA "CITIZEN" OF TUESDAY, MARCH 9

Mr. FREDERIC DORION (Charlevoix-Saguenay): Mr. Speaker, I rise to a question of privilege. I read in this morning's Ottawa *Citizen* the following statement under the title, "Will probe charge of waste only if M.P. makes claim," which appears in the first column on the first page of the issue:

> Against the government on division were Progressive Conservatives, C.C.F., Social Credit, several independents in the "rebel" corner—

According to the Oxford dictionary the word "rebel" means:

> A person who rises in arms against, resists, or refuses allegiance to the established government; person or thing that resists authority or control.

I have no doubt that the 67,000 people living in the constituency which I have the honour to represent in this house will resent this insinuation, and in their names, as well as in my own, I protest strongly against it. I must tell you, Mr. Speaker, that I am not at all afraid of what this paper may write about me. I do not want its support and I do not fear its insinuations, but I have always been of the opinion that a newspaper worthy of the name at least should be honest and fair even toward those who have the right to support a different point of view.

MR. MACKENZIE KING—HEADING OF ARTICLE IN TORONTO "GLOBE AND MAIL" OF TUESDAY, MARCH 9

Right Hon. W. L. MACKENZIE KING (Prime Minister): I wish to refer to a matter which concerns the house. My attention has been drawn to the heading of an article which appears in the Toronto *Globe and Mail* of Tuesday, March 9, 1943, reading as follows:

> Speaker foils move to probe Thompson case. Opposition groups ask in vain for inquiry by commons committee.

I realize that Your Honour the Speaker is not in position to draw the attention of the house to this article, but it has been drawn to my attention and I think it is only right that I should make clear to those who are outside the house as well as to hon. members in the house that Your Honour the Speaker had nothing to do, as far as I can realize, with what is described as the foiling of a move to probe a case that was brought before the house yesterday. I have been reading the article and I cannot see anything in it which really justifies the heading that has been placed upon it. I do not want to attach undue importance to it, but I think it is due to Your Honour that the country should know that the Speaker of the House had not prevented any inquiry being made into the Thompson case.

Mr. GRAYDON: No doubt the article refers to the fact that the Speaker had ruled out of order the motion which is dealt with in the article. I have not seen the article myself.

Mr. MACKENZIE KING: It conveys the impression that His Honour the Speaker was responsible for some inquiry not being permitted. His Honour the Speaker discharged his duties as Speaker in seeing that the rules of the house were obeyed and in giving a decision on the motion that was before the house in accordance with those rules. It is most important that no impression should go abroad that His Honour the Speaker, who is the presiding officer of this house and who in the discharge of the duties of his office must preside impartially, has been partial where in fact such is not the case.

JAPANESE VESSELS

TABLING OF REPORT OF HON. MR. JUSTICE SMITH

Hon. ERNEST BERTRAND (Minister of Fisheries): I wish to table the report of the committee headed by the Honourable Mr. Justice Sidney A. Smith, of Vancouver, appointed by order in council of January 13, 1942, P.C. 288, for the disposal of immobilized vessels and equipment owned and operated by persons of the Japanese race in British Columbia.

POST-WAR RECONSTRUCTION

CONCURRENCE IN FIRST REPORT

Mr. J. G. TURGEON (Cariboo) presented the first report of select committee on reconstruction and reestablishment, and moved that the report be concurred in.

Motion agreed to.

FUEL

PRICE PER CORD OF BUSHWOOD IN BRITISH COLUMBIA

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I should like to direct a question to the Minister of Finance. I have information from Vancouver that wood that was selling at $9 per cord has been raised to $13 per cord. The increase in price, it was said, was on instructions from the wartime prices and trade board. Can the minister inform the house whether such instructions for raising the price were given, and if so, why?

Hon. J. L. ILSLEY (Minister of Finance): I made some inquiry about this matter. The price was not raised on instructions from the wartime prices and trade board, but it would probably be true to say that the price was raised with the authorization of the board. One has to understand the situation there to appreciate it. This particular kind of wood, bushwood fuel, it is called, was sold in very small quantities until recently because most of the wood fuel required came from sawdust or mill wood, by-products of the lumber industry. When this latter fuel became very scarce the other form of fuel became more important, and as there were few suppliers, and they supplied only very small quantities, individual price ceilings meant very little. A maximum price for the kind of wood referred to by the hon. member was accordingly set for the whole zone or area. That maximum price was fixed at $13 a cord, the price that was deemed to be necessary to assure a supply.

Mr. MacINNIS: Is it illegal to sell this fuel in Vancouver below $13 a cord?

Mr. ILSLEY: No.

PRICE SITUATION AT NEW BRUNSWICK BORDER POINTS

On the orders of the day:

Hon. R. B. HANSON (York-Sunbury): May I call the minister's attention to the situation obtaining on the border in New Brunswick? The price ceiling on hardwood fuel in New Brunswick is $12 a cord. In the United States, immediately across the line, the price is $15 a cord. Canadian producers are and have been for some time carrying fuel wood from New Brunswick across the border into towns such as Houlton and Calais, Maine, where they receive $15 a cord plus the exchange. It is feared that if this situation continues into another year, no fuel wood will be available at border points in New Brunswick. What does the wartime prices and trade board intend to do about it?

Hon. J. L. ILSLEY (Minister of Finance): I will bring the facts to the attention of the board.

POWER ALCOHOL

ROSTON MEMORANDUM ON UTILIZATION OF AGRICULTURAL PRODUCTS

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): I should like to address a question to the Minister of Agriculture. I am informed that a man named Roston, who was owner of one of the largest power alcohol plants in eastern Europe, named Kutno Limited, situated in Poland, has made a report to the minister on the utilization of agricultural products in Canada. In view of the prevailing interest in the production of power alcohol from farm products in Canada, will the minister make this report available to members of the house, either by tabling it or by providing each member with a copy?

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, Mr. Roston has made representations to me personally with regard to the possibilities in connection with the production of alcohol, but he has made no report to me as Minister of Agriculture. I have had forwarded to me by a gentleman named Monahan on two different occasions a memorandum prepared by Mr. Roston on the production of alcohol, but it is in no sense a government document or even an exposition of government policy or departmental views with regard to the production of alcohol. I do not think it would be proper for me as a member of the government to distribute memoranda prepared by Mr. Roston or any one else who might be promoting some particular production.

OIL

BONUS ON IMPORTATION OF CRUDE OIL FROM MONTANA INTO ALBERTA

On the orders of the day:

Hon. R. B. HANSON (York-Sunbury): In the absence of the Minister of Munitions and Supply I should like to put a question which may be looked upon as a notice, because probably no one else can answer it now. I received to-day a communication from western Canada to the effect that some governmental authority, presumably the oil controller or what-not, is paying a bonus on the importation of crude oil from Montana into

the province of Alberta. I should like to know if there is any truth in that report, what is the basis of it, and what is the justification for it. It was represented to me that this was discrimination against the producers in western Canada.

Hon. J. E. MICHAUD (Acting Minister of Munitions and Supply): Mr. Speaker, as this is something new I shall take the question as a notice and will try to bring down the information as soon as possible.

WAR REFUGEES

REPORT AS TO UNITED STATES PROPOSAL FOR PRELIMINARY DISCUSSIONS

On the orders of the day:

Mr. H. R. JACKMAN (Rosedale): I should like to direct a question to the Prime Minister. A Canadian Press dispatch dated at London, March 7, reads as follows:

> The Press Association said yesterday it learned that the British government has accepted the United States government's proposal for a preliminary two-power discussion on the refugee problem.
>
> The United States suggested the meeting be held at Ottawa, but the meeting place is still under discussion along with the composition of the British delegation.

I wish the Prime Minister to amplify, if he will, the reply which he gave on March 4 to a similar question. Perhaps he will also be good enough to reply to the following: Has the Canadian government issued an invitation for the conference to be held in Canada? Secondly, will the dominion seek representation independently, or as a component part of the British empire, or not at all?

Right Hon. W. L. MACKENZIE KING (Prime Minister): There are a good many "or's" in my hon. friend's question, but I shall try to remember them.

Mr. HANSON (York-Sunbury): They are better than "but's".

Mr. MACKENZIE KING: Yes. First of all may I say that I have not received any information additional to that which I imparted to the house on the day I replied to the question to which my hon. friend has just referred. The communications were communications between the United States government and the British government, referring to a conference between the United States government and the British government. They were in the nature of what might be called exploratory communications. There was nothing final about them. As I stated at the time, the Canadian government had had some communication with the British government on the question of refugees. But the particular correspondence referred to by my hon. friend originated with the United States government, and we had not had any communication at all from the United States government. I am unable to say whether the two governments have agreed on having a conference. It was suggested tentatively that Canada might be a convenient place to have the conference, but this suggestion was without any prior reference to Canada in the matter, undoubtedly because, as I have said, the communications were tentative and the United States was endeavouring to find out from the British government whether or where the British government would agree to have a conference.

If we are invited to attend the conference I have not the least doubt that our government would be prepared to accept. But I do not think it would be either right or proper for Canada to extend an invitation to the United States and Britain to meet in Canada in regard to a matter about which they themselves are conferring at this time.

Mr. JACKMAN: Would the Prime Minister seek representation notwithstanding the remarks he has made?—because he himself on March 4 said:

> The Canadian government . . . will . . . be glad to examine any suggestions which the United States government may wish to put forward as a contribution to the alleviation of a grave and distressing problem.

Surely we in this country are as much interested in the refugee problem as they are in the United States.

Mr. MACKENZIE KING: If we receive communications on this matter, and the nature of the communications permits, I shall be pleased to inform my hon. friend as to the reply.

RATIONING

ADDITIONAL CHARGE BY PUBLIC CATERERS FOR TEA, COFFEE OR MILK

On the orders of the day:

Mr. ROBERT FAIR (Battle River): In view of the recent increase allowed by the wartime prices and trade board in the price of tea, coffee and milk used as a beverage or as a luncheon, which will increase the cost of living by approximately fifty-five dollars a year to all who are compelled to eat in restaurants, and for which increase in prices there would not seem to be any justification, will the government consider having this order of the wartime prices and trade board cancelled?

Hon. J. L. ILSLEY (Minister of Finance): I should like to be a little surer of some of the facts which the hon. gentleman incorporated into his question before I make an answer.

For instance, is the fifty-five dollars a year based upon a meal in a restaurant three times a day and every day in the year?

Mr. FAIR: Yes.

Mr. HANSON (York-Sunbury): On a dollar and a half meal in a dining car you pay five cents extra for a cup of coffee. It is ridiculous.

Mr. ILSLEY: I should not like to say that the matter will be reconsidered. It has been considered, and the reasons were given in the house the other day.

Mr. FAIR: I will point out that part of the—

Some hon. MEMBERS: Order.

Mr. FAIR: Then I would say this, Mr. Speaker, that some low salaried people will be compelled to drink water with their meals. Surely this will not be the new order we are promised.

Some hon. MEMBERS: Order.

THE ANGUS SHOPS

DISMISSAL OF WORKERS PREVENTED THROUGH ACTION BY THE MINISTER OF LABOUR

On the orders of the day:

Mr. GASPARD FAUTEUX (St. Mary) (Translation): Mr. Speaker, I wish to thank the honourable the Minister of Labour (Mr. Mitchell) for the action which, as a result of representations from Montreal members, he has taken with the management of the Angus shops with a view to preventing the dismissal from those shops of 2,000 employees who would thus have been out of work.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Monday, March 8, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. J. H. HARRIS (Danforth): Mr. Speaker, before discussing the matter of ways and means of raising the revenue under the present budget, and before we come to a review of the forecast for the coming year, I should like to say a word or two with regard to the national debt.

The minister has given us some stupendous figures with regard to our proposed expenditures, which will necessitate not only extraordinarily high taxation, but also heavy borrowing in the current year. Although the bookkeeping figures might show that over one-half of our expenditures will be paid out of revenue, the actual fact is that we shall be unable to pay as we go. Last year we acquired assets and certain government obligations held in London and certain sterling balances, which our Canadian bookkeepers have considered as a $700 million loan. We might call them investments, but if they are; they are frozen investments; they are not liquid. We have bereft ourselves of these sterling balances and they will not be there next year or at the close of the war to be used to pay for our exports to Britain. In the present budget there is no concrete answer to the problem of how we are going to assist Great Britain to pay for our future exports. One problem, then, is how can we increase the earnings and the savings of our people so that we may lend more to our country and replace the sterling balances of which we are bereft, on the one hand, and in the second place, the $983 millions which it was necessary for Canada to borrow from the banks. If Providence is kind to agriculture, and if our Canadian people apply themselves assiduously to the task, we shall be able to increase our earning power. There will be shortages of material, scarcity of power, and difficulties of transport. But it must be remembered that the need for war production is still very urgent, though many contracts for munitions and supplies are well ahead of schedule. We must replace inventories of goods that we require for the war effort even if we go short of civilian goods. More production will require more money. The more that is produced, the more money there should be for the wage earner.

The Minister of Finance (Mr. Ilsley) says it is not the size of the debt that matters. To my mind that is a dangerous statement, even though it is a fact, and perhaps it should not be referred to too often. After all, he says, the debt is an obligation of the people to pay the people the bonds which they hold, and therefore it is a matter of the distribution of the debt. I agree that it is a matter of distribution. I hope to make a constructive criticism in considering ways and means which, to my mind, will help spread the debt. It is a matter of importance to see to it that the average Canadian citizen holds these government obligations. Therefore we must have more savings to the credit of the wage earner so that he will build up for himself a cushion for the after-the-war period.

Unfortunately both in Canada and the United States there seems to be a falling-off of the wage-earner's desire to save to the maximum of his ability. This falling-off of the desire to earn and save is slowing

down production, and it can best be illustrated by a few words about absenteeism. Thinking of ways and means, I would bring this subject as forcibly as I possibly can to the attention of Canada and of the minister. Absenteeism does not produce wages; if wages are not produced the income tax on the wages does not flow into the treasury of Canada. Absenteeism, which has become rampant in Canada and the United States, has created one of the most serious problems which we face. I quote from an editorial in the Ottawa *Citizen* of Saturday, February 27, headed "Lost Time in War Work." It states:

Habitual absence from work in war industry, according to a report of the United States House Naval Committee, constitutes "a very ugly situation." Judging from reports that continue to be made, the absentee habit in war plants in Canada amounts to very much the same thing.

The U.S. committee admitted itself unable to say why this offence against production has become so prevalent. The New York *Herald Tribune* has attempted to enlighten the committee. It offers "a very simple explanation of the phenomenon," to wit:

It is that we are spoiling our war workers with wages which most of them never before dreamed of earning. They can get now in a third or half the time what they were accustomed to finding in their pay envelopes at the end of a full week. . . . Since the worker to-day has less of an outlet for his greater pay than he had for what he used to make, one powerful incentive to keep his nose to the grindstone is missing. The principal luxury remaining to him is leisure. So he buys that. It is a simple explanation. In fact, it is a little too simple. To suggest that war plant workers absent themselves merely because they are paid higher wages than were available before the war is to place their patriotism at a rather low level and to pass over a mass of other reasons that are varied and complex.

But beyond question there is a considerable amount of absenteeism that comes from high wages and temporary economic security. In normal times the cultivation of leisure is not necessarily an evil. But in times like the present it is different. The remedy is not lower wages, however, but the application of rules that will bring home to slackers the importance of their full-time cooperation in the war effort. In Britain, a worker who stays away from his job one shift is required to give an acceptable reason. Otherwise he is liable to a fine. If he persists, he can be jailed. If this sounds drastic, let it be remembered that the fight for survival is far from having been won . . . and the fighting men cannot go absent whenever they feel inclined to take it easy.

It is time that the rules applying to men in the armed forces should be made to apply to all the rest of us while the war is on. We have a similar situation in Canada, but the cause is largely improvident taxation. I would ask the minister to bear with me a few minutes while I substantiate what I say.

[Mr. J. H. Harris.]

Mrs. NIELSEN: May I interrupt the hon. member? I am sorry to say that down at this end of the chamber we cannot hear a word he is saying.

Mr. GARDINER: We cannot hear it over here, either.

Mr. HARRIS (Danforth): May I pay my respect to the hon. member for her kind thought. The same thought was running through my mind. Perhaps in view of the fact that what I am going to say is very important we might have just a little more order in the house. To those who cannot hear what I say I suggest that they gather around my knee, so that I shall not have to strain my voice.

I should like to put on record a few observations which to my mind are sufficiently constructive to assist in increased production by labour, and the removal of one of the worst menaces to our production schedules. It is commonly called absenteeism. Labour is not to blame for absenteeism; the major portion of the responsibility lies directly on the shoulders of the administration. This condition arises because the taxation brought down in the last budget has made it easy for labour to stay away from their places of employment during these extra hours that we are exhorting them all to put at the disposal of the country to increase our war effort. I will recite the problem and make a suggestion as to how it might be adequately met, without any undue hardship on the honest and patriotic employee. In fact I am of the opinion that the income tax rate on that portion of labour which is paying income tax could be considerably reduced and at the same time more man-hours of work be given by employees to their country. Under last year's legislation this is what actually happened.

An employee who is single without any dependents and works a full week of 48 hours at 60 cents per hour has a pay of $28.80 a week. To simplify the computation I am omitting the sixty cents paid as cost of living bonus. He pays an income tax thereon of $4.90, deducted at the source. Part of that, it is true, is savings. If that same employee works a 40-hour week at one place of employment, namely five days only, he pays an income tax of $3.56 a week. If he works four days a week he pays an income tax of only $2.27 a week. It will be seen at once that he would be better off to work the full six days rather than the four or five days; but at the same time his income tax is doubled if he works six days a week rather than four. Rather than give to the government the extra

$2.63 in taxation he will stay at home and probably spend his time in improving his home, working in his garden, or taking leisure, with the net result that the government receives only half the income tax that it expected to receive from that individual.

The next case I recite is that of the married man with no dependents. In this instance the amount of income tax paid, if he works the full six days of 48 hours at 60 cents an hour, is $2.68; whereas if he works five days his tax is 21 cents. If he works four and a half days he pays no tax at all, and the treasury is bereft of $2.68 a week on that employee, the national production is correspondingly lowered, and the morale of the employee who works alongside of him, honest and full time in an all-out war effort, is lowered, with the result that he becomes dissatisfied.

Let us now take the case of the third man, who is married and has two dependents. His taxation at 60 cents an hour for 48 hours is 39 cents, whereas if he works five days it is nil. He too becomes dissatisfied when he finds his mate at the next bench losing time. This entire situation is accelerated and exaggerated when men anxious to finish jobs and anxious to put in overtime find they work an extra number of hours.

The loss in Canada's production on account of absenteeism is a problem which must be grappled with immediately. The loss in revenue on a payroll which it was my duty to examine a week ago was equivalent to 400 man hours of work per week against a payroll which had 8,000 man hours of work per week; in other words it was equivalent to five per cent of the production, plus the loss through inefficiency on account of shortage of labour on certain days. The present income tax legislation on wage-earners tends to encourage this condition. I suggest that we reduce the rates. In this way we would get more revenue.

Mr. ILSLEY: Mr. Speaker—

Mr. HARRIS (Danforth): If the minister will bear with me for a minute until I finish this statement, I shall try to answer his question. I have suggested that we spread the tax so that it will affect more absentees. Have more of our people paying income tax, and thereby avoid a condition under which many of our wage earners are entirely free from taxation. I have in my hand the table of tax deductions under the Income War Tax Act. It is well worked out, but it illustrates the difficulty. Take the first column, a single man, and say he is fortunate enough to have a job at a dollar an hour, $48 a week. He must pay into the treasury of Canada, part by way of income tax, part by way of forced savings, a total of $12.02 if he works a full week of forty-eight hours. In other words, twenty-five per cent of his earnings is taken in the form of tax and what is to be returned to him two years after peace is declared. But if that same individual works only three days during the week, and stays home the rest of the time and potters around his house or garden, he pays only eight per cent of his earnings. Working half a week he pays eight per cent; working a full week he pays twenty-five per cent, which means that in the last three days of work some forty per cent of his earnings is going into the treasury of Canada.

I leave the schedule for hon. members to study. I come now to a married man with no dependents; if he works the same number of hours for the same pay he is taxed a total of $9.63 and he has a saving of $4.32. In other words for the first three days he works he pays no tax or forced savings, whereas for the last three days he pays eleven per cent of his total earnings, which for the last three days is equivalent to twenty-two per cent of his earnings.

In like manner a married man with one dependent pays no tax if he works half the week, but if he works the full week he pays $8.02 on his $48, of which $4.68 is savings. For the married man with no dependents the total deduction is twenty per cent. If he works three days a week he gets a dollar an hour during those three days, but for the next three days he gets about eighty cents an hour, and he does not feel happy about working while his mate is absent, or about not getting a similar return for the effort and energy he is putting into his work.

The hon. member for Waterloo North (Mr. Breithaupt) is one who is accustomed to large payrolls, and there are many others in this chamber who know what it is on Fridays to have to find many dollars for payrolls. They are worried about this matter. I hope that before the debate is over the minister will put on record the number of wage earners who are not paying any income tax or contributing to forced savings. When he does so I am of opinion that we shall find that half of the wage earners in the old standard lines of business—I am not saying so much about wartime or new industries—are not paying any income tax at all. My suggestion that the idea be considered of spreading that tax over the whole field of absentees either on a small percentage basis in the smaller brackets or on a more or less uniform percentage basis of some kind; or

at the very least apply this legislation as it at present stands and collect it on a daily basis. There is provision for doing that. There would then be no encouragement for the individual to absent himself from his place of employment. I had hoped that this legislation would be amended, because the minister must have had scores of representations made to him, apart from those made by his own followers, particularly the one mentioned.

A weak effort was made by the Minister of National Revenue (Mr. Gibson) to remedy part of this situation. When he speaks on the budget I should like him to make some sort of recommendation, but unfortunately in the conduct of our affairs the Minister of National Revenue is meticuluously careful at no time to enunciate any policy in regard to taxation. He leaves that field entirely to the overburdened Minister of Finance and says: I am merely a collector of the taxation the Minister of Finance puts upon the statutes. However, he did give instructions to employers with regard to deductions to be made from employees on account of income tax, including forced savings, under date of August 1942, on page 4 of which we find the following provision—I will read the provision and then explain it:

"Established payroll periods" refers to that period in any business which, as a regular practice, pays at the close of the pay period, even though an employee worked only part thereof, and the deductions will be made under the table of tax deductions for such pay period.

Here is the weak clause in these instructions; it must be weak because there is no legislation to cover the point:

If however in the course of an employee's continuous association with his employer the employer observes that such an employee is more or less habitually working three days or less in the established pay period of one week he should deduct on the factual experience of the employee and in lieu of deducting on the established pay period basis will deduct on a daily pay period basis.

Legislation should have been brought down to change "should" to "shall," and I hope it will be amended when the resolution is under consideration. Then we shall be able to bring those who absent themselves half the week in the pay period to a sense of their responsibility and collect the tax on the daily basis. At the present time that does not obtain, and you cannot ask an employer to try to implement the intention of this clause when he is not reinforced by legislation which says that he shall deduct on the factual experience of three days.

But three days is not enough, because there are very few individuals earning more than $48 a week, with the result that they may work three and a half days and still be excluded from paying taxation. If that schedule of taxation filled in all the blanks, even if the rate were very small, not only should we relieve the pressure of absenteeism on our economic system, and increase our production, but we should broaden the base of forced savings among many more thousands of our people so that they would have a cushion after the war. Briefly, it is only half the possible individual items of taxation which might be collected, but I do admit that it is not just half of the possible taxation. It is far more than that. Those in the brackets I have mentioned are paying far too much into the treasury as compared to those who pay nothing at all. An equalization of the situation would obtain and even increase the present revenues; it would maintain the savings which are to be returned after the war, and could be so designed as to increase those savings. Certainly it could be designed in such a way that it would encourage the workers of Canada to work a full week and even work overtime if necessary. In the final analysis, it would bring about increased production in secondary industries throughout Canada by anywhere from five to twenty per cent, which would still further offset the words of the Minister of Finance when he intimated that we were fast approaching the complete fruition of all our production programme.

I should like to refer for a moment to another item appearing in this budget, the matter of the tax on liquor, though I feel disposed to leave this question to be dealt with by the experts, and anything I say on it will be my own personal view. It does seem to me, however, that of all the items contained in the present budget the one having to do with liquor is the result of political disagreement between the provinces and the dominion as to who should operate, restrict or control this traffic. The Minister of Finance tried valiantly to keep out of this field, but either force of circumstances or the Prime Minister got him back into it. In the earlier days the government expressed the fear that if this tax were increased, bootlegging would become rampant. Now they have reversed their stand; this problem is back on their doorstep, and it will have to be faced. Having in mind the necessity of getting every possible dollar into the treasury of Canada, I suggest that the government give immediate attention to the problem of bootlegging before it gets completely out of hand. By all means control the consumption of liquor. My personal view is that we should let our citizens have beer if they want it. Let us do away with the spec-

tacle that we see in our large cities to-day, with individuals rushing to the brewers' warehouses to buy up all the day's quota of beer, then in the evening parading from hotel to hotel and exhausting the supply of each tavern. That is a spectacle which should not be seen during these serious times. Let us have temperance in all things and prohibition in none, except where it may be necessary to bring about an all-out war effort. On Saturday last I was sorry to learn that in one institution the workmen, who under the terms of their union agreement had free access to a bulletin board, had placed on that board a sign saying, "No beer, no bonds." That is not a satisfactory condition; it is a very serious matter, and it must be remedied. I hope during the course of this debate the Minister of National Revenue (Mr. Gibson) will tell us what he intends to do in order to give some respectability and restriction to this traffic which is always with us.

I come now to a matter with which I should like the Postmaster General (Mr. Mulock) to deal. We have invaded the sacred precincts of the Post Office Department and demanded an additional $8,000,000 in revenue through an extra one cent of postage on letters, postcards and first class matter. This is another tax which business will have to pay, and I do not think business will complain very much about it. This additional money will be very difficult to find, except of course in those businesses which are in the excess profits bracket, and there are not so many in that group despite what may be said by some of our demagogues. But in my opinion, this extra tax will not produce a clear $8,000,000, for various reasons. First, there will be economizing on the part of business organizations; second, there will be less social correspondence; third, companies now paying excess profits tax will reduce the amount of such excess profits tax payable to the government and will even reduce the tax paid on their ordinary profits by including this extra amount for postage as a proper charge against the conduct of their affairs. I can understand why there should be no extra taxation on second class matter such as newspapers, and daily, weekly and monthly periodicals. An additional tax on this second-class matter would be out of proportion as compared to what business might stand, because the distribution of newspapers and periodicals is so great and postage forms such a large part of the actual expense of carrying on their business. In an ordinary business house the cost of postage probably amounts to less than one-half of one per cent of the cost of the year's operations, while in the case of newspapers and periodicals undoubtedly it is many times that percentage. At the same time I have no doubt there is a political reason, which I bring to the attention of the administration in as kindly a manner as possible. I suppose any government would put its political life in jeopardy if it added fifty per cent to the cost of circulating these newspapers and periodicals. But now that we are going to collect more money from the Post Office Department, some means should have been found to spread that increase over the whole gamut of the post office business, making exceptions here and there as might be necessary. I believe the government should have had enough courage to impose further taxes upon third-class matter, being careful to exempt literature for the blind, school examination papers, and other items which directly affect the welfare of the state. All the welter of unnecessary circulars should bear its full share of the cost of our mail service. Over fifty per cent of the third-class matter, which is the portion of the mail that breaks down the constitution of our letter carriers, finds its way to the desk of the individual to whom it is addressed, where it accumulates until in his spare time he finally drops it into the waste paper basket. That part of our third-class mail could very well afford to bear a greater share of the cost of our postal service, in the interests of the economy of Canada. It is an economic waste, and should be curtailed if it cannot bear its fair share. I would ask the Postmaster General to give the house some explanation as to why the government did not cover the entire field when once it entered upon the sacred precincts of the Post Office Department in connection with taxation.

I now come to a matter which has been engaging the attention of the press and public of Canada. I refer to what some call the Ruml plan, but what I call the Ilsley plan, in regard to the payment of income tax. First may I be permitted to make this observation to this house, to the press and to the people of Canada. The adoption of the Ruml plan or the adoption of the Ilsley plan is not going to save the nation. Far too much emphasis is placed upon and far too much attention is being paid to this one item in our taxation. It is a question whether we are being fair to Canada's war effort by occupying the time of our people and the time of this house in worrying about this particular item.

I have looked over the proposals of the minister and I cannot bring myself to agree that he is carrying out the Ruml plan. A better name for this partial application would be the Ilsley plan. It is difficult to understand why, the tax for the four months

at the end of 1942 having been deducted at the source, the minister used the figure of fifty per cent for the delayed collection and the forgiven portion. Why did he not use 66⅔ per cent? A clean sweep has not been made to deal with this matter for all time. There is imposed an unjustifiable hardship because the minister in his budget has pursued the policy which to my mind takes so much cash in settlement of a debt, to be paid in two instalments in 1943 for taxes accrued during the year 1942, and the taxpayer finds that he must liquidate this indebtedness and at the same time assume the full obligation for the prompt payment of the 1943 tax.

The intention of the Ruml plan, as I understand it, is that the 1942 balance of debt should be erased from the books of the government, should not be there, while in the case of the Ilsley plan we find that we have compromised the debt. I dissociate myself from the Ilsley plan for that particular reason. As an illustration I would cite the case of a married man, with one dependent, receiving a salary of $3,000. In March, 1942, he paid an income tax amounting to $170 and in the same year a defence tax of $86. In the months of September to December, 1942, he paid deductions amounting to $105. In 1943 he will pay $427, including the adjustment with respect to the 1942 tax of $65, and in March, 1944, he will have a final payment of $49 to make. In other words he will have paid an income tax in two years of $788 and will still owe $49 to be paid in the following March.

What I am trying to impress on the house is the fact that we have not made a clean sweep of this particular innovation in the matter of taxation. This income tax legislation is an added burden in the form of income tax upon those who draw from $1,500 to $5,000. It is a heavy burden to that class which is very often called the forgotten class. I have a short schedule showing the payments of those receiving salaries of from $1,500 to $5,000, and with the permission of the house I should like to place it on *Hansard*.

Mr. SPEAKER: With the consent of the house.

Some hon. MEMBERS: Carried.

Mr. HARRIS (Danforth): The statement follows:

INCOME TAX—1943 BUDGET

—	$1,000			$2,000		
	Single	Married	Married 2 dependents	Single	Married	Married 2 dependents
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
1942—Tax before Budget	152 00	.....	.....	600 80	430 80	214 80
1942—Tax after Budget	76 00	.....	.....	300 40	215 40	107 40
Payment that would have been due in September, 1943, in final liquidation of 1942 tax	0 35	.....	.....	60 11	43 41	21 44
Payment that will have to be made in June, 1943, in final liquidation of 1942 tax	4 19	.....	.....	57 95	41 69	15 88
	$3,000			$4,000		
1942—Tax before Budget	1,064 40	884 40	668 40	1,594 40	1,364 40	1,148 40
1942—Tax after Budget	532 20	442 20	334 20	797 20	682 20	574 20
Payment that would have been due in September, 1943, in final liquidation of 1942 tax	106 48	88 40	66 83	159 40	136 40	115 22
Payment that will have to be made in June, 1943, in final liquidation of 1942 tax	119 56	110 20	84 79	195 00	184 00	159 00
	$5,000			$6,000		
1942—Tax before Budget	2,128 00	1,878 00	1,662 00	2,685 00	2,415 00	2,199 00
1942—Tax after Budget	1,064 00	939 00	831 00	1,342 50	1,207 50	1,099 50
Payment that would have been due in September, 1943, in final liquidation of 1942 tax	212 75	187 82	166 24	269 00	242 00	220 00
Payment that will have to be made in June, 1943, in final liquidation of 1942 tax	270 03	264 49	239 08	350 00	350 00	324 00
	$7,000			$8,000		
1942—Tax before Budget	3,275 00	2,985 00	2,769 00	3,865 00	3,555 00	3,339 00
1942—Tax after Budget	1,637 50	1,492 50	1,384 50	1,932 50	1,777 50	1,669 50
Payment that would have been due in September, 1943, in final liquidation of 1942 tax	327 54	298 51	276 93	387 00	356 00	334 00
Payment that will have to be made in June, 1943, in final liquidation of 1942 tax	437 24	441 45	416 03	524 00	534 00	508 00

INCOME TAX—1943 BUDGET—*Concluded*

	$9,000			$10,000		
	Single	Married	Married 2 dependents	Single	Married	Married 2 dependents
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
1942—Tax before Budget	4,472 00	4,142 00	3,926 00	5,112 00	4,762 00	4,546 00
1942—Tax after Budget	2,236 00	2,071 00	1,963 00	2,556 00	2,381 00	2,273 00
Payment that would have been due in September, 1943, in final liquidation of 1942 tax	448 00	415 00	392 00	512 00	477 00	455 00
Payment that will have to be made in June, 1943, in final liquidation of 1942 tax	614 00	628 40	603 00	711 32	730 18	731 44

It is pointed out to the Canadian people that our income tax is the highest in the world, but it is sometimes forgotten that the period given the taxpayer within which to pay has been reduced more severely than it has been in any other country. The spirit of Canada does not permit of any challenge to its desire to go all out in every conceivable way in its war effort. This imposes a great responsibility upon the government, and perhaps the time has now been reached when the people should be taken more fully into the government's confidence with respect to the broad principles of public finance which the government has laid down for itself.

It is true, as the minister says, that we have more physical goods in Canada than they have in Great Britain, for example, but by the same token we eventually shall have less cash and government securities, less insurance protection, fewer owned homes, et cetera. This of course is accentuated when a comparison is made with the United States. The tougher the government makes it for the taxpayer, the more right the taxpayer has to ask that the government go to some pains to explain its long-term planning.

The British government has had a much wider and longer experience with income tax imposts, and it would scarcely seem that our government should exceed the limits which the British government have decided upon without at least explaining more fully than they have just why they are doing it. We are disposed to have confidence in the judgment of the British government. In fact, it would not seem unreasonable to take the stand that they know a little more about taxation principles and points of saturation than does Canada. The people of Canada are not averse to spending every last cent they can in the war effort; they are ready to save, to buy bonds, to pay their taxes and to act as good citizens. However, they want to feel that "the government needs the money" is just a slogan and is not the government's long-range fiscal policy in this regard.

When the hon. member for Rosedale (Mr. Jackman) first raised this question in the house and suggested the adoption of a plan, his suggestion received the approval of a large body of Canadian citizens. Let me make this observation. If this legislation had to come, it is unfortunate that it came at a time when incomes are so high. It would have worked out to much better advantage to the treasury of Canada if it had been put into effect some years ago. Many incomes will never again be as high as they were in 1942. Those with high incomes braced themselves without a murmur to pay the 1942 income tax. If they had high incomes, they must have had capital assets from which they received income apart from their earnings as wage-earners. I am of the opinion that they were ready to liquidate those capital assets and pour them into the revenues of Canada as a contribution, not only by way of high income tax but as a contribution to the war effort. But there are others in the same groups who are not so prone to take a serious view of Canada's position. They are not so ready to help out. Perhaps they are anxious to help, but they do not stop to think of the entire situation. I am going to say a word to them.

I have not much sympathy, particularly in war time, with that class of people known as globe-trotters, non-producers and holiday makers, those who are able to spend the winter months in Florida or California. If they are able to do this, they are able to pay heavy income taxes. With the war on, some means ought to be found to force the wealthy and healthy non-producer idler into production. For those in poor health who must have a change of climate I recommend the Laurentian hills of Quebec, the maritime climate of southern British Columbia and the northern highlands of Ontario.

I come now to another matter of ways and means which has not been enlarged on in this budget and which should receive some attention, namely, succession duties. Last year, as reported on page 5296 of *Hansard,* I said

that I was in accord with heavy taxation on estates during war time. If there is wealth in estates and Canada needs the money, let us go and get it from those estates. At the same time I drew the attention of the Minister of Finance to the hardship imposed on those who receive annuities from estates and are faced, on the one hand, with the payment of succession duties on the capital amount represented by the annuity, and on the other with an income tax on the actual annuity. I think the minister agreed with me, as reported on page 5300 of *Hansard* of last year, that wills drawn up ten years ago should be revised so that annuities would not become liabilities during the first few years of the life of the annuitant. Briefly, the outstanding example—the others will be found in *Hansard*—was that of an individual, no relation to the deceased, who received an annuity of $2,000 a year. He found that it was capitalized by the federal authorities at $31,365 with a succession duty payable of $3,465, while the same annuity was subject to a provincial succession duty capitalized on $28,976, amounting to $12,664. In other words, the total succession duty on that portion of the estate which is lifted out of the capital sum to provide an annuity of $2,000 amounts over a four-year period to $16,129, one-quarter of which is $4,033 yearly, in order that the recipient might receive an annuity of $2,000 per year. At the same time, in the case I recited, the income tax from the receipt of the $2,000 amounted to $1,065, with the result that the individual had to find four annual tax payments of $5,097, after which there would be no further succession duties. In my opinion our statutes ought to be amended so that the first charge against any estate would be the collection of succession duties, and that should be made a statutory provision in each and every will. In that way many estates which now escape succession duty would be taxed, and at least the treasury would have the first call on the estate and would be paid first, with the beneficiaries having the second call.

I come now to the matter of annuities. The high income tax rates which are necessary have destroyed the incentive to buy annuities. I should like the Minister of National Revenue to deal with the unfairness of income tax on annuities. Many Canadian citizens abhor taking an old age pension from the state. They are honest citizens with some pride in themselves and their families, and they cannot bring themselves to believe that when they reach the age of seventy they have the right to accept an old age pension. They would prefer to sell their house and lot and some of their other assets and put the money into an annuity. But the present system of taxation is destroying the whole philosophy which underlies the purchase of annuities. The Canadian citizen who abhors taking an old age pension from the state converts his capital assets into an annuity and finds that he pays the full income tax on capital so invested as well as on that portion which represents interest. On the other hand, if he buys a war savings certificate or a victory bond, his capital is returned to him without income tax on the principal sum. Of course he pays taxation on the interest which the victory bond earns. There is no practical reason why the capital portion of an annuity should not be returned to the taxpayer in like manner as he would liquidate a victory bond or a war savings certificate. This was brought to the attention of the government last year by the hon. member for York-Sunbury (Mr. Hanson), and I am disappointed that nothing has been done about it.

The simplest way for me to explain the matter to the house is to read into the record a letter from a cattle rancher in Alberta. He says:

I was a cattle rancher in Alberta until last year. The department of defence expropriated my property for military purposes. Being 74 years of age I did not wish to start again. In order to assist in the war effort I considered placing funds in victory bonds or government annuity. As far as the war went I could see no difference. In both cases I lent a certain sum to the government. In each case it went into the treasury and was used the same way. In each case payment is provided for at a specified time. I put part of my savings in each but in one case the interest only is income but in the other the whole of my savings is to be subject to income tax when returned. This does not make sense to me. The use of a mortuary table to determine the amount necessary to deposit to receive a certain yearly repayment does not alter the principal. It is either income or returned savings. I have no objection to paying war taxes but I do not like paying income tax on the return of my savings.

As you will know, when the dominion government was put into effect it was income tax free and called for very reasonable rates. Later the rates were raised about 15 per cent and income tax clause struck out.

In my letter to the deputy finance minister I suggested that the low rates be restored and the tax free clause also, that investment in dominion government annuities be advocated to finance the war along with victory loans and war savings certificates, and after the war to continue the compulsory savings to an extent sufficient to eventually replace the old age pension by government annuities.

He goes on to say:

On page 11 of the dominion government annuities pamphlet we are told from statistics,

"Poor when old will be the fate of every other Canadian we meet." Surely we can do better than that.

We need something better and more dignified than old age pension for half of our people even though part of the necessary funds came from the national treasury.

I should like to place on the record the case of a married man with one dependent and an income of $3,000 per year. It shows that if he buys government annuities he pays a total tax of $776.40, whereas if he and his employer pay into an approved superannuation fund his tax amounts to only $369.40. To save time, Mr. Speaker, I would ask the permission of the house to place this short calculation on *Hansard;* it sets forth the figures which I have recited.

Mr. SPEAKER: With the permission of the house.

Mr. HARRIS (Danforth): Thank you, Mr. Speaker. The table is as follows:

Income $3,000—married—1 dependent

Total Income				$3,000 00
Less—Payment to approved superannuation fund				275 00
Taxable income				$2,725 00
Normal Tax				
7% of taxable income		$ 190 75		
Less 1 dependent		28 00		
				$ 162 75
Graduated Tax				
Income	$2,725 00			
Exempt	660 00			
	2,065 00			
30% on	500 00	150 00		
	1,565 00			
33% on	500 00	165 00		
	1,065 00			
37% on	1,000 00	370 00		
41% on	65 00	26 65		
			$ 711 65	
Less allowance for wife		150 00		
Less allowance for child		80 00		
			230 00	
				481 65
Total Tax				$ 644 40
Savings Portion				
10% of income $2,725			272 50	
1% of income $2,725			27 25	
				299 75
				$ 344 65
Tax Portion				
Add savings portion			299 75	
Less annuity			275 00	
				24 75
Total Tax Payable				$ 369 40

The second example shows how the provisions of the act affect the income of a married man, who has one dependent, who is earning $3,000 per annum and who is providing for his own maintenance after retirement by paying premiums on a Canadian government annuity, without assistance from his employer under a pension fund or plan.

Income $3,000—married—1 dependent

Total Income				$3,000 00
Canadian government annuity ($275) not deductible if not held in connection with pension plan.				
				$3,000 00
Normal Tax				
7% of taxable income		$ 210 00		
Les 1 dependent		28 00		
				$ 182 00
Graduated Tax				
Income	$3,000 00			
Exempt	660 00			
	2,340 00			
30% on	500 00	150 00		
	1,840 00			
33% on	500 00	165 00		
	1,340 00			
37% on	1,000 00	370 00		
41% on	340 00	139 40		
			$ 824 40	
Less allowance for wife		150 00		
Less allowance for child		80 00		
			230 00	
				594 40
Total Tax				$ 776 40
Savings Portion				
10% of income $3,000			300 00	
1% of income $3,000			30 00	
				330 00
				$ 446 40
Tax Portion				
Add savings portion Canadian government annuity premiums not deductible.			330 00	
				330 00
Total Tax Payable				$ 776 40

I come now to another income tax situation which is disturbing the minds of a great number of our farmers, and that is the income tax with respect to cooperatives. A farmer joins a cooperative organization. My view always was that he felt that that organization was part and parcel of his farm. He felt that when he had an income from his farm he should not be taxed on the surplus which came from his cooperative organization. Have I made myself clear? In the business field an incorporated business, of course, pays the corporation tax, but it is difficult to make the farmer believe that when he is a member of a cooperative enterprise he is in a business which is operated for profit to the shareholders. With the change in the organizing, financing, and the operating methods of cooperatives because of conditions and new market requirements, we also have a change in the policy of the income tax department which desires to discontinue the exemption from income tax on patronage dividends. If this income tax exemption is abolished and confirmed by the court and made retroactive, it will have a disastrous effect on the reserves of the cooperatives. This legislation should be clarified, and consideration should be given to the condition which obtains in the United States where the members of the cooperatives can distribute exempt from taxation the surplus funds they have left over from their transactions. The taxation will come off the dividend—or so-called dividend; for to my mind the word is a misnomer—the return of the money of the farmer who belongs to the cooperative will be added to his income tax as an individual, raising him perhaps to the higher bracket, and you will get a large per-

[Mr. J. H. Harris.]

centage of the tax as the outcome of this suggestion, due to the fact that one hundred dollars, we will say, added to the income of $3,000 which he is making ordinarily on his farm, would bring the return to $3,100.

The forecast which the minister gave the house is to my mind very disappointing. He anticipates by way of increase of revenue from the budget proposals which he recites, $5,000,000 from the excise duty and $33,000,000 from other excise taxes, and he says he gets $105,000,000 from personal income tax. But we are not getting that out of this year's budget; that $105,000,000 has come from the legislation which was incorporated in last year's budget, the surplus from the enactment which was adopted last year. It is therefore unfair to suggest that our total of $136,200,000 represents an increase from this year's budget proposals. A careful analysis will probably show that all of it derives from last year's legislation. There is not much courage or conviction in reciting that we have to have more revenue if there cannot be found within this year's budget any increase in revenue from these proposals. That is what makes some people say that probably this is an election budget. That is what discourages a large number of our people who are anxious to cooperate with the government in every possible way. We need cooperation of the kind which gripped the imaginations and hearts and minds of the Canadian people when war was first declared. The minister knows the class of people to whom I refer. Patriotic citizens who had means and were anxious about the war were writing letters—I will read a portion of one—in the days of 1939 and 1940, and very seriously and in all sincerity were placing everything they had in the world, not only their sons but all their material interests, at the disposal of the state. Here is a portion of a letter dated October 22, 1940, addressed to the Minister of Finance:

> This will serve to confirm a telephonic conversation of Thursday, October 10 at some length at the expense of the taxpayer, not charged to the government as some people are so prone to do when they call a government department, franked back against the government to pay for, and an exchange of wires of the same date paid for by this taxpayer, and an interview given the writer in Ottawa, Tuesday, October 15, at his own expense and paid for by that taxpayer. At that conference it was intimated to you in a like manner as I previously intimated to the Hon. Mr. Howe and the Hon. Mr. Ralston, that I am anxious to do everything possible to assist Canada with her war effort.
>
> I therefore place at the disposal of the government of Canada my services as an individual to serve anywhere in any capacity, and my interests as they may appear in the ownership of three or four different industries.

Doubtless in the early days there was a lot of correspondence of this kind. But with a weak budget such as the present one there will be a tendency, I believe, for that interest to slough off. I ask that something be done to stimulate in our people again the idea that they must give more and more, and not slow down just because we are having a few victories in Africa and because Russia is doing a big job somewhere else. We must harness this power and use it in every possible way we can.

The minister has had months to prepare this budget, and he knows about it. Those of us who are charged with the responsibility of constructive criticism have had months to think about it, but very few days to know about it. We are not fortified with a corps of economists, doctors of philosophy, professors and what-not to assist us. I sometimes wonder if more facilities of that kind should not be given to those who are in opposition, and who are supposed to add something to the welfare of the state, to assist them in making constructive suggestions.

I thank the minister and the house for their understanding courtesy towards me in this particular job of work. I am going to make a suggestion to the press. It is embodied in an old adage which, I believe, was repeated in this house some years ago: "Criticize this criticism if you must; praise it constructively if you can; but for goodness' sake do not forget it, and do not let the Canadian people forget it."

I reiterate that this is a very weak budget and it looks like an election budget. "Work and save" is not enough. It is not sufficient for the minister to say that there are two things, and two things only, to do. The minister mentions first our ability to strike hard, and he says, in the second place, that the time to relax is when our enemies have surrendered. He says we know these things only. He must know that our people can apply themselves more assiduously to their daily task. He must also know that our people are willing to make great sacrifices. He knows that our air force on the Atlantic coast line could do very well with faster and better planes to search out the submarines. He has been told often enough that there is waste and extravagance—I call to witness the hon. member for Simcoe East (Mr. McLean) and the hon. member for Wellington South (Mr. Gladstone)—which members of this house, if we organized ourselves into a body of men without any political interest to serve, could search out. He knows that the membership of this house is capable and willing and anxious to help the operations of this country in every possible way. He ought to know that

that membership comprises many men well able to assist in designing the policies which now emanate from the economists, scientists, doctors of philosophy and what-not in the building here to my left. We are in fairly safe hands with the minister, because he can hold this group of economists in check. But if he does not realize it, I tell him now that they seem to be lacking in business ability to consider a business budget for Canada; and when he is preparing his budget he would be far safer in the hands of members such as the hon. members for Victoria, B.C. (Mr. Mayhew), Waterloo North (Mr. Breithaupt), Waterloo South (Mr. Homuth), Davenport (Mr. MacNicol), Lincoln (Mr. Lockhart), Cumberland (Mr. Black), Peterborough West (Mr. Fraser), Qu'Appelle (Mr. Perley), Skeena (Mr. Hanson), and Haldimand (Mr. Senn).

These hon. members, who have business experience but who are not consulted, would give you their confidence; they would not betray your confidence, and the net result would be that we would not only have something more acceptable to the Canadian people but something which would more nearly balance our budget. How humiliated and exasperated are the members at the little they are able to do in the war effort, particularly when they know so much about Canadian conditions.

The minister knows that victory will come only with tears, sweat and blood. Are we so medieval that we will not bestir ourselves until we have a blood bath in Europe? Our duty is to sweat now. We must realize that Germany works from the centre of Europe out to the perimeter. She is bounded by oceans and water on three sides and, thank God, by Russia on the other. We are many thousands of miles away, and must fight from the outside of the perimeter. Our air force has overcome part of this difficulty. We have partly overcome distance; we have partly overcome difficulties; we have partly overcome disaster. And even though the road be long and hard, the growing strength of our united nations is fast overwhelming the enemy by the magnificence of the performance of the fighting men of the united nations.

Let us then pray, petition and plead that Providence will vouchsafe us an abundance of agricultural increase in the coming year. Let that faith be accompanied by works, and we shall have answer to our prayers. Let us be loyal to our king, and affirm our faith in the British partnership. Let us strengthen, reinforce, support and buttress our British commonwealth. Let us associate ourselves more closely with our allies of the united nations, and pledge ourselves to our fighting services wherever they are. Let us encourage, stimulate and urge more application by those charged with secondary production. Let us assist and cooperate with labour-management production committees, and foster sound labour relations. Let us invigorate individual initiative by rewarding integrity and intelligent industry. Let us give freedom of enterprise to our people, between the floor and the ceiling. Let us honour our partnership between the two races with equality, justice and toleration. Let us harness and put to work the power of this Canadian House of Commons.

Let us add magnitude to our effort, and then nothing can stop us from final victory. Let us save our democracy by applying ourselves. We dedicated ourselves to the task in September of 1939; we should then this day, this very hour, rededicate ourselves to its accomplishment.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, since I have been able to hear what the hon. member for Danforth (Mr. Harris) said, it has been a real pleasure to listen to him. I took occasion to read from *Hansard* his remarks of last night, and I was impressed not only by the breadth of vision he displayed, but by the amount of care and study he had devoted to the preparation of his speech. I believe the house is indebted to the hon. member for the effort he put forth, and the manner in which he presented his speech to the house.

I believe, too, that the house is indebted to the Minister of Finance (Mr. Ilsley). I do not agree with the manner in which the minister is endeavouring to conduct the financial affairs of this country, but no man who watches him can doubt his sincerity. Certainly any man must admire his energy, his earnestness, and his incessant endeavour to conduct the affairs of the country in the best way he believes they possibly can be conducted. I thought his speech well prepared and well delivered. I did not gather from it, however, the impression gained by the hon. member for Danforth, namely that it was a weak budget. On the contrary I had the impression it was a rather strong one and, as one of my colleagues points out, one with plenty of kick in it.

Before turning to the minister's speech I should like to give some attention to what has been said by the hon. member for Danforth. Anything I say I shall say in all earnestness, humility and sincerity. There is a distinct difference between the points of view of hon. members in my group and those of other hon. members in the house. We believe that there is a new way of doing things financially in this country, and that

that new way ought to be tried. We look with respect upon the opinions of others, and we beg permission to differ, earnestly and sincerely, and we do not so differ without having given the whole matter of finance a considerable amount of attention.

The hon. member for Danforth said, if I remember correctly, he hoped we should be able to keep the financial system of Canada sound. Perhaps I should read his words. Far be it from me to misrepresent any hon. member; it is hard enough to understand each other, even when we represent correctly and with the greatest of sincerity our respective views. As reported at page 1064 of *Hansard* the hon. member said:

> I come now to the matter of government accounts and finances. I am of opinion that with all our war expenditures Canada can maintain a sound financial position, but it will be necessary for our people to observe a few cardinal principles which I enunciated in the early part of my remarks and which I shall enunciate again in a few minutes.

May I hasten to inform the hon. member that hon. members in this group are by no means endeavouring to introduce into Canada any financial system which is unsound. It is our earnest contention, and one which we will maintain, that the principles which are at present being followed are the unsound ones. In order that we may make this quite clear I would ask the hon. member for Danforth, after he has had time to consider the question, to enunciate to the house what he considers to be the principles of sound finance. What does he mean by sound money? Must it be money which is backed by gold? No. Must it be money created by banks? Must it be money which is lent, and therefore paying interest? Must it be money which is scarce? Must there be plenty of it in order that it be sound? Must it be properly circulated in order that it be sound? Does the price structure in a country have anything to do with the soundness of that country's money? Many questions of this kind the hon. member for Danforth will have to study with care, and give the answers with accuracy, before he will be in a position to tell us whether or not the system we are now pursuing is a sound one.

The hon. member for Danforth referred to borrowing from our chartered banks as a dangerous practice. As I recall, the minister himself indicated some misgivings with respect to that part of his transactions. I say to the hon. member for Danforth that I do not agree that borrowing from the chartered banks is necessarily unsound or will necessarily lead to inflation. I am not advocating that we borrow from the chartered banks, but my chief objection to borrowing from them is that in so doing we incur additional debt and burden this country with the obligation of paying additional interest. But when one looks at the whole financial operations of this country from a long-range point of view, those two characteristics do not make the whole transaction unsound. Before the hon. member for Danforth can be sure whether or not the borrowing of this money from the banks will cause inflation he must know what inflation is. Does he? He must know what causes inflation. Does he? He must know how the causes can be overcome. Does he? With all deference to the hon. member I submit that he is unable to answer accurately any one of those questions; otherwise he would have been more guarded in the things he said concerning borrowing from the chartered banks.

The hon. member would prevent extravagant spending in the country. How would he do it? Would he increase taxation? Would he increase the base, the number of people who are paying taxes? Is he in favour of rationing as a means of preventing people from spending extravagantly? I should have been pleased to hear the hon. member discuss and answer these questions. Now I leave the hon. member's remarks and turn to the Minister of Finance.

First of all I tell the minister that in my judgment he has shown a great deal of wisdom. For example, his statement to the effect that he had decided to pay subsidies to keep down prices; that is one very wise decision and an indication of vision and understanding on the part of the minister. There are other things in his speech which I would commend. But it is not my purpose particularly to single out the commendable features of his speech, not because I begrudge the minister the credit due to him, but simply because I believe it is my business first of all to express my criticisms concerning the budget and then to suggest what I consider to be ways in which the weaknesses of the budget can be remedied.

First I would say something to the minister which will sound quite harsh but which I believe can easily be established. The Canadian government is leading Canada in an accelerating headlong rush towards repudiation of debt, towards fascism and scarcity, if not actual famine. The definition of each of these terms will be necessary in order that all may understand what is meant by them, in order that they may not seem extreme.

This budget is heaping up debt on the Canadian people. It certainly is not a pay-as-you-go budget. Whether it is possible to

pay as you go is a question which I am not going to discuss at this time. The net increase of debt from 1942 to 1943 was $2,261 million, according to the minister's own statement as recorded on page 842 of *Hansard*. The increase from 1941 to 1942 was only $413,681,000, as recorded in *Hansard* of 1942 at page 3575. The increase of debt in this year we are now closing is more than five times as great as the increase in the previous year. Can anyone by any exercise of the imagination characterize a budget which increases the debt of the country at that appalling rate as a pay-as-you-go budget?

Canadians have never yet paid the financial cost of the last war; witness the three-cent postage stamp. In the midst of the last conflict our postage rate was increased from two cents to three cents and we were told it was a war measure, but when the war was over the three-cent stamp remained, and everyone who sent a letter from that time to this has been helping to pay the burden of the last war.

Mr. ILSLEY: That is incorrect.

Mr. BLACKMORE: I should be glad to have the minister tell us why.

Mr. ILSLEY: There was a period between 1926 and 1931 when the postage was reduced.

Mr. BLACKMORE: Then we will make that exception, but up to 1926 and from 1931 on, that generation was certainly paying for the last war. I was glad to hear the hon. member for Danforth say that we ought to be frank and tell the truth, that we ought not to deceive the people. One of the deceptions which a good many of the public men of Canada indulge in is that we are going to pay the cost of this war during the war. Now, we are not paying it.

Mr. MARTIN: Who said that?

An hon. MEMBER: Nobody ever said it.

Mr. BLACKMORE: I did not come prepared to prove it, but I can and will do it from the words of various public men in Canada. Let it be understood that we are now preparing to pass on to future generations a crushing debt, and they are going to assume that debt at a time when perhaps it will be necessary for them to be preparing for another war by expenditures the like of which we have never deramed of.

Mr. ILSLEY: Will it not be a debt due from one part of the future generation to another part of the same generation?

Mr. BLACKMORE: I believe that is true. But may I point out another fallacy or semi-fallacy which men are endeavouring to persuade the people of Canada to believe. Before I finish I intend to point out that the bonds of the last war debt are held by about fifteen per cent of the people of Canada, but they are owed by all of us. I am not saying the figures are exactly right; grant that they are held by twenty per cent of the people; in effect that renders eighty per cent of the people of Canada hewers of wood and drawers of water to the twenty per cent.

Mr. ILSLEY: These people are changing all the time.

Mr. BLACKMORE: But they are all among the same group. I shall discuss that at greater length. To say that because we owe the debt to ourselves we need not worry about it is to delude the people of Canada.

Canadians have not yet paid for the last war. Now we have a four-cent postage stamp imposed upon us to afflict future generations. Let no one imagine that once this four cent rate is established it will ever be changed, unless some tremendous revolution takes place. Under the present system the Canadian people will and can never pay off the debt of the last war. Under it they will and can never pay off the debt of this war. According to the minister's figures, as of March 31, 1943, our national debt will amount to $7,861,000,000, and if I interpret the minister's words correctly the annual charge at 2·6 per cent is $205,000,000. If we add $2,250,000,000 a year for the three more years which it is likely this war will last, we shall add $6,750,000,000 to that colossal debt, and Canada will find herself saddled with a debt of some $14,000,000,000.

For the last number of years the Minister of Finance was able to encourage the house with the statement that the interest rate was going down even though the debt might be going up, but I ask what guarantee the people of Canada can have that the interest rate will continue to go down. If we are committed to a debt of $14,000,000,000, who is to say that the group of men holding that debt will not, at some time, agree among themselves to increase the interest rate; and what power would the Minister of Finance or the government of Canada, as at present constituted, have to prevent such an increase in the interest rate? Suppose the rate of interest was increased to 3, 3½, 4 or 4½ per cent; imagine what would be the condition of the people with a contractual obligation of that kind, which is supposed to be as sacred as though it came from the sanctum sanctorum, the holy of holies of all time.

Turning to the expenditures in connection with this war, I wish to declare definitely that we cannot avoid those expenditures, and we

would not if we could. But I submit that this house would be remiss in its duty if it did not give earnest attention and careful examination to any set of proposals which offered a way whereby we might be able to manage our affairs without the dangers which evidently we are incurring, and thereby to introduce a saner system of managing the financial affairs of Canada.

There is another feature with respect to the budget which I indicated a moment ago. Not only does the size of this debt disturb me, but the ultimate number of the holders of the debt, the personnel of the creditors, greatly alarms me. Let it be borne in mind that a Canadian government bond constitutes a mortgage on every piece of property in Canada, that with the taxation structure which is now imposed, and which can be aggravated, it constitutes a mortgage on the very life of every individual in Canada, be he worker or anybody else. All the property of the people of Canada, particularly of the producers, is being mortgaged to a few Canadians. The bonds are gravitating into the hands of a very, very few, as all the records tend to show. There is no evidence that this trend will be in any other direction in future; in fact the evidence all goes to show that as days go by the bonds will come into the hands of a progressively smaller number of Canadians. Those individuals are accumulating so many bonds that they will be able to live upon the interest of those bonds. They will not invest in industry because their money will be safer in bonds. They will become a special class of gentlemen of privilege. The bondholders will be people who will have no interest at all in the welfare of the people generally, producers or consumers, and no interest in Canada. Their only concern will be to keep Canada alive and sufficiently strong to give them their pound of flesh from time to time. They will control the laws of this country because they will control parliament, which makes the laws. They will control government policy, because governments will bow down to the simple wave of their hands. They will also control the banking policy of this country. Therefore, as I said a short time ago, from eighty to eighty-five per cent of all Canadians will become hewers of wood and drawers of water for the remaining fifteen per cent; in effect, eighty-five per cent of Canadians will become hopeless serfs. One of the characteristics of a serf in olden times is, I am told, that he was unable to leave the estate on which he was employed. Well, the people of Canada who will be bound by these debts certainly will be unable to escape their bondage by any means. They will be serfs.

The men who are now overseas, your sons and mine, after having risked their lives, after having done their bit heroically, nobly and effectively during this generation, will come back here and become members of the serf class almost to a man. I ask, is that democracy; is that what the members of this house will permit these boys to fight for? The condition toward which we are drifting is fascism, the rule of a few wealthy men over all the rest, a rule that cannot be shaken off by any means.

Some hon. members may wonder why I speak so feelingly on this matter. Well, I come from a province which has been struggling to extricate itself from the condition I am picturing, the condition into which Canada is rushing wildly. Does anyone think we can extricate ourselves from the toils of the monster that has gripped us? Not by any means; not by any possible effort we can exert. Every move we take is blocked by the courts. And, after all, the dominion is only a big province; it is only nine provinces joined together.

There is another aspect of this question. The financial policies of the minister are palpably failing to stimulate Canadian producers and workers to satisfactory production. That is not altogether the fault of the minister or of the government. It is the result of the faulty financial system which they are endeavouring to make work in these times. The minister is always worrying about where money is to come from. Not very long ago I had the privilege of going with a delegation to ask the minister for a certain amount of money for a most important health work in Canada. The minister gladly granted that our case was just; there was no doubt about that. But did the minister ask, "Are there enough doctors to do all the work which would be involved in examining the people? Are there enough hospitals to treat the people whom you wish to treat? Is there enough medicine to give them the medical care they should receive?" Those were not his questions. Those questions would have been calling forth the human and material resources which are at the disposal of Canada. His comment was, "No, I cannot afford the money," which is the clearest possible evidence that the minister is bound by financial considerations rather than by considerations of the material and human resources which Canada possesses.

Mr. ILSLEY: What was that occasion? I do not remember that at all.

Mr. BLACKMORE: I do not wonder the minister does not remember it. The hon. member for Renfrew South (Mr. McCann) was one of those who went in to see if we could get a certain amount of money, and I

think one of the members from Manitoba was with us. I can soon refresh the minister's mind on that.

Mr. ILSLEY: That was about a year ago.

Mr. BLACKMORE: Only the other day the Minister of Agriculture (Mr. Gardiner) referred to his inability to get money for the things which he needed. He realized that he needed things and it was simply a question of money. Time and again it has been declared in the hearing of every member of this house that financial considerations would not be allowed to be a hindrance to achievement in this country, that the only consideration would be our material and human resources. But such is not the situation. Did the minister borrow that money from the chartered banks because he wanted to do it? Did he do it because he did not have the material and human resources in Canada which were necessary to achieve the ends which he wished to achieve with the amount of money he borrowed from the banks? Not by any manner of means. Despite his protestations that he will make financially possible whatever is physically possible; despite the brave front which he puts on from coast to coast of Canada and for which everyone admires him; despite his strenuous efforts the minister is hampered by the limitations which result from the financial system which he is endeavouring to make work in this country.

I say that the time has come for a change. In the interests of the minister; in the interests of Canada's war effort; in the interests of the future the time has come for this chamber to consider the advisability of making a change. I, therefore, move as an amendment to the motion of the Minister of Finance:

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

"this house regrets that the government still disregards the possible uses of government-created national money to the end that in so far as taxation and the borrowing of the people's savings fail to meet government expenditures the government might employ national money:

(a) To relieve the debt situation which threatens the ownership and control of a great many private businesses, factories, farms and other means of production.

(b) To pay farmers and other primary producers fair prices thereby stimulating the production of food.

(c) To provide workers with adequate purchasing power.

(d) To alleviate the distress of the aged and others in needy circumstances.

(e) To prevent inflation by the subsidizing of industry where costs are uncontrollable, adopting where necessary a more aggressive and consistent rationing policy."

[Mr. Blackmore]

The matter with which I am going to concern myself more particularly is the impairment in production which has developed as a result of the government's financial policy. The Minister of Finance is paying far too little attention to the production of the needs of life in this country. From the beginning of the war too little attention has been given to the influence of wages and prices upon production. The armed forces have taken away our man-power, as has been urged with great eloquence and persistence in this house, and the wages paid to workers in munitions plants have drawn workers away from agriculture and other primary industries. The result is that there has developed the alarming shortage of labour which has been elaborated upon in this house.

I am not saying that what was done was not quite satisfactory. I am not saying that those two measures for obtaining men should have been avoided. I am not in agreement with those who would have impaired the chances of increasing this country's munitions production and this country's armed forces in order to take care of agriculture. But I contend that there were ways of overcoming this labour shortage in agricultural and other primary industries. Efforts should have been made to subsidize or bonus wages in our primary industries in order to draw into those industries women, elderly men, and many of the more or less unemployable who would have been willing to do all they could to help.

I am not sure that the house completely senses the seriousness of food in our war economy. I think that factor has been rather neglected. I should like to read to the house some quotations from the statement of Mr. Herbert Hoover. These have been gathered together by Mr. M. M. Robinson, manager of the Ontario food distribution council. I draw particular attention to the following:

Food supply has now become secondary only to military operations in determining the outcome of the war. And it will take first place in saving the world from anarchy after the war.

And again:

The burden of furnishing food supplies to the united nations now and to a starving world after the war rests largely upon the American and Canadian farmer.

Again:

Agriculture simply must be envisaged as a munitions industry. The farmer must receive men and tools if he is to perform his part.

And again:

The news comes daily from all parts of the country that the farmer is sending his dairy cows to slaughter for lack of labour. And this is amply verified by the arrivals at the slaughter houses.

And further:

The shortage of labour, of machinery and methods of price control are limiting the vitally essential expansion of this production and the flocks and herds upon which production depends. And unless we can quickly realize and quickly reverse these limiting forces there are dangers to the conduct of the war.

And again:

But there is an even deeper cause of these shortages. We had all these burdens and difficulties in the last war. We are to-day exporting less than half the meats and fats to our allies that we did in the last war, for we then had to support France, Belgium and Italy also. Yet with this lesser burden of exports we are threatened with greater shortages of meats and fats on our home front than in world war I.

And again:

After all, the best remedy for price is increased production.

May I pause there to point out that apparently the hon. member for Danforth quite overlooked this factor in the matter of inflation. Inflation is, after all, a rise in price, and that arises from a shortage of goods. If we can stimulate our production sufficiently we need not fear a rise in price. Again I quote:

But the first and imperative necessity is to get more production. The American farmer will do it if he gets a chance. And the fate of the world may depend upon it.

I believe that with very slight modification every one of those quotations could be applied to the situation which exists in Canada. I maintain that the minister and the other members of the government should have been much more careful to leave in the essential industries a good many more effectives than they did. I believe that there was carelessness on the part of the ministers of defence in taking away too many key men, but I am not going to press that because it is water under the bridge.

Every precaution should have been taken to give prices, bonuses and other forms of encouragement such as credit to the farmers, access to live stock, access to materials, so as to enable them to produce at maximum capacity. In my own constituency this year I was called into a conference by machinery agents and was really astounded to learn to what an alarming degree the farmers in my constituency were to be deprived of essential machinery for the conduct of this year's operations. We simply have not given the attention we should have to providing the farmers with the necessary means of production, and in many respects that is the result of our financial policy. We should have brought into production every potential producer of dairy products, honey, eggs, wool, poultry, beef, pork, fruits, wood, fish, lumber, et cetera, from coast to coast in Canada. There should have been not only a ceiling which was high enough but a floor which was also high enough to guarantee to the producer not only the cost of production but such a reward as would enable him to live and encourage him to continue producing, and guaranteed prices should have been established to continue for two or three years after the war.

I was talking with a farmer in my constituency just before I left for Ottawa. He was contemplating the purchase of a valuable Ayrshire cow costing a considerable amount of money, but he said, "I am afraid I had better not buy that cow because just about the time I get through paying this fancy price for her and getting an expensive shed built for her and other equipment purchased, the war will be over and I shall have the cow on my hands and be out my money." That is a characteristic and very common reaction among the farmers. It leads to uncertainty and hesitancy and militates against the war effort because, beyond question, it militates against production. There are thousands of farmers, villagers and townspeople who would produce honey if they could get bees, who would raise chickens to produce eggs, who would raise cows or sheep and provide the facilities for taking care of them if they were certain that a remunerative price would be guaranteed for long enough after the war to enable them, as they say, to get out from under. That guarantee is freely given to those who go into the production of munitions. If the farmers were sure that they would be able to market at remunerative prices all the eggs they produced, there is no question that production would increase, and the same with other farm products. One would think that anyone with sufficient intelligence to be selected for any post of responsibility in the conduct of this country's affairs would be able to see that. Are we to imagine that the minister was unable to see it? Are we to imagine that the Minister of Agriculture (Mr. Gardiner) and the Minister of Trade and Commerce (Mr. MacKinnon) were unable to see it? Then why did they not take care of the matter? Purely on account of financial considerations. In other words, they were bound by financial restrictions, not by the question whether bees, or cows, or sheep, or lumber, or all the other necessities for production, could be bought. They were not bound by the question whether or not there were plenty of men to help them produce, but by financial considerations, and

they neglected to give those forms of encouragement which they knew were necessary in order to stimulate production in Canada. The attitude which they took in their heart of hearts would be the normal attitude of men in their circumstances. Their attitude would be: We will trust to Providence that it will work out all right because we cannot do any better anyway on account of financial restrictions.

Just to show that what I am saying is not out of line with what is thought by sober-minded men, let me give a quotation from the submission made by the Canadian Federation of Agriculture to the government only this year. I read from page 7, under the heading "Dairying":

> A satisfactory price for dairy products sufficient to induce production is necessary.

The clear implication is that there is no such satisfactory price at the present time. Again:

> The price control policy, mitigated by subsidizing on a very piecemeal basis—

You see what the farmers think of the means which the minister has so far used:

> —has created uncertainty and anxiety with regard to the future. Assurance should be given that subsidies when given will continue for a reasonable time to give stability to the industry.

I believe that that statement regarding the dairy industry applies in greater or less degree to every branch of agriculture in Canada. Even those who are producing hogs at most attractive prices and those who are producing beef at most attractive prices are filled with anxiety if the question arises whether they should purchase a choice sire, which might entail an outlay of one thousand or fifteen hundred dollars, to increase the quality of the calves they are raising, with the hope that in two or three years those calves will be old enough to sell. That anxiety tends to make them let their stock run down, and that is all to the detriment of production in this country.

A great many more men would labour in agriculture if they were assured of a living. I have two letters here which I shall read, but before doing so may I make this general comment? I believe we have a tremendous capacity in Canada for singling out and emphasizing the wrong thing. So much stress is laid to-day upon the shortage of labour. That is something which cannot be overcome now by recalling men from the armed forces or from war industries. Instead, stress should be placed upon prices and wages which would tend to alleviate agricultural conditions by drawing into the industry people who dare not come in now on account of the low remuneration. One of these letters is from the far east and the other from the far west, and evidently both are written by good men. The first one comes from Moncton, New Brunswick. If some one asks me to name the writer of this letter, if I am called upon to do so I shall do so, but I hope that no one will invoke the rules of the house because I would prefer not to give this man's name. The letter is right here, and anyone can see it. It is dated March 2, 1943, and reads:

> Dear Sir,
>
> About all you see in the papers and hear over the radio these days is what our wonderful government intends to do "when the war is over."
>
> What about now, when thousands are idle and in want and cannot get work anywhere? The labour department says "shortage of man-power." Where? Winnipeg paper says 8,000 idle there, and that applies to all over Canada. Personally I have tried several times this year to get work but employment and selective offices say "no work." I am past military age and strictly temperate and offered to accept any suitable job but answer is always "no work". It is about time they changed the head of the labour department and put a real man in who will help win the war.
>
> Would appreciate your opinion on the above letter.
>
> Thanking you and wishing you every success, I am, sir—

This man tells me in his letter that he is a consulting specialist on all classes of brick, stone, tile and concrete masonry. Whom does he blame? He is blaming the Minister of Labour (Mr. Mitchell). Who is to blame? The Minister of Finance? Not the Minister of Finance, but the financial system under which he is working.

Let me read another one now. This comes from Taber, Alberta. This man had written to me to see if I could find him a job. He is a returned man from this war. I had told him I was having difficulty in finding a job for him. He replies:

> Your letter of February 17 received for which I thank you. In regard to where I stand with the selective service office in Lethbridge I will state I have been registered with them ever since shortly after I left the army on October 10, 1942. I have asked to be placed on different jobs if they came up such as grain buyer or a plant guard at the Trail Smelter, etc., but to date they have not been able to line up anything. Once when I was in there I showed them an application I had filled out applying to the civil service in Ottawa for a position in a government elevator or terminal, and they said "that's fine," for me to send it in by all means, so as far as they are concerned I can accept the first position offered me. I was becoming desperate for a job and that is the reason I have taken the matter of a position up with you as I figured I would get quicker action and better results through you than waiting for the Lethbridge office to get me something. The veterans' welfare officer in Calgary has worked

hard to try and get me placed through the Lethbridge office but so far has had no success. I am hoping that through your efforts I soon will be able to get placed at work and I wish to thank you for your interest in my behalf.

Now, Mr. Speaker, there are two witnesses, and I will wager you could bring others from a thousand places in Canada, or more. Yet we are supposed to be short of labour. Is it to be imagined that a man of the quality of these would not go into agriculture if he had an opportunity to get enough money to keep his family? Is it to be imagined that he would not work on a farm? Yet what prospects would he have? About twenty-five dollars a month during all the months except the harvest season; during the harvest season, perhaps five or six dollars a day. I ask anyone, what chance has such a man of keeping a family on an income like that?

The reason why men of that calibre are not absorbed into agriculture or other primary industry is simply the matter of wages. It is a matter of price, pure and simple. The farmers are unable to pay them any better prices. Something must be done; the only power in this country able to do anything is the Department of Finance, and they apparently are unable to do anything as long as they are under the present system.

Most of the flaws in our organization for production can be blamed only upon the Minister of Finance. He alone can provide a remedy, but budgets such as this are not providing the remedy; budgets such as this are actually destroying incentive. They are drawing off savings which could go into production. They are aggravating the debt.

Last year I urged most earnestly, just as long as I felt it was becoming that I should, that the minister make allowance in the income tax for people who owed debts which they had contracted honourably prior to the introduction of the tax. But the only consideration he would give was in regard to mortgages and agreements of sale of homes. But there are people, tens of thousands of them, in this country who are deeply in debt and are being threatened with foreclosure, eviction and other misfortunes, and who are rendered utterly helpless to discharge their obligations because the minister has put them in that position through the financial system under which he is working. He says "I have to have the money."

May I give an idea how serious the debt situation is? I shall choose just one province, namely, Saskatchewan, which I do not happen to come from, and I hope hon. members from Saskatchewan will pardon me if I seem to be taking up a task which, I know, they would gladly take up if they had the opportunity. I chose Saskatchewan as an example of the provinces of Canada. According to the figures I have, there is a debt of $630,000,000 on the farms in Saskatchewan, which amounts to $21 an acre of the thirty million acres of farming land in that province. The average debt on the better land is perhaps $30 an acre. At present, 45 per cent of the crop is required to pay the interest on the debt alone. Just to show how farm organizations are concerned about this matter, and that they have expressed their opinion very definitely, may I read from a pamphlet which I have in my hand, "U.F.C. Information," published in Saskatoon. The particular issue is February, 1943, and I read as follows from page 2:

> As mortgage companies call for one full third share of the crop, to apply as mortgage payment, it should be clear that even this full one-third is insufficient to meet the existing obligation. This deficiency, plus an amount less than one-third which also cannot be paid except in exceptional years, is pyramiding upon unpaid principal. 1940 produced the second highest provincial farm income since 1930, i.e. $142,000,000, and in that year $42,000,000 was required to service the farm debt of the province, leaving about $100,000,000 as the fundamental maintenance for our provincial economy, or slightly over $100 per person.

Probably that was never brought to the minister's attention. But I ask him now, does he imagine that people can carry on and produce when all they have to live on is $100 a year—and many of them not that—when they are badgered, beset, driven by creditors writing them offensive threatening letters, until they dread to go to town to get the mail? When they are threatened with foreclosure on such and such a date they struggle away in order to raise enough money, somehow or another, to stave off their creditors. And they are not sure whether they will be able to hold their farms until the next crop period is over. Under such circumstances how can they produce with any degree of assurance? This whole matter should be taken care of in a way which will relieve our producers from the handicaps which are now preventing them from producing. The whole matter boils down to this question: Where is the money coming from? And that again boils down to the financial system under which the minister works.

May I read a quotation from this "U.F.C. Information Bulletin". I find this at page 1:

> Give the farmers a chance to produce, the same chance as the manufacturers, and we shall have food in abundance for the armed forces, for export and for the civilians.

There is no doubt about that. I read again:

> We admit that the situation is difficult; but on the other hand much of the man-power which could be utilized for chores, feeding and the

care of live stock and hogs on a farm is now frozen. In this time of emergency, many people above middle age who manage to exist by state or other assistance, would willingly work on farms and could do quite a lot of work if they were not expected to do a full man's job and if they were allowed to retain their state allowance or pension and, in addition, be paid a reasonable wage for services rendered. In this kind of work, the aged and crippled men and women and thousands of boys and girls can be utilized.

I think hon. members will be just about as distressed as I was when I tell them of two instances which came to my attention in the last year. One of them had to do with a man who served in the last war, and who is receiving a war veteran's allowance. This man was skilful in the production of poultry. I believe the finest poultry establishment I ever saw, and the best results from poultry I have known, were through the efforts of this man. At the same time he was able to work, and gladly. He told me he dared not produce more than just so many eggs, because the inspector came around every year and nosed into all his affairs to find out whether he sold an extra egg, or whether he possibly had obtained two cents more than the amount of the money he was allowed to earn before being rendered liable to cancellation of his war veteran's allowance. This man lives in Lethbridge. He was taken by a certain farmer to his farm to pick carrots. He said to me, "I can do a good day's work in the field," and he told me the number of days he worked bringing in carrots. At the end of a certain number of days and a certain number of hours he quit working on the carrots, because by that time he had earned all the money he could be allowed to earn, without losing his war veterans' allowance.

I ask any hon. member this question: When in the department of which the minister has charge such conditions as that exist, how can he possibly assume and assert that this country is exerting its maximum war effort in production. There are tens of thousands of men in that class.

Here is another example—and I will not tell where this man lives, although he happens to live in my constituency. He is seventy-three years of age, but hale and hearty, because he has lived well. He has been a hard worker all his life, and is still able to do a lot of hard work. In response to the urgent call for help this man went into the fields to stook grain. He was urged by the man employing him to go on stooking, and to do other work, with the result that he earned a few dollars more than he was permitted under the regulations governing old age pensions. As I stand here now I am mortified, humiliated and ashamed to think I had to have that man tell me that they had cut off his old age pension.

It is time the minister set a whole body of people to work cleaning house and scrapping a whole collection of silly, useless regulations which are trammeling and impeding this country's war effort right and left from the top to the bottom. I believe if he will do that he will find a great deal of the man-power difficulty will be cleared up.

I read again:

> We have men, material and national resources, but we lack the medium to facilitate production and distribution. That medium is money and credit. The banks and other lending institutions do not function. Therefore parliament must exercise its power, release and govern a systematic flow of money and credit, which is the life-blood of civilization, and thus make it possible for farmers to do their bit in providing food.

The banks are lending money now much more freely than they have been for a long time. But still there are scores; yes, I suppose there are hundreds of thousands of men who are unable to get the credit they need to establish themselves in a way which would enable them to produce. This quotation justifies the statement I make. I read further:

> Well, if the government will provide parity prices for farm products, farmers will be "good risks", for borrowing purposes.

The writer has been discussing the fact that a banker has said that because a certain farmer has lost everything he is no longer a good risk, and is therefore unable to borrow.

I find a good many most attractive passages in this publication. This one, for instance, appears at page 2:

> In Saskatchewan the farmers are being persuaded to sign quit claims and to become tenants, which is perhaps more peaceful and not so costly a method of bringing about the transfer from ownership to tenancy.

Why is that condition permitted to exist? Because the Minister of Finance does not see how he can remedy the matter, and he fails to see how he can remedy it because he is bound by restrictions of an absolutely outmoded financial system. It is not that there are not enough resources and men in this country to remedy that situation. The only difficulty is that the money is not available.

Referring to page 4, so as to give another aspect of the farmers' troubles, I find that prairie wheat production in 1917 was 233,742,850 bushels, while in 1941 it was 279,000,000 bushels. Hon. members will note that this is almost 46,000,000 bushels more in 1941. Let us see what the income was. The average net price per bushel in 1917 was $1.94, while the average net price in 1941 was 50 cents. The

net value in 1917 was $453,038,600, and the net value in 1941 was $139,500,000. Then we find this paragraph:

Thus, while wheat production in 1917 was 45,257,150 bushels less than in 1941, the western farmers in 1917 received $313,538,600 more for their crop than the wheat farmers in 1941 received for their greater production.

I wonder if the minister realizes the significance of these appalling figures. I wonder if hon. members realize what they mean in sabotage of the production effort of the agriculturists in Saskatchewan. Yes, it is sabotage. It is sabotage by the financial system, pure and simple. They have not talked about the quota and all the damage it does to the farmer. I read another one:

During the present war, farm prices in Canada have been substantially below prices in practically every one of the warring nations.

I interject to ask the Minister of Finance if he can conceive of a reason why agricultural prices in Canada should be lower than in any other country of the warring nations. What has gone wrong with Canada that she should become all of a sudden so meticulous about giving farmers low prices? Is she producing a different type of farmer from what the other countries are producing?

This situation followed a ten-year period of extraordinarily low agricultural prices. Wheat for instance reached the lowest point in three centuries. Prairie farm income dropped $2·5 billion in the seven-year period following 1930 as compared with the seven-year period prior to that date. In the year 1926 agriculture received 24 per cent of the national income. In 1931 it received only 14·83 per cent of the national income. The figure for recent years has reached about 15 per cent. As one-third of the people in Canada are actually engaged in farming, it is obviously unfair for them to receive only one-sixth of the national income.

Yet in a country where conditions like that have been allowed to come to pass the minister tells us that Canada has reached her peak of production. And would the hon. member for Danforth, if he were in his place at the moment, tell us that the financial system is sound which permits a thing like that? It is not sound.

An hon. MEMBER: Except for the banks.

Mr. BLACKMORE: It is not sound even for the banks, for the banks are losing their money. How will the banks and mortgage companies get their money if they utterly impoverish the people who owe the money? Apparently their only object is to get the land. Why do some men in Canada want to get all the land? If their desire to get that is not clear evidence that fascism is already rather firmly established in this country, that they simply want to get the titles and deeds to make it that much more effective, will someone explain it?

I read further:

It is true that the government is spending a substantial sum of money annually for bonuses to farmers, but these bonuses do not begin to make up the difference between current prices and parity prices such as are now being paid to the farmers of the United States.

I think those are all the excerpts from that publication that I need to read in order to establish my point, namely, that the minister administering the present financial system is simply not encouraging the people of Canada to produce to the maximum the food which may be the determining factor in the prosecution of this war.

May I now read one quotation which comes not from farmers but from a source which certain hon. members will perhaps accept as being more dependable. This is from the Canadian Bank of Commerce monthly letter for February, 1943:

Our index of farm revenue rose to 88·8 (1926—100) the highest level since 1930, compared with 83·6 for the preceding twelve months. The rise was due mainly to greatly increased returns from live stock and milk, which more than offset smaller sales of wheat. Farm costs however rose from 89·5 to 98·5 owing chiefly to higher wages, with the result that farm purchasing power (revenue divided by costs) fell from 93·4 to 90·1.

It seems a reasonable conclusion, however, that some improvement occurred in the last quarter of 1942.

The writer did not take pains to elaborate. Could one have more convincing testimony to the impoverished condition which generally prevails in agriculture in this country?

As an illustration of the kind of thing which these men have evidently been using in making their computations may I read from the latest Searle Grain Company letter of March 3, 1943:

The Searle index of the cost of things farmers buy (147 items) now stands at 153·7 (1913-14 equals 100). This means that these same things cost farmers of the west at the present time 53·7 per cent more than did similar items of the same quality in 1913-14. (These costs have risen 17·3 per cent since August, 1939.) The price of wheat is now 5·5 per cent higher than it was in 1913-14. The purchasing power of a bushel of wheat is now, therefore, only 68·6 per cent of what it was in 1913-14.

Why do conditions like that exist? Because there is a faulty financial system in this country. If the financial system is unable to remedy that defect the financial system is due for a change, long overdue. The dominion government must discover and introduce a financial and economic system which will

render what is physically possible financially possible, so that Canada may have a genuine pay-as-you-go policy.

The minister has reported to this house year after year greatly enhanced revenues. Why have the revenues increased? Because the income of the people of Canada has increased. Is it to be supposed that if the income of the farmers be increased a few hundred million dollars the minister would not have derived more revenue from them? And will not the same rule that applies to manufacturers of other commodities also apply to producers of food? That gives point to the statement that we could have a pay-as-you-go policy if we managed things rightly.

Such a system has been discovered in social credit, and can be put into operation by an application of the monetary reform proposals of social credit, which will enable Canada to make a greater war effort without destructive taxation, without overburdening Canada's future with debt or impoverishing the Canadian people or endangering their democratic freedom.

There will be people who will challenge what I say. I invite them to make good their challenge. The simple fact of the matter is that this government has stubbornly refused to pay any attention whatsoever to the social credit system during these years, notwithstanding the fact that our need for a change is the gravest that has obtained in all our long history. Any financial and economic system capable of achieving the results necessary must be based upon the broad principle of the creation by the state of purchasing media that can be spent into circulation by the state without capital debt or interest charge. Such a system has been proposed by the social credit movement in Canada.

The dominion government must guarantee or cause to be guaranteed such prices and wages in such primary industries as agriculture, fishing, lumbering and mining as will positively assure Canadians of adequate supplies of food, clothing and shelter.

Generally speaking, all increases of prices and wages involved in the implementing of such guarantees must be in the form of bonuses or subsidies which will not cause added costs to consumers. The dominion government should pledge the Dominion of Canada to maintain such guarantees of price and wage levels for at least three years after the war. The state must create a substantial amount of the money needed so that it can be spent into circulation without capital debt or interest charge.

[Mr. Blackmore.]

What has the government done with the Bank of Canada? Let us look at page 873 of *Hansard* of this session. There we learn that the government borrowed from the Bank of Canada $443,000,000, including $250,000,000 in renewal of a loan, which, if I understand it correctly, means that the government borrowed this year from the Bank of Canada only $193,000,000. I wonder if the minister would feel himself free to tell us why he did not borrow $200,000,000; why stop at $193,000,000? I should like to know why he did not borrow $1,000,000,000 from the Bank of Canada. There it was; and I ask, what was the reason for creating the Bank of Canada? Was it simply to be a dignified ornament? The dominion government borrowed from the chartered banks some $790,000,000, up to March 31. Apparently the hon. member for Danforth does not know that every single dollar of that money was created. He imagined that the money borrowed came from the deposits of the people. He needs to learn more about banking. What we want to know in this house and what we have a right to have the minister declare to us, is why the government did not borrow that $790,000,000 from the Bank of Canada. I should like to read some quotations, particularly for the good of the hon. member for Danforth and the hon. gentlemen around him who applauded some of his unwise remarks about finance last evening. I am reading from the evidence before the banking and commerce committee in 1939:

Q. But there is no question about it that banks create that medium of exchange?

Mr. Towers: That is right. That is what they are for.

The minister will find that quotation at page 287 of the proceedings. Perhaps in the midst of his anxieties he forgot to refresh his memory as to what took place before that committee. Mr. Towers says definitely that the banks are there to create credit. Well, what is the Bank of Canada there for, if it is not to create money? Let me read further:

Q. And they issue that form of medium of exchange when they purchase securities or make loans?

Evidently that is created money.

Mr. Towers: That is the banking business, just in the same way that a steel plant makes steel.

That is also at page 287. How can one conceivably place any other interpretation upon those words than that the banks create the money which they lend?

In the light of those solemn and definite pronouncements, will the minister tell this house why he did not have the Bank of

Canada create that money and lend it to the Dominion of Canada rather than have the chartered banks create the money and lend it to the Dominion of Canada, thereby creating a debt and necessitating the payment of interest for years and years by the dominion, interest which was lost to the people of Canada, while that interest might have gone to the Bank of Canada and come into the possession of the Canadian people, inasmuch as that is a national bank. This is the sort of thing we want to understand, we want to know about, we want explained. I reassert that money can be created by a bank; both types of money can be created, both currency, which is bills, and credit, which is figures in a book or cheque-book money. If the Bank of Canada is a genuine bank, is there any reason why it cannot also create both bills and credit; and if the government chooses to have credit rather than bills, for some reason or other, surely the Bank of Canada can accommodate it. Why does the government persist in disregarding the Bank of Canada in connection with this function of creating money? I say it should have borrowed that $790,000,000 from the Bank of Canada.

The minister probably will reply, as he has replied already in this house, that if the dominion government borrowed Canadian one dollar bills from the Bank of Canada, then those one dollar bills would come into the hands of the chartered banks who would expand those bills ten to one, as is their privilege under the banking laws of Canada, thereby creating an excess of circulating medium which would put us in danger of inflation. That would be the minister's answer. Let me reason with him for a moment or two. Why not overcome that difficulty by having the Bank of Canada print the one dollar bill and then lend the Dominion of Canada the ten dollars credit? Then why should not the Dominion of Canada spend the ten dollars credit; and when that ten dollars gets into the hands of a chartered bank why not have the chartered bank present the cheque to the Bank of Canada and receive in exchange the one dollar bill, so that the chartered bank can expand ten to one, thereby giving it the cheque-book money with which to meet the obligation it incurs when it receives that cheque on deposit?

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. BLACKMORE: Mr. Speaker, when the house took recess I was arguing that the present financial system under which the Minister of Finance is endeavouring to conduct the affairs of this country in time of war has failed us signally and is threatening us with serious difficulties unless something is done about the matter. I moved an amendment to the motion of the minister in which I conveyed the idea that a change should be made at once, a change based on the general principle that state-created money which could be spent into circulation without capital debt and without interest charges should underlie the new system which should be introduced to make better Canada's war effort and to render it possible to make what is physically possible in Canada financially possible.

I asked the Minister of Finance why it was that the government persisted in disregarding the use of the Bank of Canada for financing the war. Specifically I asked why the $790,000,000 which the government found it necessary to borrow from the chartered banks this year had not been borrowed from the Bank of Canada. I foresaw that the minister would answer such a question in the usual way. He would say that if the Bank of Canada printed one dollar bills and lent them to the government and the government spent them, then the chartered banks would get the one dollar bills into their possession and would use them as a basis of expansion ten to one, as is their right and privilege under the Bank Act, and thereby they would greatly increase the amount of the purchasing power in circulation and produce a tendency to inflation which might be uncontrollable.

I pointed out that the government could adopt a technique which might overcome that difficulty. Suppose that the government desired to borrow $10—I am using the smallest sum to illustrate—from the Bank of Canada, it would not ask the Bank of Canada to grant it ten one dollar bills, it would ask the Bank of Canada to print one one dollar bill. That one dollar bill could be expanded at the rate of ten to one, which ought to be the privilege of that bank as well as the privilege of any chartered bank, and the Bank of Canada could then lend the government nine figures in a book or nine credit dollars which would constitute a checking account against which the government could issue a ten dollar cheque. The government could issue that ten dollar cheque for government expenditures, for example as payment of dependents' allowances. The ten dollar cheque would then come into the hands of a chartered bank, say the Bank of Montreal.

The chartered bank would discover immediately that it had ten dollars more bank credit

than it had cash on hand to support, according to the ten to one ratio. It would, therefore, apply to the Bank of Canada for some remedy. The Bank of Canada would ask that they send the ten dollar cheque to them, whereupon the Bank of Canada would send a one dollar bill to the Bank of Montreal which would immediately give the Bank of Montreal a basis for an expansion of ten to one which would enable it to expand its credit or its deposits sufficient to equal the ten dollar deposit which had been placed with it by the cashing of the cheque.

Mr. HANSON (York-Sunbury): How will it reach my pocket? That is what I am interested in.

Mr. BLACKMORE: I did not know the hon. member was so much interested in banking. I did not know that he was an important shareholder.

Mr. HANSON (York-Sunbury): I want the dollar bill.

Mr. BLACKMORE: I am astonished that the hon. member cannot follow this line of reasoning. I do not think I will repeat it just now, but I will give him another illustration after a while. Obviously the government under these circumstances would have got into its possession ten dollars from the Bank of Canada. This would be government money capable of being spent into circulation without an increase of capital debt or without incurring interest charges except with respect to the Bank of Canada, a government-owned institution. The government would then have ten dollars which it did not need to borrow from any organization except its own bank, or itself, and upon which it would not have to collect any taxation.

If that technique were followed the government would be able to prevent undue expansion on the part of the chartered banks. The Bank of Montreal would not be able to expand any further than the ten dollars which would be the exact equivalent of the cheque which was placed in the hands of the bank by the person who received the cheque from the dominion government. From that time forward the Bank of Montreal would have ten dollars more money in circulation as a result of the government's expenditure. The ten dollars would be made up of a one dollar bill which it would keep in its vaults as backing for the nine dollars cheque-book-money expansion. It would have a one dollar bill and nine dollars credit, which would constitute ten dollars more in circulation. But the bank could not expand that any further than the government's expenditures had expanded it. The same principle could be applied to $100,000,000.

Mr. MacNICOL: Why not a billion?

Mr. BLACKMORE: We shall come to that in a minute; one step at a time. If the government desired the Bank of Canada to lend it $100,000,000, it could call on the Bank of Canada to print ten million dollars of bills, keep the bills in their vaults and give the government a credit of $100,000,000. The government could write a cheque on that money. When the money went out into circulation it would get into the hands of the chartered banks. The chartered banks would submit a cheque to the Bank of Canada and would receive ten million dollars in bills as a basis for the creation of credit to equal $100,000,000 which had been spent and which had come into their hands.

If this technique is followed, all tendency to inflation through credit expansion by chartered banks will have been overcome. There would be no more of an inflationary tendency than there would be if the dominion government spent $100,000,000 which it had got from any other source—even borrowed from chartered banks. There may be some technical difficulties in the way of the application of the principle, but I submit that if there are any technical difficulties they can be overcome under the War Measures Act. Far more serious things have been done under the War Measures Act. The result of the whole procedure would be that the dominion government would be able to have money to spend which would not cause taxation of the people or incur permanent debt.

This raises the whole question of inflation which we have discussed time and again, and which I shall discuss briefly once more. I heard that a great reformer was once asked why in the world he repeated a thing one hundred times. He answered that he did so because ninety-nine times were not enough. If I repeat this a few times more I do it because I have not found that what we have said already is enough. First of all, what is inflation? Inflation is a rise in prices and cost, nothing more. The people have been taught to think that the German inflation consisted of something that had happened to German money. What actually happened was that German prices went up in terms of that money; the money stayed as it was, but the prices went up in terms of the money. That is all that that inflation was. The same thing happened with respect to the assignats in France during the revolutionary days. Prices

went up for various reasons. Once we lay down the principle that inflation is a rise in price we are able to deal with it as something concrete and we are able to take measures to overcome that rise in price.

There are three causes of inflation. First, there is deliberate manipulation. When the war broke out, certain concerns in Canada raised the price of lard immediately by two or three or four cents. Immediate government action forced them to put the price down again. That was a case of inflation by pure manipulation, for which there was no justification whatsoever. That rise in price was made purely for purposes of exploitation. That is one cause of inflation which has nothing in the world to do with money.

The second cause of a rise in prices is what is called the price spiraling. If wages go up, the cost of production goes up and the price of the product goes up. The product goes into circulation and raises the cost of living; then labour asks for a rise in wages, and the result is that we have the spiral.

The third cause is scarcity. Spiraling has very little to do with money, and scarcity has very little to do with money in circulation, either the kind or the amount of it, but those are the three causes of inflation and they are the only causes as far as I have been able to discover.

What can be done with respect to each of these causes? Price fixing will overcome the first form, deliberate manipulation. The government proved that in the early days of the war, and it has been proved a hundred times since.

Take the second cause, spiraling. The government has to step in and absorb the spread by means of subsidy, which the wartime prices and trade board, greatly to its credit, has proved to be a perfectly feasible device. The discovery has been made that spiraling can be prevented provided the subsidies are sufficient.

The third cause, scarcity of goods, can be overcome by price fixing, by stern repressive measures. One of the devices for overcoming a rise in price owing to scarcity is either to increase the amount of goods in circulation or else to ration the goods, one or the other, and usually the two devices together will overcome this third cause of inflation.

Looked at in this way, inflation loses its horror. It becomes no longer something dreadful, unknown, unfathomable. It becomes a reality with which the people can deal effectively in a concrete tangible way. The war is teaching us several important things. It is teaching us many things about inflation. First, it has taught us what inflation is. Second, it has taught us that it can be controlled. And, third, it has taught us how it can be controlled. The war is therefore conferring upon this generation a great benefit. It remains to be seen whether this generation is clear-headed enough to take advantage of what it is being taught and to apply to its own betterment the results of what it has learned.

This war is dispelling many delusions regarding inflation, such as that new money is inflation. Before the war broke out, the minute one spoke of the government creating a dollar bill people cried out at once, "Oh, that is inflation." That has been proved to be a lie, perhaps deliberately concocted and deliberately propagated among the people by certain selfish interests. That delusion has been dispelled.

Second, there was the delusion that new money necessarily causes inflation. That was an assumption quite commonly made. When the social credit movement commenced in Alberta we commonly heard all these untruths, these delusions, urged against the social credit policy. Most of them have now been dispelled.

The third delusion which has been dispelled is that creating money is or necessarily causes inflation; the fourth, that money without gold behind it is or necessarily causes inflation; the fifth, that state-created money is or necessarily causes inflation; the sixth, that money not lent by a bank is or necessarily causes inflation. Every one of these was a delusion. Many of them were taught in the schools to keep the people ignorant concerning the all-important matter of money. But the war is, as I have said, dispelling these delusions. We are learning to realize the truth of Mr. Hoover's remarks which I quoted earlier this afternoon, that the best remedy for a price increase is to increase production.

The experiences of Britain are most enlightening with respect to inflation. May I refer to the experiences of Britain during this war. There was great danger of inflation in Britain on account of the fact that there you have forty-seven million people living in a small island, with rather meagre resources in some respects. Under those conditions, as soon as the war broke out and restricted imports, there was every danger of inflation because great sums of money were being spent in the country in the conduct of the war. J. R. Scott Watson who was recently in Canada made known to us that the United Kingdom in 1939 had only thirty million acres in agriculture; much of that land was poor, much of it not in use. But Britain undertook

to feed her forty-seven million people from those thirty million acres. The product of the thirty million acres provided about thirty per cent of the food requirements of the people before the war, in 1939. Now, after three years of war, Britain has so stimulated her production that she is supplying sixty per cent of her food requirements, and her danger of inflation has greatly decreased as a result of this increased production.

There is another reason why Britain was in great danger of inflation, and the same reason applied in Canada. In the first place, individual incomes greatly increased in Britain, as they have done in Canada. The figures I have, indicate that individual incomes above £110 during the war and above £125 before the war rose from £3,000,000,000 in 1938-39, just before the war to £4,250,000,000 in 1941-42. That constituted an increase in the incomes of the people of 42 per cent, which certainly would be accepted as a cause of inflation. The mass of incomes in Britain between £125 and £500 rose from £1,850,000,000 in 1938-39 to £2,815,000,000 in 1941-42, or an increase of 52 per cent in the money in circulation. Thus we see that the monetary factor making for inflation was certainly there. The money was out in circulation; there were meagre resources for producing food; ordinarily one would expect inflation to follow. Not only that, but there was a dwindling of supplies in Britain. In December, 1942, civilian consumption in Britain in textiles is reported to have been only 25 per cent of the pre-war consumption. Just imagine if we in Canada had been obliged to wear only 25 per cent of the clothes we wore before the war! We should feel that we were rather restricted if we had only as few clothes as that to spend our money on. The pressure tending toward inflation would be very great under those circumstances because there would be so much money to spend on other things. Clothing consumption was only 45 per cent of pre-war consumption, and household textiles only 10 per cent of pre-war consumption. In addition, the paper available for use in Britain was only 20 per cent of what it was in pre-war days. The consumption of general essential civilian goods was only from 20 to 25 per cent of what it was in pre-war days. Put all these factors together and you have a tremendous inflationary pressure tending to pierce the price ceiling. What did Britain do about this situation? Certainly the stage was all set for inflation. How did she manage it? Did she control it, or did she succumb to it?

In the first place, Britain subsidized production—as I have advocated three or four times on the floor of this house—of all essential foodstuffs. She subsidized flour and bread and meat and bacon and milk, which means that she gave such income to the producers of all these, in various ways, as made it possible for them to produce much more successfully. Later on she subsidized cheese and tea and eggs and butter and potatoes and animal feeds. This she did by selling the goods on the market for less than she gave for them. As one illustration, in 1941 Britain paid the producer of eggs seventy-five cents a dozen and sold the eggs on the market for fifty cents a dozen, the state absorbing the twenty-five cents. Here was subsidy with a vengeance; but that sort of subsidy enabled the producers to produce to the maximum and enabled the consumers to consume without absorbing the shock. In other words, production was stimulated to the highest degree, but the cost of living was not raised thereby.

Again, Britain used a system of rationing. She rationed all clothing. The hon. member for Parry Sound (Mr. Slaght) and the hon. member for Rosetown-Biggar (Mr. Coldwell) were with me in Britain in the empire parliamentary delegation during 1941, and they will remember the very great difficulty there was in purchasing clothes. When we went into the country they gave us a card, and they told us with great care that if we used the privilege on that card to buy shirts we could not use the privilege to buy stockings, and so on.

An hon. MEMBER: Socks.

An hon. MEMBER: What kind of party was that?

Mr. BLACKMORE: I should have said "socks". Hon. members are amused. So am I, looking back at it. But the point is that the amount of money which could be used for clothing was rigidly limited. If you bought one kind of clothing you could not buy another. That was a system of rationing which certainly had people under restraint. On account of the rationing system, a millionaire, walking along the streets of London, could buy no more than a person with a very moderate income. That system was designed to prevent inflation, to prevent a pressure on the price structure arising from an opportunity for people to spend a large amount of money. People with large incomes could not spend those incomes simply because they were not permitted to do so, just as we here are not permitted to buy more than a given amount of sugar, no matter how much money we may or may not have.

The rationing extended to most kinds of clothing, to soap, and to gasoline.

The third device which Britain used to prevent inflation was the siphoning off of surplus incomes. Every device which the minister has used, Britain also used. They broadened the taxation base to bring a great many more people under taxation than had previously been subject to it. Besides increasing taxation, they sold bonds and certificates, as the minister has done. The same devices were used in Britain as in Canada. But one device which has not been used in Canada with anything like the carefulness or consistency which characterized it in England was the rationing device and, probably, the subsidizing device.

What happened in England? In the first place, during the first four months of the war, there was a rather rapid rise in prices, as there was here. From then on until the spring of 1941 prices rose very slowly. In 1941 the government, assuming that the price structure had reached a level which should probably be maintained, instituted a policy of stabilization, and they extended this in such a way that the cost of living index was not to be permitted to increase beyond 25 to 30 per cent above what it was in pre-war days. And their system worked. Now, if we take the price index as it stood in August, 1939, as 100, then the price index in April, 1941, was 129. So that prices had then risen almost as high as the authorities intended to permit them to rise. By September, 1942, a good many months later, they had risen only one more point, to 130, which indicates how perfectly the British had brought the price structure under control by the devices which they had used. During this time foods actually declined in price from 124 to 116, which indicates again what masterly control they exercised over the price structure. Such rises in price as had taken place were partly due to certain measures which were applied by the government and which had nothing to do with money. The government increased the taxes on sugar, tobacco and matches—much as taxes are increased here—causing a rise in price. Everybody realizes that the rise in the price of candy following the minister's last budget was due, not to the shortage of candy but to the tax placed on it. A rise in price all over the field can be caused by taxation, but has nothing to do with the money in circulation.

Another thing which caused a rise in price in Britain was a purchasing tax of 66⅔ per cent on the wholesale value of some luxuries. Another was a purchasing tax of 16⅔ per cent on the wholesale price of many other goods. This was nothing more or less than a sales tax. Naturally it caused a rise in price, but again, that rise had nothing to do with the money in circulation.

The result of all the devices which the British used is that the pound sterling has become the world's most healthy currency.

The hon. member for Danforth in his fine address spoke of sound money. If money is to be sound, prices must be stable. The first important thing in the maintenance of the value of the currency unit is stable prices, so that a man may know that with a dollar he will be able to buy as many pounds of butter, let us say, two years from now as he can buy to-day.

Mr. HOMUTH: Would there never be any fluctuation, then?

Mr. BLACKMORE: I would not say there would never be any fluctuation, but the amount of fluctuation could be controlled in such a way that the price could be maintained stable. This is the ideal of monetary management. When prices are stable, and the money is suitably circulated, and there are markets available, the tendency is toward sound money.

The word "inflation" has virtually been eliminated from the English vocabulary. I read in an article published in the *Christian Science Monitor* of January 30, and written by one René Cross, the last few lines as follows:

> The pound sterling is the world's healthiest currency. The word inflation can safely be eliminated from the English vocabulary.

Thus have the English people controlled their pound; thus have they managed inflation in these most trying times during war days.

Britain could have done just as well; she could have eliminated inflation just as effectively, if she had used to a considerable degree one pound notes spent into circulation without capital debt and without interest. May I illustrate? I have brought to the attention of this house two or three times, in the course of the years I have been here, the fact that during the last war Great Britain used money which was really a treasury note, and which was called a Bradbury. A good many hon. members have seen the Bradbury. It is nothing but a treasury bill valued at one pound. The Bradbury became to all intents and purposes a second currency. With the Bradbury the British fought the war, and with the Bradbury the British won the war.

Mr. MacNICOL: How did it get the name Bradbury?

Mr. BLACKMORE: Because it was signed by Lord Bradbury who, if I remember cor-

rectly, was head of the board which issued them. People called them Bradburys jocularly, and so originated the name of that famous British money during the last war.

Mr. HOMUTH: But there was still gold behind it.

Mr. BLACKMORE: Only a very small amount. They had behind it the treasury notes redemption fund, in which there was never at any time sufficient gold to give anything like backing. My hon. friends will find this dealt with most interestingly and scientifically in a book called "Currency, Credit and the Exchanges", by William A. Shaw, who was secretary to his majesty's treasury. That book is in the library; hon. members will find it very good reading, and most instructive. It shows how Bradburys were used in the conduct and in the winning of the last war. It is written by a man who undoubtedly is an unchallengeable authority, namely, Dr. William A. Shaw.

If in this war the British people had been using the Bradbury, which was issued without debt by the treasury, and without interest payable by the treasury, they could have applied the same anti-inflation devices exactly, namely, first of all subsidizing production to increase the amount of goods on hand; second, rationing and subsidizing prices, and, third, siphoning off. They could have used these three devices and could have controlled their prices just as accurately and effectively as they could, using the money they now use.

Mr. HOMUTH: Would the hon. member permit a question?

Mr. BLACKMORE: Yes, any number of them.

Mr. HOMUTH: Under the social credit scheme, from what I have been able to learn in the speeches to which I have listened in the past few years I would understand there would be no such thing as rationing, because there would be no necessity for it.

Mr. BLACKMORE: That is a very fine question. The important point to be borne in mind is that we are now at war.

Mr. HANSON (York-Sunbury): Oh, oh.

Mr. BLACKMORE: The hon. member has a chance to learn something, if he will listen. As soon as he sees a chance of getting something which will enlighten him, he shies off.

The point is that in war time there are always scarcities of goods. Social credit is designed to be a scientific method of distribution applicable in an age of plenty. It presupposes, therefore, an age of plenty. We are now in an age of plenty, or will be in the midst of it as soon as we are at peace.

The mere fact that we had overproduction all during the terrible thirties is clear evidence that there was an abundance of goods, and therefore rationing was unnecessary. Is that clear to my hon. friend? But when you come to a war and begin to use social credit devices in war time, of course you must use rationing in order to prevent evils which will naturally result from there being more purchasing power in the people's hands than there are goods to purchase.

Mr. HOMUTH: That is because there is a Liberal government in power.

Mr. BLACKMORE: I would not draw that conclusion. I suppose the hon. member is referring to the shortage of goods.

Mr. HOMUTH: And the shortage of government, too.

Mr. BLACKMORE: My hon. friend may make that allegation about the Liberals, but I do not propose to do so at the present time. They are guilty of some misdeeds, but they cannot overcome the scarcities which naturally result from war.

Mr. MITCHELL: What happened to the Bradbury in 1919?

Mr. BLACKMORE: It was the soundest money in the world.

Mr. MITCHELL: Except that the cost of living index was 98 per cent higher than in 1914.

Mr. BLACKMORE: Yes, but it was higher in the United States than it was in Great Britain. Laugh that off.

Mr. MITCHELL: The hon. member was talking about the Bradbury.

Mr. BLACKMORE: The cost of living was higher in France than in Great Britain. Laugh that off.

Mr. MITCHELL: You laugh off the Bradbury.

Mr. BLACKMORE: It is very apparent that the hon. member has a little information, but a little learning is a dangerous thing.

Mr. MITCHELL: My information arises from the fact that I spent Bradburys in 1919 and I know what they were worth.

Mr. HOMUTH: You did not spend enough.

Mr. BLACKMORE: And if my hon. friend had been spending dollars in the United States he would have known what was wrong there —or dollars in Canada. Conditions in the United States were not as good as they might be.

The trouble was that in the last war Great Britain had not perfected the techniques which she used to prevent inflation in this war. There was inflation at the time of the last war, and there would have been with any kind of money. Bank of England pounds were just as weak as Bradburys in Great Britain. I think I have dealt with that, but if there is any further question with respect to Bradburys, now is the time to ask it.

The point I wish to make is that the British government would have been able to manage its price structure and prevent inflation just as well if it had been using Bradburys, which were government-issued debt-free pounds, free of capital debt and free of interest—just as well as it has been able to manage with the regular money of the realm in this war, if it had only used the technique used in the last war. It could have subsidized production with Bradburys just as well. It could have subsidized consumption just as well with Bradburys. It could have rationed: it could have siphoned off just as well. The result is that it would have controlled inflation.

With respect to what Canada can do, let me say that Canada, with state money, could do just as well as Great Britain. Dominion dollar bills were just as good as were Bank of Canada bills. Money which hon. members used in Canada all the way through, until the time of the establishment of the Bank of Canada, were either dominion bills or bills of one of the chartered banks. And the dominion bills were just as good as bills of the Bank of Montreal, or those of any other bank. They were state issued, and the state did not owe anybody for one of them, and could have used them—

Mr. TUSTIN: Could those Bradburys be used outside England?

Mr. BLACKMORE: Of course not. Can the English pound be used outside England?

Mr. TUSTIN: Certainly.

Mr. BLACKMORE: I am sorry; I apologize to the hon. member, because I did not understand his question correctly. Bradburys could have been used exactly the same as Bank of England one-pound notes—exactly the same, no better and no worse. Does that deal with the hon. member's question? The question which I think is in the hon. member's mind is as to whether or not they were as good on the exchanges, and whether the exchange rate on them was as good. May I say to him it was just as good.

As I was proceeding to say, in Canada before the formation of the Bank of Canada we were using dominion dollar bills. They were just as good as Bank of Canada bills have been since that time. They were just as good as any bill of any bank in Canada, up to that time. During the last war the dominion government printed 26,000,000 dollars in bills and spent them just as they would spend ordinary revenue. Hon. members will find an account of that in the report of the royal commission on banking and currency in Canada. This was published in 1933 and I have a copy of it. This is what I find at paragraph 47 on page 22:

> In the war session of 1941 parliament raised the partially covered issue of $50,000,000.

That was partly covered with gold.

> Subsequently an issue of $16,000,000 was made against a deposit of railway securities—

No gold behind those.

> —guaranteed by the dominion government, as well as an uncovered issue of $10,000,000 for governmental purposes.

I contend that if the dominion government were printing bills to-day in the manner that they printed those twenty-six million and were applying the anti-inflationary devices which the British have applied with such success we would completely overcome inflation in Canada, just as successfully as we are overcoming it with the money we now use. And that money could be used to subsidize production and consumption just as well. And by rationing and siphoning off we would keep our economy free from inflation just as well as we can do with the debt money which we now use. The dominion government issued the money to which I have referred, the $26,000,000, under the Finance Act of 1914. Another finance act of 1923 permitted the dominion government to issue money in a similar way. It was understood that there was gold behind the dominion bills. In fact, there was gold behind dominion bills. Probably the gold gave a certain amount of value to the bills until April 10, 1933, when the gold redemption clause was suspended. After that there was behind the dollar bills no gold that could be called for; there was no redemption; still the dollar bills continued just as valuable as before. That indicates clearly that it was not the gold behind those bills that gave them value, and it was not the fact that the bills were printed or lent by a bank that gave them value. They were of value because the state printed them and behind them was the goods-and-services-producing-power of the nation.

I say that Canada to-day could use the Bank of Canada, the bills and money issued by the Bank of Canada, for the financing of a large measure of the cost of this war. I will

not say how large a percentage, but certainly the $790 million which we borrowed from the chartered banks could have been provided from the Bank of Canada. Canada could either cause the money to be issued by the Bank of Canada or she could establish a currency commission of the treasury board which could function as efficiently as the treasury board did in 1914 to 1917 in issuing money.

Mr. REID: If the hon. member would permit two questions: Under that system would there be taxation? And if there would be taxation, in what proportion would the issue of dollar bills be to the taxation?

Mr. BLACKMORE: There would have to be taxation while the war is on. One device for overcoming inflation is siphoning off the money the very device used by Britain. The minister uses them all, taxation, borrowing from the people by savings certificates or bonds.

With respect to the second point, I am not able to say at the moment what the percentage should be because I have not given thought to that matter. I would have to give it some thought.

I contend that in the light of the evidence which is available to-day members of this house are neglecting their duty to the people of to-day and to the people of the future if they do not canvass with the greatest thoroughness all the possibilities which might result from a proposal to finance in whole or in part the activities of this country with money which may be created by the state and spent into circulation rather than lent into circulation, and spent into circulation without debt and without additional interest.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I do not propose to speak at the same length as those who have preceded me. I think two speeches have taken five and a quarter hours, and I am sure the house is weary of long speeches.

First let me say that in common with all hon. members of this house we of this group are anxious to make the greatest possible contribution to the successful effort of this country in cooperation with the united nations in the winning of the war. However to-night I am going to discuss the budget. I would delight to enter into a theoretical discussion of the fundamentals of certain social theories which I hold, but I do not believe this is the time or place to do that. I do, however, want to say a word with regard to the hon. member for Lethbridge (Mr. Blackmore) and some statements he has made, because he has moved an amendment, and consequently one must, in passing, at least say something about it.

The hon. member for Lethbridge said he did not know what those of us in the other groups regarded as sound money; did we think that money with gold behind it was sound money, or money with anything else behind it? My understanding of sound money is money that is directly related to the goods and services which that money is designed to account for and to circulate in society. In order to get that sound money, society cannot rely upon any law of supply and demand in a social field in which great monopolistic enterprises, either financial or industrial, are predominant, and therefore the time has come when, if we are to have sound money, we must of necessity be able to plan our production and distribution in such manner that we are able to relate directly the purchasing power that is produced when goods are produced to the goods produced. We cannot regard money as anything but a rough and ready measure and medium of circulation for goods. It seems to me that my hon. friends to my left mistake money for wealth. In other words, they mistake the shadow for the substance. In my view sound money is money that is related to goods and services. If we stimulate the production of goods out of proportion to the amount of money in circulation, we have that bitter thing that we call deflation. If on the other hand, without regard to the goods that can be consumed in a nation, we circulate vast quantities of money, then we have the equally evil thing, inflation.

War demands at present have made it impossible for consumers' goods to be placed on the market to the extent that we are placing money in the pockets of the people who are producing goods, and consequently what the minister is up against to-day is not a shortage of purchasing power but the question how to extract the potential purchasing power from the pockets of those in the community who possess it. If the hon. member for Lethbridge would just examine one step further into the British scheme of things he would find that in addition to the very heavy taxation, at this very moment they are asking the public to raise a voluntary gift amounting to the enormous sum of $3,000 million for the purchase of aeroplanes. I refer to the "Wings for Victory" fund. That is to arouse the enthusiasm of the British people in order that they will surrender to the government a portion of the purchasing power that otherwise might create a demand for goods that cannot be satisfied.

Mr. BLACKMORE: That of course is a form of siphoning it off.

Mr. COLDWELL: It is, but if you are continually siphoning off, what is the object of continually pouring in something you have to siphon off?

Mr. BLACKMORE: If my hon. friend will permit a question; if the minister was so much interested in taking the money out of the pockets of the people, will he explain why he took $790 million from the chartered banks and put it back into the pockets of the people?

Mr. COLDWELL: The Minister of Finance (Mr. Ilsley) will have to answer that himself. Sometimes the loud laugh just speaks the vacant mind.

Mr. BLACKMORE: Not in this case.

Mr. SPEAKER: I must ask hon. members to refrain from interrupting the hon. member who has the floor.

Mr. COLDWELL: Yes, Mr. Speaker, and then I will not make any more remarks of that description. Under our present banking system, when the Minister of Finance goes to borrow funds from the chartered banks he borrows something from the private institutions that they are able to lend him because they are basing their credit upon certain notes and securities which they have obtained in various ways from the Bank of Canada.

Some hon. MEMBERS: No.

Mr. COLDWELL: At the present time, yes; and for every dollar the Bank of Canada issues, when it goes to the private chartered banks—and I use the term "private chartered banks" advisedly—they can lend, as the hon. member for Lethbridge properly said, at least $10 which they consider safe or, under our law, $20 if they so desire.

Some hon. MEMBERS: No.

Mr. COLDWELL: Certainly; that is the law. For every dollar of Bank of Canada money they hold they can lend up to that amount. Consequently, as the minister explained very fully last year, the issue of currency to meet our war obligations directly by the Bank of Canada is to that extent more inflationary than the direct borrowing of money from the chartered banks of Canada. The minister explained that very fully during last session. Now I am just a little tired of being lectured, and I sometimes think that, after all, we have in existence in Canada one government which represents in part the views of my hon. friend. This afternoon the hon. member for Lethbridge gave some instances of poverty in the province from which I come. I was going to give some of those instances myself to-night, but I shall not do so because that has been done. But let me point out that poverty on the prairies is not confined to Saskatchewan. It is also rife in Alberta, where in 1935 a government took office which said it would wipe poverty off the map in that province or the premier himself would take to the tall timbers.

Mr. JOHNSTON (Bow River): That is not right.

Mr. COLDWELL: I have in my hand one of a good many letters I have received from Alberta this session. I want to put it on the record, because letters were placed on the record to-day from my own province, and quite properly; I am glad that was done. This letter was written to a friend of mine in Saskatchewan, one of my supporters in my constituency. It is dated from a little place in Alberta, January 25, 1943, and says:

Dear Mrs.——

Seeing your add in the *Western Producer* where you have . . . turkeys for sale, I was wondering if I would be in time to get a hen and what would you sell one poor mother one hen for? The reason I am asking is, you see, we did not get any threshing done and then we have lost three litter of pigs, and then I am letting you know, but give you my word, as our good Lord knows that it is the truth. That is why I would like to get a start with turkeys so as to see if I could get a little money, as it sure is hard on a mother who has four boys to make clothes over for all the time until there is hardly anything to do anything with, so I hope you will help one poor mother out. My, you do not know how much it would mean to me. So what will you charge me? Let me know. Must close.

Mrs.—

Then there is a postscript:

P.S. Excuse this personal remark, but I have had no underclothes on all winter, and I am cold. —— would be the best place to send the turkey hen, as the station is half a mile and the above post office is five miles. Do let me hear.

Then the last sentence:

Do you listen to the Heaven and Home hour?

Mr. HANSON (York-Sunbury): What is that?

Mr. COLDWELL: It is a radio broadcast from Alberta. Therefore when we are talking about poverty, let us look at ourselves just a little. I noted that in the budget of the province of Alberta recently brought down in Edmonton there is a surplus of two or three million dollars; yet look at the poverty in that province. And still we hear so much about what will be done in the future.

Mr. HLYNKA: What has that to do with this budget?

Mr. COLDWELL: This afternoon the hon. member for Lethbridge indicated the poverty of the province of Saskatchewan.

Mr. BLACKMORE: Only as an illustration.

Mr. COLDWELL: And I am indicating, as another illustration, the poverty in Alberta, where my hon. friend's party is in power.

Mr. BLACKMORE: I am very glad you are doing it.

Mr. COLDWELL: Now let me say that my hon. friend's ideas and our ideas about money are quite different. I have given what I believe is a correct definition of what sound money ought to be. We do not believe in the present system. We believe that all money should be national money. We believe that the whole financial system should be a national system. That was illustrated last year in an interchange which took place in this house and which appears at page 3108 of *Hansard* for June 5, 1942. The Minister of Finance referred to the hon. member for Lethbridge, and said:

> The hon. gentleman seems to argue part of the time that we should run the banks. That is the Cooperative Commonwealth Federation policy. He seems to object to the private banking system. Instead of allowing the banks a profit on the carrying on of banking activities, he suggests that the government should carry them on; and, as presumably he would say, that the government should have the profit themselves. Is that the position of social credit?

The hon. member for Lethbridge replied in these words:

> No; that is not quite correct. The social credit movement believes that the banks can work for the government. The banks do not necessarily belong to the government. It may be quite all right for the government to buy the whole banking system. We would certainly never favour having the government seize it or cause any harm to the bankers.

If I have learned anything since I have been in this house, I thought from the point of view of our social credit friends the bankers were the big shots who were entirely responsible for every evil that has cursed this country since confederation. Then he went on:

> We do believe in private enterprise. That, the minister will find, is the distinctive difference between our movement and the socialistic movement, which seems to favour government ownership and direction. We believe it is better for the country to have private ownership.

I find it very difficult to understand exactly what is involved in that answer, but let me say this to my hon. friend. When he was speaking the other day, after I had spoken, he said that we of the Cooperative Commonwealth Federation were "shifty." I want to say that I know of no more shifty statement on the records of this house—

Mr. BLACKMORE: It was completely consistent.

Mr. COLDWELL: —than that, which was applied to the Cooperative Commonwealth Federation group.

In order that we may place our position clearly before the house, I wish to move an amendment to the amendment which has been moved. I move, seconded by the hon. member for Cape Breton South (Mr. Gillis):

> That all the words after "that" in the amendment be struck out and the following substituted therefor:
>
> "this house regrets the failure of the government to provide for the nationalization of the banking system so as to make possible the full utilization of the Bank of Canada for the financing of the war;
>
> and further this house regrets the failure of the government to provide for increases in the amounts paid to old age and blind pensioners, or to make adequate provisions for veterans of the last or the present war, or their widows and dependents;
>
> and further this house regrets the extent to which the government has vested the control of the Canadian economy in monopolistic industry and finance."

There we place our position in the clearest possible language. We believe that if we are to have a financial system that will be an instrument of the country in which we live, the financial institutions must be the property of the nation. Some may disagree with that, but that is the position we have taken in this house throughout the years, and that is the position taken by all democratic groups like ours wherever these are to be found throughout the world.

I want to get down to some of the things in the budget. I am sure that none of us in this house is envious of the task that had to be performed by the Minister of Finance. That task is easily illustrated if we look up the record for a few years back. For example, we find that in the fiscal year 1938-39 the total revenues of Canada were the paltry sum, as we think of it nowadays, of $502 million. I recollect how we were told that we could not find an additional $100 million to provide work for those who were unemployed and travelling from place to place across this country. Last year the total

revenues in round figures were over $2,200 million. A comparison of the expenditures shows the same state of affairs. The total expenditures in 1938-39 were $553 million, leaving a deficit of $50 million. The total expenditures in 1942-43 were nearly $4,500 million, and with revenues of less than $2,225 million, there was an estimated deficit of just over $2,225 million.

I wonder how many members realize that if you add up all the appropriations we have made, since September, 1939, including the one now covered by the resolutions before the house, you will find they total $12,500 million. I looked up the *Canada Year Book* to see what the total estimated wealth of this country was. The last year for which it was given was 1933, when it was shown as $25 billion. In the four years of war we have spent a sum of money equal to one half of the estimated total wealth of Canada in 1933.

Mr. SLAGHT: That was a bad year.

Mr. COLDWELL: If the hon. member for Parry Sound will do what I did and look up the figures for 1927 he will find that the estimated national wealth for that year was not much higher. I have just forgotten the figure, but I know it is not much higher. It seems to me that there are valuable lessons to be learned from this. We have been told to-night that we live in an age of potential plenty. I believe that in normal times planned scarcity ought to be regarded as a high crime on the part of any government. What we have done during the war has not been done by means which are at all mysterious.

I remember in 1933 during the course of some public addresses which I made, one of them over the radio, I said that if all our people in Canada were put to work, if all our idle machines and resources were used we could provide goods and services to furnish on the average every Canadian family of five with approximately $4,000 worth of goods and services. I was laughed at, but the governor of the Bank of Canada estimated just recently that the gross value of the national output for this year will be approximately $9 billion. With 700,000 of our young men and women out of production and in uniform we have been able to produce in Canada goods and services to a value rapidly approaching the figure I mentioned for a family of five. It has not quite reached that figure, but it is rapidly approaching it.

We are producing more goods, but we have not had the benefit of them in our own communities because the goods we are producing to-day are not civilian consumption goods—they are goods for war. If we organize our industrial and economic life as we ought to, we should be able to produce goods for peace to the same amount, or even more because we would have 700,000 more men and women in industry. However, the unfortunate factor is that in normal times the main stimulus to economic activity is not defence of the nation or the good of the community, but the making of profit. To my mind that motive is wrong, but it is the motive which sets the wheels of industry in motion and keeps them running. May I say to my hon. friends to my left that it is this constant dipping by the great financial organizations, the taking out of purchasing power that they cannot use for consumption goods, that causes stagnation and ultimately ends in depression.

The interest of the people is sacrificed in such times by government non-intervention, but that is the price we pay for free enterprise. We take the position that in any proper form of society human needs ought to come first and that the making of profit ought to be a purely secondary consideration, instead of reversing the position. Let me say that the fateful years through which we passed condemned not only the people but the nations to insecurity and inequality. We then got the ultimate result—war.

My adverse criticism of the budget is that it contains no attempt whatsoever to relieve poverty and to remove trade barriers which will be a potent factor in the post-war world, nor does it prevent control of our economy by monopolistic industry and finance. To-day, in this war, sacrifice to be just must be equitable. We have no right whatsoever to ask the aged, on their old age pensions, and the widows and dependents of the men who perished in the last war or in this war to accept, during this war, a sacrifice which is inequitable. Of course, we are told that undoubtedly when the war is over, better times will be ahead. Well, I view promises with a good deal of suspicion. There have been too many promises, and the vain repetition of promises is useless in these days to satisfy the people of our country. In 1919, if I may quote again from a document from which I quoted the other evening, the present Prime Minister (Mr. Mackenzie King) attended and was elected leader at the great liberal convention in this city. He moved a resolution there on social security and said this:

The committee feels that this war—

That was the war of 1914-18.

—was a war for freedom. It was a war to bring about throughout the world a larger measure of human freedom; and that the men who

sacrifice their lives do so that there might come into the world a newer and higher civilization. Those who did live through these stormswept, war-swift years in France and Flanders were not preserved that they might return to conditions of warring factions in industry. They have come back with the hope of helping to bring about a condition in which the life of the people shall be made a life of greater freedom, a life of greater human happiness for the masses; a life of social, political and industrial freedom in so far as it is possible to make it such.

He went on to say—this was on August 16, 1919:

It is not enough to have work one day and unemployment the next, to have work at one time and then when sick be helpless. . . . The Liberal party of Canada in accepting this programme in its entirety to-night is taking a position which in the course of time will be regarded as historic; it is declaring itself the first political party in any country in the world to accept this programme and to ask its followers to join with other nations in carrying it out.

Those were noble words, but need I say to this house that those promises have been unfulfilled? If you look at Britain, Australia or New Zealand, you find that those countries have gone far beyond what we have done. Since that day the Prime Minister spent seventeen years in power in this country. During his regime we drifted into a depression, we saw the League of Nations destroyed; we helped to arm the aggressor powers, we shipped nickel, copper, aluminum to them. I think that is sufficient condemnation.

The Minister of Finance also spoke of the tariff. He said that to-day the tariff had little effect. The revenue last year amounted to $118,000,000; that was the estimated receipts in this year's budget. My suggestion is this, that if tariffs amount to very little these days, why not remove the tariff altogether on the essentials for war and on the necessities for life? That would indicate Canada's stand. It would be a fine gesture.

When I was on the war expenditures committee, as other members who were with me will recollect, when we were looking at the expenditures we would find from time to time tariff duties on machines brought into Canada for war purposes. Here we are in the middle of a war importing necessary machinery, and may I add, vital repairs to the machines used in our agricultural industry, and those war machines and those agricultural machinery repairs have to run the gauntlet of the tariff.

Mr. DOUGLAS (Weyburn): And the exchange tax.

[Mr. Coldwell.]

Mr. COLDWELL: Yes, and the exchange tax.

To-day the nations' trade is run through national boards. The Minister of Finance also said this:

There again, however, will be a time when the tariff will be an important instrument of trade policy.

It is left for a future decision. I thought the Liberal party had made a decision on that subject long ago.

I listened carefully last night to see where the Progressive Conservative party stood in relation to trade. I must say that I could not hear very well from where I sat, but I listened carefully and I read their spokesman's address in *Hansard* this morning. It seems to me that the critic for the Progressive Conservative party looks forward to the time when the industries of Canada will be protected again by a fairly substantial tariff. That was the correct interpretation, I think, that should be placed upon the hon. gentleman's remarks. All through the years, Mr. Speaker, we have stood by this statement—I am quoting from our manifesto of 1933:

The strangling of our export trade by insane protectionist policies must be brought to an end. But the old controversies between free traders and protectionists are now largely obsolete. In a world of nationally organized economies Canada must organize the buying and selling of her main imports and exports under public boards.

That is precisely what the nations are doing now and what I believe they will do in the future. Instead of a large number of individuals going on to the speculative market and buying various commodities, we shall find the government doing the buying through boards. That is something we heard about last year when we were on the other side of the ocean. If that policy was correct in any particular in 1933, it is much more correct to-day.

I pass on to something else. More disturbing still is the situation in regard to our war industries. When I look around I find that representatives of big business control a number of the major economic functions of the state to-day. Orders in council have been passed by the thousands giving them power, with no adequate supervision, and, indeed, no opportunity for this house to make the intensive studies of these 35,000 orders in council that ought to be made—there are too many of them. If I may refer again to 1919, there was no more caustic critic of government by order in council than the present Prime Minister who on August 6, 1919, moved a resolution in this city reading thus:

...restoration of the control of the executive of parliament...

I skip a few words:

...and the discontinuance of government by orders in council.

Those were the words of the present Prime Minister after the experiences of the last war.

When I speak of these things, let me say that there are other disturbing factors. The war expenditures committee pointed out the necessity for looking into agreements that contained clauses for accelerated depreciation or for rebates from the Excess Profits Tax Act. I brought down with me, so I thought, two or three orders in council that were tabled recently. After the last session of parliament I did discuss one of these agreements, not the one tabled recently, but one tabled last session, and when I first mentioned it I made an error in my interpretation of it which I corrected.

But let us look at two or three of these contracts. Here is P.C. 2846, an agreement made with the Consolidated Mining and Smelting Company of Canada under the War Exchange Conservation Act, the one made last April to which I have referred. What is that agreement in brief? This company agrees to construct an additional power plant at an estimated cost of $9,256,000. This plant is to be leased to a subsidiary of Consolidated Smelters, the West Kootenay Light Company Limited. In return the agreement states that in the computation of the amount of the profits of the company for the purposes of the Income War Tax Act and the Excess Profits Tax Act, to determine the liability of the company to pay tax under these acts for each of the years 1941, 1942, 1943 and 1944, a special deduction from profits is to be permitted each year. The amount of the special deduction is not to exceed fifty per cent of the total expenditures made on the power project; that is to say, not more than one-half of $9,256,000. This, I submit, is equivalent to the government making a gift of over four and a half million dollars to this company.

Mr. ILSLEY: No, it is not.

Mr. McLARTY: It is a maximum.

Mr. COLDWELL: It is the maximum, and they will get the maximum.

Mr. ILSLEY: Well, that remains to be seen.

Mr. COLDWELL: As will be done by the next one to which I shall refer.

Mr. ILSLEY: It is merely a write-off which would have taken place in the normal course, but over a little longer period; that is all.

Mr. COLDWELL: "Over a little longer period." We pay for it during the war, and the company has the plant.

Mr. JACKMAN: The country has the plant.

Mr. COLDWELL: Consolidated Smelters has the plant.

Mr. JACKMAN: The country has the use of the plant during the war.

Mr. COLDWELL: And we pay for it. I refer now to P.C. 7819, made with the Falconbridge Nickel Mines Limited. Under the same act, this company was assured of a contract through the war production board of the United States to purchase ten million pounds of nickel in matte during 1942 to 1945 at a price which included six cents a pound extra to repay the company, over the life of the contract, for the capital costs incurred in fulfilling the order. The company claimed that unless special depreciation allowances were granted to enable the company to amortize the costs of the additional facilities in mine, mill and smelter over the life of the three-year contract, the expenditure necessary to provide the facilities would be wholly unjustified on account of the small net return and doubtful value of the additional plant and facilities after the war. Now what does the government allow? The government has allowed the company, in computing the amount of profits for purposes of the Income War Tax Act and the Excess Profits Tax Act, a deduction by way of special depreciation allowance as follows: for the year 1942, twenty per cent of the cost of depreciable assets, not to exceed $131,346; and for each of the years 1943 and 1944—each of the years—forty per cent of the cost of the depreciable assets, not to exceed $262,690 in each of the three years. And who is going to own the plant and the depreciated assets at the end of the three years? This nickel company.

Mr. McLARTY: What is wrong with that?

Mr. COLDWELL: The other day I asked some questions in the house about the Shipshaw development. I wish to say that I object to the government of Canada giving anything to either the nickel company or the aluminum company. The Aluminum Company of Canada Limited was the predominant partner in the Alliance Aluminum Company of Basle, Switzerland, in 1931, when the world was divided up among German and other companies. I do not want to name them all.

An hon. MEMBER: Why not?

Mr. COLDWELL: Because, to be perfectly frank about it, I do not happen to have them on the tip of my tongue. The Aluminum

Company of Canada was the predominant partner when the markets were allotted in July, 1931; it had the largest amounts allotted to it of any company. What do we find? We find that that agreement stated in effect—and they varied that agreement a little later on so that they would not interfere with one another in the export market—that each member of the Alliance could manufacture up to the limit in its own domestic market. We find to-day, as a result of that policy, that we have to gather up the old aluminum pots and pans throughout this country and in the United States because during these years, under that agreement, the Germans had built up the largest aluminum development in the whole world.

Mr. HANSON (York-Sunbury): Oh, no, the United States has the largest.

Mr. COLDWELL: I can give my hon. friend the figures. I am not speaking without having studied this matter fairly intensively during the past few weeks and examined the records of the committee which sat in the United States the other day.

If you look at International Nickel and the other nickel companies you find the same thing. Yet under policies like this we are handing over the control of plants and resources to these powerful monopolistic industries which will, if they have the opportunity, regain some sort of liaison with the great companies in the countries with which we are at war Therefore I say that I object strenuously to the alienation of our resources and the depreciation of our national investments in this manner to companies of this description.

One other example—

Mr. SPEAKER: I am sorry to interrupt the hon. gentleman, but he has exceeded his time.

Mr. COLDWELL: I moved a subamendment, Mr. Speaker.

Mr. SPEAKER: As the hon. member says, he moved a subamendment. But I have examined the question whether the hon. member is entitled to longer than forty minutes, and I have come to the conclusion that he cannot be permitted to continue beyond that time except with the unanimous consent of the house.

Some hon. MEMBERS: Go on.

Mr. COLDWELL: Thank you. May I point this out, that last year, when the hon. member for Lethbridge was in exactly the same position as I am in to-night, he was allowed to continue, and it was stated that he had the right to continue. I did not think of bringing down this evening the copy of *Hansard* which bears on that point because I did not think the matter would be raised. Had I done so, I would have been quite prepared to discuss the question.

Some hon. MEMBERS: Go ahead.

Mr. HANSON (York-Sunbury): Let us have a ruling.

Mr. SPEAKER: I have no recollection that such a privilege was given to the hon. member for Lethbridge; but I was considering, while the hon. member for Rosetown-Biggar (Mr. Coldwell) was speaking, whether the point might arise, and I think the house is entitled to know the reason why I should object to the hon. member continuing.

Mr. COLDWELL: Well, Mr. Speaker, if there is any question about it—

Mr. HANSON (York-Sunbury): Let us hear Mr. Speaker's ruling.

Mr. SPEAKER: If the hon. member with the consent of the house wishes to continue longer, of course the Chair will agree; but in the circumstances here perhaps it might be well if a ruling came from the Chair, because the same situation arose on the debate on the address; the question was then raised, but not presented to the Chair for any decision. I think it might be well that the hon. member should continue, because that appears to be the feeling of the house. Nevertheless, for the guidance of hon. members in future, I think the house should know the position I would take with regard to this question.

Mr. HOMUTH: Let us have the ruling.

Mr. SPEAKER: Standing order 37 states:

> No member, except the Prime Minister and the Leader of the Opposition, or a minister moving a government order and the member speaking in reply immediately after such minister, or a member making a motion of "no confidence" in the government and a minister replying thereto, shall speak for more than forty minutes at a time in any debate.

A close examination of that standing order shows that it had been drafted without having in view the complex situation which has arisen, as we have it to-night, and as we had it during the previous debate on the address. The principle that each amendment or subamendment is a separate question only applies to relevancy and to the right of a member to speak again. It has no relation to the special rule limiting the length of speeches, and it does not alter the fact that when the house is seized of a motion of want of confidence all the allegations which make up that motion must be decided together. Members may vote against the amendment and for the motion, or

vice versa. In any event the final decision of the house can be ascertained only after the amendment has passed through all its proposed alterations, and resolved on its final phraseology which will be the real motion of want of confidence put by the Chair. Such a motion cannot be divided.

The hon. member's subamendment is as follows:

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

"This house regrets the failure of the government to provide for the nationalization of the banking system so as to make possible the full utilization of the Bank of Canada for the financing of the war;

And further this house regrets the failure of the government to provide for increases in the amounts paid to old age and blind pensioners, or to make adequate provisions for veterans of the last or the present war, or their widows and dependents;

And further this house regrets the extent to which the government has vested the control of the Canadian economy in monopolistic industry and finance."

That is an amplification of the motion of want of confidence, as embodied in the amendment of the hon. member for Lethbridge. There cannot be two motions of want of confidence at the same time before the house. There is only one now, and it consists of the amendment together with the subamendment. The vote on the subamendment will not be final, but it will have to be followed by the question: "Shall the amendment as amended carry?" If it carries, "no confidence" will have been voted against the government. For these reasons I rule that the hon. member is not entitled to speak longer than forty minutes.

However, if there is unanimous consent of the house, I presume the hon. member may continue.

Mr. ILSLEY: Yes.

Mr. SLAGHT: Mr. Speaker, in view of your last statement, although perhaps not strictly in order I should like to mention the reason why I think all hon. members ought to permit the hon. member for Rosetown-Biggar (Mr. Coldwell) to continue his speech at least to a reasonable degree. My reason is this: Under a friendly arrangement, on a major debate it has been arranged that one of them shall precede the other, and that in a following debate the other should come first. As hon. members know, this arrangement gives the leader who speaks first the right to move an amendment to the main motion, thereby gaining the right to address the house without restriction.

Mr. SPEAKER: Order.

Mr. SLAGHT: Under those circumstances I appeal to hon. members to permit the hon. member to proceed.

Mr. HANSON (York-Sunbury): Where are you going to draw the line?

Mr. SPEAKER: I have given my ruling. The hon. member for Parry Sound must realize that when a question is put to the Chair all the Chair can do is to give an interpretation of the rule. I have endeavoured to do so, and in my judgment the hon. member cannot continue, under the rules. However, with unanimous consent the house may permit the hon. member to proceed, and I take it that it is the wish of hon. members that the hon. member for Rosetown-Biggar should have that privilege.

Mr. ILSLEY: Go ahead.

Mr. COLDWELL: I shall draw my remarks as rapidly as possible to a close—

Some hon. MEMBERS: Go ahead.

Mr. COLDWELL: —leaving out some of the things I had intended to say.

Mr. HOMUTH: Go on; the Liberals want to hear you.

Mr. COLDWELL: Well, I am glad to know the Liberals are courteous enough to want to hear me; but I believe the hon. member who has just interrupted will agree with me when I say I have not spared the Liberal government to-night.

Mr. HOMUTH: I am always interested.

Mr. COLDWELL: Before taking my seat I wish to say something about some other matters which are related to the ones I have just mentioned, and which I believe are disturbing. I am not going into this fully to-night, because there will be other opportunities. I am, however, thinking of the tremendous expansion which has occurred in the last four years in the air transport system of Canada. I am thinking, too, of the fact that when we set up the Trans-Canada Air Lines it was generally understood that years ago we had made a mistake in not keeping the railways as a national organization. It was pointed out that at least we ought to keep the air free for the people, and unalienated in any degree. And yet during the past year we have witnessed the tremendous growth of the new Canadian Pacific air lines. We notice a statement from L. B. Unwin, president of the Canadian Pacific lines, in which he states:

During its first year of operations Canadian Pacific Airlines flew approximately 6,000,000 schedule airplane miles in 1942.

Passengers and mail carried were more than double the previous year. Air cargo reached a record total of close to 10,000,000 pounds. The company now employes over 6,000 employees in its commercial operations, air training schools and overhaul plants.

Then we are told that it played a major role in the construction of the Alaska highway. It did.

Mr. HANSON (York-Sunbury): It shows what a private enterprise will do.

Mr. COLDWELL: A private enterprise based on heavy expenditures made by the people of Canada. What have we done? We have provided them with all the facilities required. We have provided the long and more expensive hauls across the country, leaving the short and more profitable hauls in the hands of the private organization. Let us remember that it entered the field only since the war. And what it has built up to date has been built through war traffic, mainly through carrying government men, government equipment and government freight.

What about it in the post-war period? Well, we have to watch. The president the other day was quite frank in this statement:

In this regard the Canadian Pacific, as a long established world-wide transport system, will undoubtedly through the extension of its air operations, take its natural place in the development of world trade and travel routes.

In past months I have had some little opportunity to sit in on discussions dealing with post-war air traffic, and I want to say that as a country we are making a mistake if we do not do what other countries are doing, namely, safeguard our airways, and our own publicly owned air corporation.

In the United States they have the great Pan-American Airways Limited, a private organization. I say that that organization, in seeking to gain control of certain airways in this world, will create considerable difficulties for the great nation to the south of us, and make it more difficult, in some respects, perhaps, even to reach the kind of international agreements we want to reach.

Mr. MARTIN: It is backed by the United States government.

Mr. COLDWELL: Great Britain has kept her airways under her control, Imperial airways, British airways, government controlled organizations, and we should see to it that since we control the vital air route between great populated areas of the world in Europe and Asia we do not allow the alienation of our great air routes.

There are one or two other observations I wish to make, but I will be very brief. We are pleased that the government has adopted the pay-as-you-go plan of income tax payment. We are under no illusions, however; we know we are going to pay more this year in most of the brackets. But I believe the change will relieve a good many people of worry about the hang-over from the previous year, and with the high taxes we have I think it is important that we should have no hang-over of any description, if I may put it in that way. I am pleased also that the minister has exempted government annuities; that is something that I thought it was a pity was not done last year.

Mr. HOMUTH: He has not told us that.

Mr. COLDWELL: Oh, yes, that is the intimation in the budget speech.

Mr. ILSLEY: I do not know whether hon. gentlemen are thinking about the same thing. I stated in the budget speech that payments on government annuities purchased before the date of last year's budget and being paid before that date would be allowed as offsets against the refundable tax.

Mr. COLDWELL: That is right, placing such annuities on the same basis as life insurance was on the same date. I am very sorry that we are continuing the system of encouraging prospecting by mining companies by means of rebates of their war taxes. I think again we are allowing the alienation of our natural resources to private corporations when the time has come when we ought to be doing some of this prospecting and developing ourselves.

In relation to income taxes generally, I suggest to the minister that while the computation of farmers' income taxes on a two-year basis is better than on a one-year basis, speaking particularly for the farmers in the prairie provinces where we sometimes have quite long periods of drought and disaster, that period is not long enough. It should be an average of five years, or three years at the very least.

We from the prairies are disturbed about the threat that we hear that the cooperative societies may be assessed for income tax. We hear rumours to that effect. I suggest to the minister that he follow the example of other countries where cooperatives have been in existence for a long time and treat them here as they are treated there. These societies are not corporations; they are simply mutual aid societies, not out for profit making but purely to perform a service, and anything that accrues to the members in the way of patronage dividends is incidental to the real purpose of the society.

I did intend to say something about the national debt, but I shall leave that until the resolutions are under discussion. I want to thank the house for the courtesy it has extended to me to-night. I did not wish to trespass upon the time of the house beyond my forty minutes when I discovered that was all I was entitled to, and I am very grateful for having been given this courtesy.

Mr. J. G. TURGEON (Cariboo): I know that the leader of the Cooperative Commonwealth party (Mr. Coldwell) who has just taken his seat will excuse me if for a moment only I deal with some of the incidents of the last twenty or twenty-five minutes. First may I say, partly in joke but only partly so, that I could see a little chuckle of delight on the part of the Minister of Agriculture (Mr. Gardiner) at the commencement of the hon. member's address when he took issue with the hon. member for Lethbridge (Mr. Blackmore) over the allegation that the province of Saskatchewan is in worse shape than the province of Alberta. I am sure the Minister of Agriculture was delighted to hear a defence of the government of Saskatchewan.

Mr. COLDWELL: Anything but that.

Mr. TURGEON: I know, but that was the effect. The other thought I want to express in connection with his general statements is as to what he said about this government permitting private air companies to operate. What will be the proper solution of our air problem when this war is over is a question on which at the moment I cannot state an opinion. It may be the duty of Canadians to see that Trans-Canada Air Lines is enlarged so as to include all air transport. Personally I am doubtful of it. But what I wish to point out is that if what the hon. member said to-night had been the considered policy of this government during the last ten years, all that part of British Columbia known as the Cariboo country, which extends almost from within touch of Vancouver city clear to the Yukon and across the mountains to the Northwest Territories would have been without its one saving feature in transportation; it would have been without airways. The first air company operating in that whole part of British Columbia was the originator of the Yukon Southern. It was greatly extended until that part of British Columbia north of the main line of the Canadian National Railways from Edmonton to Prince Rupert had an air service where before it had no transportation whatever except seasonally down the waterways. That air service was then extended until Vancouver and the Peace River block, White Horse in the Yukon Territory and Edmonton were all connected by air service. And it was only after those air services were in operation and that part of British Columbia enabled to come in small measure into its own that the Canadian Pacific Railway Company came in and bought out the existing companies. If it is the considered policy of the hon. gentleman who has just spoken to see that no private companies be permitted to run in such areas as that, I must take exception to it.

Before speaking on the budget and in connection with money matters, with which parliament naturally has so much to do, I wish to say a word concerning my young and very good friend the hon. member for Peel (Mr. Graydon) and to congratulate him and the Progressive Conservative party upon its choice of him as its leader in this house. The hon. member has been in my constituency; he has been in that part of the Cariboo which started the population trend in British Columbia, that part where the Cariboo gold rush took place. He has not been in the other part of my constituency which is becoming famous on account of the very air services of which I was speaking a few moments ago. Speaking here to-night, I want to tell all the supporters of the Progressive Conservative party in my constituency that they can be satisfied that they have conducting their party affairs in this house an honest, good Canadian.

But may I express just a word or two of wonderment. Since he has taken over the leadership of his party in this house I have noticed that, quite naturally, he has been very proud of the word "Progressive" which has been attached to the word "Conservative" in the re-naming of the party. I am inclined to think that the Winnipeg conference was an excellent thing for the Conservative party, and I believe it will turn out to be a good thing for Canada, because it has helped to focus attention upon the need for reform. It has directed attention to those groups of men and women who in days gone by, when reform was not as popular as it is to-day, were trying to bring about a condition under which reform could take root and grow. Since the Winnipeg convention, every time the government has made any suggestion of a movement looking to reform, either the leader of the Progressive Conservative party or someone behind him has stated that the inspiration came from the Winnipeg convention. He has not yet claimed that the Atlantic charter was inspired by that convention; and while at that convention many

glowing references were made to our relations with the United States, neither has he claimed that the Ogdensburg agreement or the Hyde Park agreement, which followed from it, were inspired by the Winnipeg convention. However, as I have said, it is a good thing that the Winnipeg convention took place. The Progressive Conservative party have confessed and have repented, though I am afraid they will have to remain in sackcloth and ashes for quite a while yet. I feel certain that if the hon. member for Lethbridge (Mr. Blackmore) were sitting in the place of the right hon. Prime Minister (Mr. Mackenzie King), he would say to my friends opposite, as St. Matthew said, "Are you simply fleeing from the wrath to come?"

I should now like to put on record a letter that I received some years ago. There is no doubt at all that throughout Canada there is suspicion of men in public life. That has not come about only during the last few years. I can remember when I was first elected to a seat in the legislative assembly of Alberta, away back in 1913. I had not been a member of that legislature very long until I could feel that I was not held in quite such high regard as I had been before I permitted myself to become a candidate on behalf of a political party, and had the good or bad luck to be elected. We in this house have been talking a good deal about reconstruction, and a great deal has been said about what members of parliament and what parliament itself should do. Hon. members must not permit themselves to forget the suspicion with which I am dealing, which is felt by many people in Canada with regard to men who are in public life. To-day the leader of the Cooperative Commonwealth Federation party read a resolution which was proposed by the present Prime Minister at the Liberal convention which took place in 1919. I should like to read a letter in order to show how the Prime Minister has been viewing these matters of reform ever since 1919. This letter comes from the office of the leader of the opposition in Ottawa and is dated April 2, 1931:

J. G. Turgeon, Esquire,
744 Hastings Street West,
Vancouver, B.C.

My dear Turgeon:

I thank you for sending me a copy of your recent interesting address before the Progressive Liberal Association.

With your general point of view I am, as you would know, in complete accord. I question, however, the wisdom of including in the Liberal programme the policy of state life insurance until, at least, we have succeeded in getting a national system of social insurance, which will include unemployment, accident, invalidity, old age, etcetera. The worst feature of the social insurance problem to-day is that each province is attempting to cope with it more or less in its own fashion. What is needed is a national scheme which will provide like standards in all the provinces. I am inclined to think that there should be a readjustment of the financial relations between the dominion and the provinces, which would involve, on the one hand, either a lessening or eliminating of federal subsidies, and on the other, the assumption by the federal government of social insurance obligations in the directions indicated. It is a large reform and I recognize it is full of difficulties, arising out of the desire of the provinces to continue their control in many of these matters. Sooner or later, however, the change will be made and I, for one, would be happy if it should come in our lifetime. Personally, I feel that the time to take on a programme of state life insurance, if it is to be taken on, would be after headway had been made in the other direction.

With kind regards,

Yours sincerely,
W. L. Mackenzie King.

That letter was written to me after I had sent the Prime Minister a newspaper report of a speech I had made before a Liberal association—a Progressive Liberal association—in Vancouver, in which I urged that the Liberal party should give consideration to the insurance problems affecting the people of Canada, with a view to seeing, first, whether the Liberal party should recommend a programme of state life insurance or, second, whether the Liberal party should recommend that there be a cooperative effort between the great insurance companies and the governments of Canada, so that the experience and knowledge of the insurance companies should not be lost but that at the same time we should not lose sight of the human values and the human welfare which could be put into insurance in greater measure by governmental motivation and under governmental direction.

I listened to some of the speeches made during the last debate, and I have read newspaper accounts of speeches made in this house and outside about the inspiration that came to the Prime Minister from Winnipeg. I thought immediately of that particular letter, and I know that every member in this house perhaps can think of conversations he has had relating to matters of reform which would on their own prove that one of the great motivating desires of the Prime Minister throughout the years has been gradually to bring about a condition where human welfare and human needs will be the foundation of a higher and better standard of life.

The hon. member for Danforth (Mr. Harris) covered a great deal of ground when speak-

ing last night and to-day. Among other things he referred to the way in which the House of Commons sitting either as a house or in committees, deals with public affairs in connection with governmental expenditures. He threw out a warning to the Minister of Finance (Mr. Ilsley), and through him to the government. He warned that the things that are being done are not being properly publicized, and he referred particularly to labour. He said that labour was told about the lack of fuel and about the hardships which a condition of war imposed upon the people of Canada, but he said that labour was not told properly of the great things that were being done, such as keeping down inflation.

As I listened to the hon. member, I thought of the attempt which is being made to show the people of Canada a certain side of affairs which might possibly have some foundation. Reference was made yesterday to graft in connection with the carrying out of some contract. If the hon. member for Danforth is right and we are making a mistake and not properly building up the morale of the people of Canada by telling them of the good things being done by this government, are not those—I speak now without the slightest thought of criticism, I am thinking only of war morale—who are referring to the hiding of certain things which they claim are taking place, making an effort, without knowing it, to destroy public morale?

I remember, and I think every other hon. member will remember—again I am speaking without any critical attitude—the days before the war when the time of this House of Commons and the people of Canada was taken up for a year or a year and a half by an investigation into the Bren gun contract. Again remember that I am not talking critically because that event is past. But if Hitler himself, in the preparations for war against the world which he then was making, had asked any body of Canadians to help him, what more could have been done for him than to stop the government of Canada for a year and a half immediately prior to the war from making the efforts then made under the direction of the minister from British Columbia to prepare for war days.

Mr. DOUGLAS (Weyburn): Examining a contract does not stop you from making machine guns.

Mr. TURGEON: To examine the contract in the manner in which my hon. friend and some others were speaking yesterday, would give the same result as the examining of the Bren gun contract.

Mr. DOUGLAS (Weyburn): It did.

Mr. TURGEON: It did break up the morale of the people and stopped us from taking our proper place in the first year of the war.

Mr. DOUGLAS (Weyburn): It got you a much better contract.

Mr. REID: You wanted it rescinded; you did everything possible to stop it.

Mr. McLARTY: They wanted it cancelled.

Mr. TURGEON: I am speaking without any thought of criticism and in all seriousness. We are facing what will be the most tragic days we have ever had. It will not be long before our boys overseas will be engaged in a slaughter, perhaps unequalled since the war began. I am asking members of this house to be careful of the way in which public opinion is aroused in these days of preparation for what is coming to us from overseas.

Speaking of the way in which the House of Commons conducts its business, I intend to take the liberty of putting on the record something which is rather old. This is taken from the official records of the legislative assembly of Alberta. It is a motion presented by me on March 2, 1920, just 23 years ago, and it reads:

Moved by Mr. Turgeon, seconded by Mr. Davidson:

Whereas under the generally accepted interpretation of the working of the British parliamentary system it is assumed that the defeat of a bill or measure presented to the legislative assembly by a minister of the crown officially on behalf of the government is in itself a defeat of the government; and

Whereas the members of this legislative assembly feel that the time has come when members ought to be free to vote either for or against any bill or measure before the house without thereby expressing lack of confidence in the government;

Therefore be it resolved that this house express its desire that the premier ought not to consider the defeat of any government measure a sufficient reason for tendering the resignation of his government, unless such defeat be followed by a vote of non-confidence in the government.

In 1923, about three years after, an hon. member from Alberta who then sat in this house introduced a similar motion, but it was not carried either. I proposed that motion not because I was young and did not know what it was all about, but because conditions were such that it seemed to me as a member of the assembly that a resolution of that kind was essential if we were to have parliamentary government. I have been in Ottawa for seven years since 1935, and I take the liberty of saying that I now firmly believe that the

motion which I have just read and which I presented many years ago is not needed in this House of Commons in Ottawa.

Why is it not needed? I should like to answer those who are critical of the manner in which the business of parliament is carried on. I have heard it said here, and I have read it in the newspapers that members on the government side of the house were merely rubber stamps. I think that was said yesterday. We have been told also that when committees are set up, the government members on those committees are instructed as to what attitude they must take and they follow those instructions. I am not a rubber stamp. I have been a faithful member of this government and of the Liberal party, but I am not a rubber stamp.

I have been on some important committees of this house. I was on the defence of Canada regulations committee under the chairmanship of the Minister of Finance, and I was on the pensions committee of last session. This session I am on the reconstruction committee. On no occasion has any minister of the crown ever made the slightest suggestion to me as to what should be my attitude toward any question coming up before any of these committees. During last session I happened to be chairman of one of the committees. At no time has any suggestion ever been made to me about the attitude I should adopt on that committee in connection with any question whatsoever.

I attend faithfully the caucuses of the Liberal party. A great deal has been said about government caucuses and about the whip hand held over members on the government side of the house. I can speak of the whips because I have been the deputy chief government whip, and the whips, in Canada at least, are simply the organizers of the business of parliament. They work hard and well without any remuneration, and I should like to take this opportunity of paying tribute to all those men who during this parliament and the last have been whips for the different parties. I cannot speak of caucuses of the Progressive Conservative party, or of the Cooperative Commonwealth Federation party, or of the Social Credit party, or of any of the newly-formed independent parties in the house, but I can speak for the Liberal party and say that every member of the Liberal party emerges from a Liberal caucus just as free as when he entered.

Mr. BERTRAND (Laurier): And just as pure.

[Mr. Turgeon.]

Mr. TURGEON: Somebody says, "and just as pure." I say that he leaves the caucus just as free as when he entered it. There is nothing binding on any member on this side of the house through his attending the caucuses of the party. For these reasons I say that this motion which I have made, in spite of the fact that I was a supporter of the government in power as I still am, was not in the least degree needed in this House of Commons.

Just one further word with respect to the speech of the leader of the Cooperative Commonwealth Federation party, and I mention it in closing because I want to throw out in that connection a suggestion or two about my own constituency. The hon. member spoke of prospectors and denounced the arrangement made by the Minister of Finance for prospectors to go out into the country where minerals abound and prospect for them. I must say that if the hon. member's advice were taken, semi-ruination would come to certain parts of the constituency of Cariboo and to other constituencies in British Columbia.

Mr. DOUGLAS (Weyburn): He did not speak of prospecting by individuals, but by mining companies, giving them concessions.

Mr. TURGEON: He used the term "prospectors" and said that all that work should be done by the government. If my hon. friend will look at *Hansard* to-morrow he will see that the hon. member for Rosetown-Biggar (Mr. Coldwell) used the term "prospectors".

Mr. DOUGLAS (Weyburn): He was speaking of prospecting by mining companies, not by individual prospectors.

Mr. TURGEON: That is prospecting. What I was about to say when my hon. friend interrupted, which interruption I do not resent in the least, is that some years ago as a result of the discovery of fraudulent practices by some of the brokerage companies the provinces became panic-stricken and passed certain legislation which almost killed prospecting, and to-day British Columbia is full of old prospectors who, because they could obtain nothing for their discoveries, found it useless to go on their prospecting trips. Therefore, while my hon. friends opposite may be sad, I was happy when the Minister of Finance arranged for a reduction of taxation to permit prospecting again to take place.

In conclusion, Mr. Speaker, may I express the hope that the Minister of Finance will always keep one thing positively in his mind when dealing with the financial administration of this country. I feel for the farmers; I

feel for labour; I feel for industry; I feel for the aged people; I feel for the workers in industry. But the one thing which this government must never forget is that no matter where the money is to come from, when our men come back from overseas, from the air force, the army, the navy and the merchant marine, when this war is over, there must be no question of giving them relief, but instead they must be assured of a proper standard of living based upon employment, and for those who are disabled a proper standard of living based upon a disability pension. In this connection I recommend to the government, to the Minister of Finance, the Minister of Pensions and National Health (Mr. Mackenzie) and the ministers of the defence departments, that they give further consideration to the proposal to restore the insurance principle in pensions. With that thought, Mr. Speaker, and with one word more of praise and appreciation of the efforts of the Minister of Pensions and National Health, I conclude.

Mr. LIGUORI LACOMBE (Laval-Two Mountains): Mr. Speaker, the budget presented by the Minister of Finance (Mr. Ilsley) caused quite a commotion among many people of this country and it will cause many more to be startled. Is it fair to bear down in such a manner as this budget does upon the taxpayer who is in receipt of a small income? What are the intentions of the government? On the one hand it passes measures of social security, and then on the other hand it counteracts the effects of those measures by levying taxes so heavy that they threaten both the family and society. It is certainly not in the best interests of the country to spend sums so enormous that the whole economy of the nation is threatened and in danger of crumbling under the weight of taxation. If the Canadian people are compelled to accept the sacrifices called for in this budget, certainly they will not be capable of bearing them all. We are already bending down under the weight of the present excessive taxation, and now the government imposes still more and more taxation. Our man-power, our economic and financial position will not be able to absorb these billions of new taxation. The government is leading the country to bankruptcy without a thought for agriculture and the working classes who are the main source of the substance and man-power required for the production of food and munitions.

What is the government doing to remedy the lack of man-power in the agricultural domain which is threatening our production of food? On March 1, the hon. member for Quebec-Montmorency (Mr. LaCroix) denounced in this house the capitalists who are taking advantage of the present state of war in order to exploit small owners. Their greed is becoming even greater. During many years the farmers and the consumers have been the victims of the trusts of this country. The proof is found in the high prices paid for fertilizers and feedstuffs which are necessary to agricultural production. The rationing of butter and sugar deprives the consumer of the first necessities of life, while there are millions of pounds of butter stored away in warehouses. The farmer will not be able fully to develop his sugar bush and thus provide against the rationing of tea and sugar. There is in Canada an ever-increasing scarcity of beef, veal and pork. Why this ridiculous situation in a country overflowing with wheat and the grain by-products which form the basis of dairy feedstuffs? The government should at least prevent the large milling combinations and all greedy intermediaries from exploiting farmers and consumers. Who will dare contradict me on this point, when everyone knows that wheat sells for the ridiculous price of eighty cents or ninety cents a bushel, while the consumer must pay almost four dollars for 100 pounds of wheat flour? Who will claim that I am distorting facts, when feedstuffs, by-products of wheat flour, sell as high as $2.75 and $2.90 per 100 pounds? If you add to all this the military call-up of farmers and war workers, you will have the real causes of the agricultural, industrial and economic turmoil which is afflicting this country. What measure is this budget proposing to remedy this deplorable state of affairs? It is imposing new taxes which affect the small owners and the working classes. This is where our participation in this war is leading us—unrestricted participation, and consequently a participation above our strength.

On September 9, 1939, seconded by the hon. member for Quebec-Montmorency, I condemned this participation. This is where it is leading us, this mobilization act which was adopted on June 19, 1940, after the amendment which I moved, seconded by the hon. member for Quebec-Montmorency, was defeated by 202 against 2. That was a success. Is the government satisfied with its works? Will those who shared and are still sharing the most formidable responsibilities continue to vote with serene coolness the billions which are fatally leading us to the abyss?

Mr. Speaker, this deplorable picture of the actual situation will remain unchanged as long as our best energies remain paralyzed by a destructive policy. The lack of balance in our farm labour and our industrial labour is about

to destroy the economic life of the country. From 1929 to 1939 we witnessed a great exodus of our rural population toward the cities. We saw hundreds of thousands of families on relief; thousands of labourers were out of work, and thousands of farmers were compelled to sell their farms because they could no longer make a living out of them. Confusion had set in everywhere. That was the post-war period, when the collapse was preceded by an artificial prosperity. What will the next post-war period bring us? Confusion, unemployment and anarchy, most likely.

How can we prevent these calamities? By taxing to the extreme limit those who take advantage of the war; by controlling and readjusting the salaries received by war workers; by exempting completely farmers from military training; and by granting the farmer and the labourer adequate representation in the cabinet. Briefly, by adopting social measures in accordance with the needs of the present and the requirements of to-morrow.

We shall not cure the great evils of this period with a multiplication of commissions of all kinds and with a bureaucracy which is not responsible to the people. We shall not improve this state of affairs by ignoring parliament. If we destroy responsible government we shall also destroy democracy. The united nations are fighting for democracy. Canada is fighting for its survival, and everything in this country seems to be conspiring to destroy it. Who could number the contradictions in the various attitudes taken by our statesmen? How many solemn pledges did they not violate? How many sacred commitments were not trampled upon? The country, which was already distrustful, is now wondering where the government is leading us.

The Minister of Finance attached great importance to the so-called extension granted to farmers in the paying of their income tax. We all know that the average farmer can barely make both ends meet, and how many still feel deeply the effects of the crisis, which lasted too long. When they were about to recover, the government deprived them of their best farmhands by calling their sons for military training. It also put a ceiling price on food. This ceiling price resulted in a discrepancy between ceiling prices of farm products and the purchasing price of foodstuffs, which I mentioned a while ago, the prices which must be paid for his clothing, that of his family, and those necessary objects he could not produce himself.

Furthermore, it is now impossible for them, and for quite a while they will not be able to renew their farm implements, because the production of farm implements has been discontinued. In many districts they have been deprived of the privilege of developing their bushlands, because last fall the wartime prices and trade board set the price of cordwood so low that it was not worth while cutting any more. But the government got panicky and all of a sudden changed its mind. On March 4 it announced a subsidy of a dollar a cord on all cordwood. This was a useless measure, because it was taken too late. Last fall it practically killed all production of fuel wood, and now the government cannot redress the harm done to the trade and to industry, to the army and to the civilian population. This error cannot be rectified. How can the government now recover this cordwood which is definitely lost? Bushmen and farmers are now handicapped by snow, and in a few days there will be tremendous floods.

There is a time for everything, and I say to the Minister of Finance it is impossible to replace man-power and production by subsidies and orders in council. The government does not take into consideration the high cost of farm help. These powerful commissions which sometimes seem to ignore everything about agriculture have set ceiling prices on farm products and on cordwood, without giving due consideration to farm hands. As a consequence, in a few months we shall be facing a serious shortage of food and fuel. The government may boast of its love of the farmers and labourers, but those farmers and labourers will never swallow this heaviest and most insinuating budget the country has ever known.

You cannot tell the farmer, "I am granting you an extension to enable you to pay your income tax", because he will answer back "Give me back my best helpers, my sons whom you called up for military training; give me back my best farmhands, my most industrious and most experienced labour; give me the tools to produce, the tools for victory for which Mr. Churchill asked. My war work is to supply food to the army, to the industrial war workers and to the civilian population. You want me to pay income tax? Then take my farm; take this farm, which is only half cultivated because you did not allow me to do my share."

These are the complaints voiced by the agricultural classes in Canada. I do not invent them, and I do not betray them. The government has already heard those complaints, as voiced by the representatives of the people. Many requests have been sent in by agricultural associations; protests have come in from every district. Therefore the government can-

not claim that it is not aware of these representations, all of which deal with matters of national importance.

(Translation): Before concluding my remarks, I cannot ignore the serious wrongs which constantly result from the thoughtless application of the mobilization act. I have so many times requested the government to transfer back to their respective fields of activity the farmers' sons and the war plants' workers now in training whose services are essential to the victory of our armed forces, that it would perhaps be idle to do it again Besides, mobilization means conscription. Is that not what the Prime Minister (Mr. Mackenzie King) stated himself during the debate on the repeal of section 3 of the mobilization act? That happened in July, 1942. There was a hectic atmosphere in this house, so much so that the Prime Minister reminded parliament that conscription had been in our statutes since June 21, 1940.

In conclusion, I shall quote an excerpt from "Relations" which strikingly resumés all the speeches delivered in parliament by those of my hon. fellow-members who are imbued with a truly Canadian spirit:

We know that Ulster, South Africa, India, and Australia, have not enacted conscription and as the Australians regret that they did not stay at home in order to defend their country, we hope that Canada will organize her own protection of the Maritime provinces and British Columbia, whose men are taken away. While appreciating devotion to the empire, we would rather protect our own interests. Gratitude for our hard-won survival, for theoretic or genuine rights does not imply for us the obligation to die for people who have neither killed nor deported us. In the words of René Johannet "an individual can or must, as the case may be, remain aloof. A group (a people) never has such a permission, which is the permission to commit suicide."

We do now disavow Sir John Macdonald's national policy; we have no desire to police the continents, or to redress world wrongs; we do not like to be handled like bundles by self-satisfied colonials—from both parties—who know nothing of the Westminster Statute and who deal with us not in the tactful British manner, but with the harshness of "quality niggers" watching their brothers; we have no confidence in exclusive brain trusts whose stock is watered; we have read the militaristic epic of Sir Basil Zaharof, the Levantine who made millions out of the life blood of nations, and we fear that he may have emulators; we are the uncomplaining witnesses of the waste of military supplies—"Waste, the enemy at home", you say—and of the profits which are thereby made by Canadians too recently arrived in this country; we wish that the loan may be a success and that it may be better used; we bear insolence better than hypocrisy.

Mr. A. H. BENCE (Saskatoon City): There are several matters with which I should like to deal in this debate, and it being impossible for me to complete the whole of my speech by eleven o'clock I wish to deal now with one particular phase which I believe is of the utmost importance to the farmers of the prairie provinces and to the citizens generally of that part of the country. It has to do with the production of flax for linseed oil. Flax is produced in this country for two purposes, one for the production of fibre and the other for the production of linseed oil. Flax for fibre is produced mainly in Ontario and Quebec; that for linseed oil is practically all grown in Manitoba, Alberta and Saskatchewan. According to the information I have, which information I understand was produced to the agricultural conference held in Ottawa on December 9 last, in 1942 the seedings to flax in 1942 were:

	Acres
Manitoba	227,000
Alberta	183,000
Saskatchewan	1,056,000

The total Canadian flax acreage for last year was 1,492,000 acres.

As a result of the conquest by the Japanese of the sources of eastern vegetable oil supplies there was a great shortage of vegetable oils, and this continent found itself in a position where it had to accelerate its production of vegetable oils. It did so by various means. It endeavoured to increase the production of linseed oil as well as to produce a considerable quantity of oil from soya beans, sunflowers, and in the United States I understand that, in addition, they used peanuts. As a result of the requirement for greatly increased production, considerable stress was placed in the press and over the radio on this necessity. Therefore the farmers of the prairie provinces began to plan early last year for a tremendous increase in flax acreage. The return obtained from flax last year was very good; it was purposely good in order to increase the production as largely as possible. It seems to me and it seemed to the farmers on the prairies that the sensible and practical thing to do was to turn to production of flaxseed for oil purposes, something largely required for our war effort, and away from the production of wheat of which we have an overabundance and which constitutes perhaps the greatest agricultural problem in this country to-day.

I emphasize this point, that the farmers of western Canada during last summer and fall were planning for a large increase in flax acreage this year. They bought their seed,

in many instances at fairly high prices, ranging I think from $3 to $5, and by reason of the necessity for increased oil production from flax it was decided at an agricultural conference held in Ottawa on December 9, and I believe the following day or two, that the flax acreage for oil production should be increased in Canada by one million acres. Announcements were made to the press, and the farmers went on making plans for such production.

Then in the middle of January the Minister of Agriculture (Mr. Gardiner) rather suddenly made the statement that as a result of a conference held in Washington at which he was present it had been decided that no additional flax acreage should be put in during 1943. He stated that whereas the acreage in Canada in 1942 amounted to 1,492,000 acres and despite the fact that they had decided at this agricultural conference in December to increase the acreage to 2,500,000, at this conference held in Washington they found it was not feasible to carry out the increase that had been proposed, and he asked the farmers to go back to the original plan and produce from the same acreage as in 1942.

What I should like to know is why the Minister of Agriculture did not find out before January that it was not feasible to produce the additional acreage of flax which had been decided upon in Ottawa on December 9. After all, the United States had the whole key to the situation, and it seems to me they should have been consulted and that the Minister of Agriculture should have been fully aware of the situation which existed on December 9 when that conference was held in Ottawa. It is inconceivable to me that the authorities who had knowledge of the situation in Washington were not just as well aware at that time as they were a month later. The first announcement by the Minister of Agriculture that the plan arrived at on December 9 for the increased acreage would not be carried through was made at a meeting in the city of Saskatoon on January 14. I believe a similar announcement was made a day or two previously in Winnipeg, though I have not the press reference in that connection. Then to further confuse the situation, on January 17 there was a press release from the publicity and extension service of the Department of Agriculture at Ottawa, which was referred to in an editorial which appeared in the Winnipeg *Tribune* under date of February 6, as follows:

> The United States department of agriculture, according to the latest survey, estimates that that country faces a shortage of close to a billion pounds of fats and oils for food and industrial purposes in 1943. To help overcome this shortage the government of Canada is asking for increased production of oil-producing plants such as flax, soybeans, sunflowers, etc. The objective for flaxseed is an acreage increase of 68 per cent.

This was just three days after the minister had made the statement that there was to be no increase in acreage for 1943. Then on January 29 the Minister of Trade and Commerce (Mr. MacKinnon), speaking in this house on behalf of the Minister of Agriculture, in effect stated that there was no assurance that flaxseed from any additional acreage could be disposed of in 1943. Then to confuse the situation even more, on March 1 there appeared in the Saskatoon *Star-Phoenix* a dispatch from Ottawa under the heading "Flaxseed campaign expected" as follows:

> Definite announcement is expected in a few days that Canada will launch a flaxseed campaign this year to increase sown acreage by 1,000,000 acres. In 1942 flax acreage was 1,500,000 acres, and the 1943 objective is expected to be not less than 2,500,000 acres.
>
> The flaxseed situation is rapidly clarifying, it is learned, and the original production objective of the Department of Agriculture is expected to be retained. In December the department called for an increase of 68 per cent in flax acreage, but in January plans were revised though the final 1943 objective was left open.
>
> Last Tuesday Doctor Phyllis Turner, Canadian administrator of oils and fats, stated in a Toronto speech that Canada's minimum requirements of flaxseed would be 20,000,000 bushels. Confirming this to-day, she said this meant 2,500,000 acres would be required. Disposal of 20,000,000 bushels of Canadian flax grown in 1943 could be made, said Mrs. Turner, to fill Canadian, American and British requirements.

Then on March 3 in the same newspaper there appeared a press dispatch dealing with a meeting of the national barley and linseed flax committee at Winnipeg, in which reference is made to a statement by Mr. L. H. Lehberg, as follows:

> L. H. Lehberg, technical adviser to the federal oils and fats administration, told the committee's annual meeting that supplies of vegetable oils received from the United States had been below expectations and that U.S. crushers were in the market for Canadian flax in addition to overseas demand.
>
> In addition to domestic supplies, there were indications that upwards of 10,000,000 bushels of flax will be wanted by the United States and a like amount wanted for export overseas it was stated.

Yesterday I managed to ask the Minister of Agriculture if he would make a statement in this connection, since I believed it imperative that the whole matter should be cleared up as soon as possible in order that the farmers of the prairie provinces might know their position, but the only response I could

obtain was in effect that a statement would be made before seeding time. I do not believe the farmers should be treated in what I might describe as this rather cavalier fashion. If administrators and officials of various departments, who are supposed to have knowledge of this matter, are making statements to the press that this increase in acreage is to be brought about, surely the farmers should be given the definite information by the minister himself as soon as possible. I think Mr. George W. Robertson, secretary of the Saskatchewan wheat pool, put the matter very clearly in a radio address on January 15, during which he referred to the necessity for early knowledge on the part of the farmer in order that he might make his plans for the coming year. Mr. Robertson said:

> There is amongst western farmers a feeling of confusion as to just where they fit into the general picture. This is illustrated by the flax situation. With limited man-power, limited ability to secure the implements of production, if we are to obtain maximum farm output there must be a very great deal of careful preparation carried on by the producers themselves. Plans cannot be adjusted at a moment's notice and farmers have a right to know what this country expects of them.

Furthermore, Mr. Speaker, I should like to know, and I am sure the farmers would like to know, just what took place at that Washington conference early in January and why it was decided at that time not to increase production. Was it on account of lack of crushers? It may have been. How has the picture changed between January 1 and the present time?

On motion of Mr. Bence the debate was adjourned.

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

Wednesday, March 10, 1943

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PEAT

Mr. MacKENZIE (Neepawa):

1. (a) How many investigations into peat possibilities have been carried on by the dominion government, (b) in what years, (c) at what cost, (d) briefly, with what results?
2. (a) How many peat bogs in Canada have been investigated, (b) in what provinces were these investigations made?
3. How many tons of peat are estimated to exist in Canada?
4. What known deposits close to large centres in Canada have been surveyed?
5. Was the removal of water from Canadian peat successfully accomplished and maintained?
6. Which methods of drying were successful in Canada?
7. What has been the European experience in artificial drying and what conclusions did Hausding arrive at?
8. (a) What companies have been formed in Canada for peat production, (b) what was their capitalization, (c) which were successful?
9. What are the conclusions of the Department of Mines as to the economic possibilities based on experiments performed?

Mr. CRERAR:

1. (a) and (b) The status of the peat industry was investigated in Europe in 1908, and in Canada in 1909, and in 1914.

Nine peat processes have been investigated.

Two investigations on the manufacture of peat fuel were made, one at Alfred, Ontario, 1910-11, and a second at Alfred from 1918-22. The second investigation was carried on jointly by the dominion department of mines and the Ontario government under the direction of a joint peat committee.

The plant at Alfred was sold to a private company which undertook to remodel it in accordance with the recommendations of the joint peat committee and to operate it for the production of peat fuel. The company being unsuccessful in its endeavour the dominion department of mines leased the plant, moved it to a new location on the same bog, reconstructed it in accordance with the recommendations of the committee and operated it during the season of 1928. This was the last experimental investigation.

A committee was appointed by the minister of mines in 1935 to proceed to Europe for the purpose of investigating the engineering and business aspects of the Peco process for the manufacture of peat fuel.

Surveys have been and are being carried out from 1908 to the present time.

(c) From 1908 to 1942 inclusive, the net expenditure by the department of mines was approximately $327,000: this does not include the cost of the regular departmental field investigation of peat bogs, the cost of which has not been segregated.

(d) The joint peat committee concluded from its experimental work that peat fuel could be manufactured, under conditions existing then, at a total cost of approximately $3.50 a ton f.o.b. cars at the bog in a 20-hour day operation.

The operations by the joint peat committee between 1918 and 1922 and by the department of mines in 1928 demonstrated that peat fuel suitable for use in the beginning and

end of the winter season could be successfully accomplished and that the briquettes would stand up successfully in exposed storage piles.

The committee on the Peco process referred to above was of opinion that the progress of the operations at the plant in Ireland should be carefully observed for the next two years and that no attempt to apply the process in Canada be made until it had been definitely proven that peat fuel briquettes had been produced by this process on a commercial basis. Reports received from Ireland in subsequent years and up to date were to the effect that this process has not proved commercially successful.

2. (a) and (b) The number of peat bogs examined as a source of fuel was approximately 100. These are located by provinces as follows:

Province	Peat fuel bogs
Ontario	45
Quebec	26
New Brunswick	8
Nova Scotia	9
Prince Edward Island	2
Manitoba	6
Total	96

3. It was estimated many years ago that in Canada there was an area of 37,000 square miles overlaid by peat, but it is the opinion of departmental officers that only a small portion of this would be suitable for the manufacture of peat fuel.

The estimated available tonnage of peat fuel of 25 per cent moisture content contained in the bogs so far surveyed is estimated as approximately 200,000,000 short tons.

It is impossible to estimate the tonnage of peat available in all the peat areas in Canada without making at least preliminary surveys.

4.

Large centre	Name of bog
Toronto	Holland river
	Marsh Hill
	Amaranth
	Luther
Montreal	Large tea field
	Small tea field
	St. Isidore
	Holton
	L'Assomption
	St. Hyacinthe
	Lanoraie
Ottawa	Mer Bleue
	Richmond
	Perth
	Alfred
	Newington
	Brockville.

5. By the air-dried machine process it was demonstrated that the production of peat fuel with a moisture content of from 25 to 35 per cent could be maintained continuously during the favourable operating season.

6. The only method for drying peat fuel which has proved successful in Canada is air-drying whether the peat is manually or mechanically excavated.

7. Generally speaking the results of all efforts to replace the air-drying method have not been demonstrated to be successful commercially. This statement is based on investigation by officers of the department and information secured from investigating officers of foreign governments. Authoritative information from continental Europe has not been available since 1939.

Hausding arrived at the same conclusion as is stated above.

8. (a) and (b). See page 16 of mines branch report No. 614 for a partial list of companies incorporated up to 1923. Several small peat operations have been carried on subsequently but generally without incorporation. In each case the quantity of peat fuel manufactured has been comparatively small.

The capitalization of the companies listed in report No. 614 is shown therein and amounted to several millions of dollars. A record is not readily available of the capitalization of the companies incorporated since.

(c) Of all the incorporated companies none were commercially successful.

9. The only processes for the manufacture of peat fuel which offer any hope of successful economic development in Canada are those employing air-drying for the removal of the water content. As the Canadian public is not educated to the use of peat and in normal times high class fuels at reasonable prices are readily available, the department is of the opinion that large scale development of peat bogs in Canada would not prove economically successful but small scale development for local use might stand some chance of success.

INCOME TAX—ARREARS

Mr. MARSHALL:

1. How many persons, firms and corporations have filed their forms but have not yet paid their income tax for the years 1938, 1939, 1940 and 1941?

2. What is the total amount due and unpaid on income tax?

3. Of this amount, how much is entirely uncollectible?

Mr. GIBSON:

1. (a) 480,698 returns were filed in 1938; 504,417 returns were filed in 1939; 1,023,536

returns were filed in 1940; 1,234,428 returns were filed in 1941. (b) Information not available.

2. Unknown as amount fluctuates from day to day.

3. Up to date there has been transferred to head office as uncollectible $1,804,255.45 for all years from inception of act, out of a total collected of $4,159,089,585.00 up to February 28, 1943.

INTERNMENTS—CAMILLIEN HOUDE

Mr. LACOMBE:

1. Does the National Registration Act of 1940 embody specific penalties for violations, and if so, what are they?

2. Is Mr. Camillien Houde detained in an internment camp under the said act?

3. If not, then under what other statute?

4. If Mr. Houde is detained under an act other than national registration, what is the penalty imposed by such law?

Mr. ST. LAURENT:

1. There is no national registration act of 1940. If this question refers to the national registration regulations 1940, these regulations were made under The National Resources Mobilization Act 1940 and the War Measures Act, and they provide specific penalties for offences described in regulations 19, 20, 21, 22, 23, 24, 25, 26, 27 and 29, the maximum penalties being, under certain of these regulations,

a fine of $500 and imprisonment for three months, and under others of these,

a fine of $200 and imprisonment for three months, and, moreover, to a further penalty not exceeding $10 for each day after the day upon which a person should have registered, during which he shall continue to be unregistered.

2. No.

3. Regulation 21 of the defence of Canada regulations made under the War Measures Act.

4. Detention under regulation 21 is a preventative action and not punitive. When prosecutions are instituted for past offences, the maximum penalty for contravention of the defence of Canada regulations is, on summary conviction,

a fine of $500 and twelve months imprisonment and upon indictment,

a fine of $5,000 and five years imprisonment.

INTEREST PAYMENTS TO CHARTERED BANKS

Mr. SLAGHT:

At what rates and in what amounts will the government have paid the chartered banks in interest during the current fiscal year?

Mr. ILSLEY: The Bank Act does not require that the chartered banks submit details of their holdings of various dominion of Canada bonds, treasury bills, etc. The monthly return of liabilities and assets of the chartered banks does not disclose the holdings of dominion of Canada short or long term obligations separately from their holdings of provincial short or long term obligations. As a large part of the funded debt and treasury bills of the dominion of Canada is in bearer form, it is not possible to state what amount is held by the chartered banks of Canada. Consequently it is impossible to state what amount will be paid in interest to the banks during the current fiscal year.

On their holdings of dominion treasury bills, the banks would receive slightly over ½ of 1%; on their holdings of deposit certificates ¾ of 1%; on their holdings of short and medium term dominion bonds, from 1½ to 2%; and on such long term dominion bonds, as they hold, probably about 3%.

JAPANESE FISHING VESSELS DISPOSAL COMMITTEE

Mr. NEILL:

1. What are the names of the members of the Japanese fishing vessels disposal committee?

2. For what purpose were they paid $19,000?

3. How did the government become responsible for payment of $80,000 for damage claims re Japanese vessels?

4. Of what did the damage principally consist and how did it arise?

5. Give the details of amounts over $25 making up the item of $4,000 paid to "Fisheries" under the head of sundries?

Mr. BERTRAND (Laurier):

1. This committee terminated its duties December 31, 1942. Its members were: Honourable Sidney A. Smith, Puisne Judge of the Supreme Court of British Columbia, Chairman; Commander B. L. Johnson, D.S.O., R.C.N.R.; Mr. Kishizo Kimura.

2. Members of the committee were not paid $19,000. They served without remuneration. The sum of $19,000 was allotted under the War Appropriation Acts, 1942-43, to meet, in part, administrative expenses to enable the committee to carry out its terms of reference. Revenue derived by the committee largely offset these administrative costs.

3. Pursuant to report and recommendation of the Japanese fishing vessels disposal committee that there was a responsibility to the owners to make good certain damages and losses that occurred to vessels and equipment during process of immobilizing and while under impoundment.

4. Damage and loss in respect of hulls and equipment suffered incidental to large scale impounding action under emergent conditions.

5. Sundries item under heading "Fisheries", War Appropriation Acts, 1942-43, detailed as follows:—Canned lobster control scheme, $3,000; Wartime fisheries advisory committee, $1,000.

SYNTHETIC RUBBER

Mr. BENCE:

1. Are there any synthetic rubber plants in Canada?

2. If so, where are such plants located?

3. From what raw materials is such rubber being manufactured?

4. Are any synthetic rubber plants to be erected in Canada?

5. If so, where are they to be located?

6. What raw materials will be used in the manufacture of rubber in such plants?

Mr. MICHAUD:

1. No.

2. Answered by 1.

3. Answered by 1.

4. Yes.

5. Sarnia township.

6. Butadiene—made from petroleum; styrene —made from coal and petroleum.

HAMILTON, ONT., NAVAL BARRACKS

Mr. MacKINNON (Kootenay East):

1. Have arrangements been made for the construction of a naval barracks at Hamilton, Ontario?

2. If so, what is the estimated cost thereof?

3. When will construction be commenced?

Mr. MACDONALD (Kingston City):

1. Yes.

2. Land, $20,000; building, $211,000. Total, $231,000.

3. Working drawings and specifications have been completed and passed to Department of Munitions and Supply for calling of tenders on 19th February, 1943. It is expected that tenders will be received not later than 17th March, and that a contractor will be appointed as soon as possible after that date.

J. GORDON FOGO

Mr. CARDIFF:

1. Is Mr. J. Gordon Fogo, barrister of Halifax, in the employ of the dominion government?

2. If so, in what department?

3. At what date did he enter the service and in what capacity?

4. What salary does he receive?

5. What amount of allowance and expense has he been paid to December 31, 1942?

[Mr. E. Bertrand.]

Mr. MICHAUD:

1. Yes.

2. Department of Munitions and Supply.

3. (a) October 31, 1942.

(b) Associate Co-ordinator of Controls.

4. None.

5. $1,225 plus $55.35 travelling expenses.

PULPWOOD PRODUCTION AND NEWSPRINT PRICES

Mr. O'BRIEN:

In view of the announcement in the press by the wartime prices and trade board that an increase of $4 per ton has been allowed on newsprint what provision, if any, has been made so that the independent primary producers of pulpwood may be reimbursed on pulpwood they produced and which is presently held by newsprint producers as inventory?

Mr. ILSLEY: One of the major factors contributing to the necessity of an increase in the price of newsprint was an increase in wood costs to newsprint mills. These increased wood costs were in part paid to independent primary producers of pulpwood. In view of these circumstances no provision has been made to increase payments to primary producers of pulpwood.

POST-WAR CIVIL AVIATION

Mr. GREEN:

1. Have explanatory talks taken place between Canada and the United States concerning post-war civil aviation?

2. Has the government received any assurances from the United States that Canada will be kept informed of any agreements or negotiations between the United States and other powers relating to post-war civil aviation?

Mr. MACKENZIE KING:

1. In the frequent discussions which take place between officers of the Canadian legation in Washington and officers of the state department on questions of common concern, reference has been made to the problems of post-war civil aviation.

2. No assurances have been asked for from the United States and none has been received that the United States will keep Canada informed of any agreements or negotiations between the United States and other powers relating to post-war civil aviation. The Canadian government, however, assumes, in view of the general nature of its relations with the United States government, that on questions of this character each government will keep the other informed of important negotiations which are being conducted with other powers on the subject of post-war civil aviation.

CIVILIAN PASSENGERS FLOWN IN CANADA BY UNITED STATES PLANES

Mr. GREEN:

1. Have civilian passengers been flown in Canada by any United States planes without the proper authority having first been obtained from the Canadian authorities?

2. If so, what action, if any, has been taken by the government in regard thereto?

Mr. MACKENZIE KING:

1. The government has been informed that on one occasion a civilian passenger was flown in Canada by a United States plane without proper authority.

2. This report has been brought to the attention of the United States government and is being investigated.

PERMITS FOR EXPORT OF FLAX AND COARSE GRAINS

Mr. WRIGHT:

1. Are permits required for the export of Canadian flax and coarse grains?

2. If so, have any permits been granted for the export of Canadian flax and coarse grains to the United States since August 1, 1942?

3. What are the names and addresses of firms to which such permits have been granted, and for what amounts?

Mr. MacKINNON (Edmonton West):

1. Yes.

2. Yes—the procedure is as follows:

Application is made to the Canadian wheat board for a permit to export coarse grains. After satisfying themselves that the domestic market is properly taken care of, the wheat board approve of the export. It is then cleared through the agricultural supply board of the Department of Agriculture, and the Department of Trade and Commerce issue the permit. No permits are issued for the exportation of eastern oats and barley.

Applications for permits to export oil bearing flax are first considered by the oil and fats administrator before permits are issued.

3. The application for an export permit bears the following quotation:

"The above information is for the confidential use of the Canadian government and it will not be, in whole or in part, given to any unauthorized person."

The release of such information would disclose to their competitors the details of business carried on by individual firms and as the information is furnished in confidence, that procedure is not considered to be in the public interest.

CANADA HANDBOOK

Mr. WINKLER:

1. How many copies of the Canada Handbook have been printed by years for the past five years?

2. By years, how many were given away and how many sold during the above period?

Mr. MacKINNON (Edmonton West):

1. The following numbers (combined total English and French editions) were printed: 1938, 49,157; 1939, 39,093; 1940, 44,529; 1941, 31,199; 1942, 43,176.

2. (a) The following (total free distribution for English and French combined) were distributed free of charge to public libraries, leading newspapers, contributors and the list authorized by order in council, etc., 1938, 5,562; 1939, 6,661; 1940, 5,935; 1941, 5,915; 1942, 6,042.

(b) The numbers (combined total English and French editions) sold were: 1938, 43,495; 1939, 32,374; 1940, 38,339; 1941, 24,662; 1942, 31,188 (this last figure covers sales to Sept. 1942 when sales were still in progress).

The larger part of the balance left on hand, at that date, has since been sold, mainly to the United States public.

JAPANESE IN BRITISH COLUMBIA

Mr. MacINNIS:

1. What was the total population of persons of Japanese origin in the province of British Columbia at the time the order was made for the evacuation of the Pacific coast defence area?

2. How many of such persons of Japanese origin were (a) Japanese nationals, (b) naturalized Japanese, (c) Canadian born, (d) citizens of other countries?

Mr. MITCHELL:

1. 21,975.

2. (a) 9,382; (b) 6,497; (c) 6,084; (d) 12.

CLOVER SEED

Mr. LACOMBE:

1. Is there a shortage of clover seed in Canada?

2. If so, what steps will be taken to procure the necessary quantities for the use of farmers before seeding time?

Mr. GARDINER:

1. There is a shortage of red clover and alsike clover seed in Canada.

2. It is expected that purchases will be made in the United States to meet, as far as possible, shortages here.

ALFALFA SEED

Mr. LACOMBE:

1. Is the government aware that there is a shortage of alfalfa seed in the country?

2. If so, what is being done to meet the requirements of farmers for this class of seed?

3. Will the government take the necessary measures to procure a supply?

Mr. GARDINER:

1. The government is aware that there is a shortage of alfalfa seed in eastern Canada.

2. Purchases are being made now by the agricultural supplies board of surpluses in western Canada for the purpose of meeting eastern Canadian needs.

3. See answer to No. 2.

NURSING SERVICE FOR CHILDREN OF MOTHERS IN WAR INDUSTRIES

Mr. BRUCE:

1. Has the government taken any steps to provide a "nursing service" for the care of children of mothers engaged in war industries?

2. If so, what has been done and when will such service be in full operation?

3. How many nurseries will be opened?

4. Where will they be located?

Mr. MITCHELL:

1. An agreement has been signed with Ontario and Quebec under the terms of which the two governments are to provide day care for the children of mothers engaged in war industries on a 50-50 basis, the provinces assessing the needs. The provincial health authorities arrange with the local boards of health for the examination of the children before admission and for medical and nursing inspections, several times a week and on call of the nursery.

2. Fourteen day nurseries have been approved by the two governments, nine of which are operating at the present time. In the other six the necessary alterations are under way and they will probably be opened between the 1st and 15th of April. Medical and nursing service is provided as stated in (1) above.

3. Additional day nurseries will be authorized wherever the need arises and is presented by the provinces.

4. Day nurseries now approved are located in Brantford, Galt, Oshawa, St. Catharines, Toronto (6) and Montreal (4).

QUESTIONS PASSED AS ORDERS FOR RETURNS

SCRAP IRON AND STEEL—ALBERTA

Mr. JOHNSTON (Bow River):

How much scrap iron and/or steel has been shipped out of the province of Alberta during the years 1941 and 1942?

METEGHAN, N.S., FISHERMEN'S RESERVE

Mr. HANSON (York-Sunbury):

1. Has the government expropriated the Meteghan fishermen's reserve situated at Meteghan wharf in the township of Clare, Nova Scotia?

2. If so, for what purpose?

3. If the said expropriation has taken place, has the property been disposed of by lease or sale to the Clark Shipbuilding Company Limited? If so, on what terms?

[Mr. Gardiner.]

4. Has any settlement been reached with the proprietors expropriated on this area? If so, what are the terms of such settlement?

5. How many proprietors have been settled with and how many remain to be settled with?

6. Is it the policy of the government to use its power of expropriation with respect to private party and hand the property expropriated over to another individual or corporation?

PURCHASE OF BUILDINGS OR PROPERTIES SINCE BEGINNING OF WAR

Mr. REID:

1. How many buildings or properties has the government purchased in the city of Ottawa since war commenced and up to the end of February, 1943?

2. For what particular branch of government or war department were the buildings or property procured?

3. What amount of money was paid for each building or property?

4. How many buildings or properties exclusive of air fields or military camps have been purchased in each province since September, 1939, and up to the end of February, 1943, with (a) the total cost of all buildings or properties concerned?

RECREATION AND HEALTH SERVICES FOR WAR WORKERS

Mr. BRUCE:

1. Was a plan for a recreation programme proposed by Lieut. Ian Eisenhardt?

2. If so, at what date?

3. Was it approved by the director of selective service?

4. Was it approved by the Department of Pensions and National Health, as a health measure?

5. Was it submitted to the Minister of Labour for his approval?

6. If so, at what date, and did he approve?

7. Was any action taken by the Minister of Labour to implement this plan and, if so, what action?

8. Has provision been made by the government to enable the director of recreation to put into effect the health and nutrition services for war workers?

MOTIONS FOR PAPERS

ROAD BETWEEN TADOUSSAC AND LABRADOR MILITARY STATIONS

Mr. DORION:

For a copy of all letters, telegrams, correspondence and other documents in the possession of the government, dated during the past two years, relating to the building of a road on the north shore of the St. Lawrence river between Tadoussac and the Atlantic military stations situated on Labrador coast.

Mr. RALSTON: I spoke to the hon. member and he is going to send me some correspondence on the matter. I presume the motion can stand in the meantime.

Mr. SPEAKER: Stands.

OLD AGE PENSIONS

Mr. KNOWLES:

For a copy of all communications and other documents, from January 1, 1941, to the present, exchanged between the government, including any department or official thereof, and the governments of the several provinces of Canada, relating to the following matters: (a) increasing the amount of the old age pension; (b) lowering the pensionable age; (c) the making of changes in the Old Age Pensions Act.

Mr. MACKENZIE KING: It should be understood that it will be necessary to communicate with the provinces in the first instance and ascertain their readiness to have the correspondence tabled.

Mr. COLDWELL: Is that the procedure which is usually followed? The provinces are not nations beyond this country involved in negotiations with the government. It seems to me that that is extending the ruling too far. This is a sovereign parliament.

Mr. MACKENZIE KING: My hon. friend will realize that there is probably no matter on which the provinces are more sensitive than that of being ignored and action being taken by the federal government without any prior conference with them. I would think that it was most desirable, apart from all else, that we should avoid giving grounds for an impression of the kind being created. The provinces have their own jurisdiction and they are partners in the work of government of the dominion. As between partners there should at least be the courtesy of asking consent to tabling correspondence to which both have been parties, before having it brought down.

Mr. GRAYDON: For the purpose of clarifying this particular point, I ask, where a question of a similar nature is asked in a provincial legislature, does the provincial government seek the consent of the dominion government where there is correspondence of this kind to be brought down?

Mr. MACKENZIE KING: I could not say offhand, but I should say they ought to, if they do not. I might point out in any event that the administration of old age pensions is under the provinces. There is a special reason therefore for communicating with the provinces in the first instance.

ROYAL CANADIAN NAVY

STATEMENT IN QUEBEC LEGISLATURE RESPECTING SINKINGS IN ST. LAWRENCE RIVER

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, may I draw the attention of the Minister of National Defence for Naval Services (Mr. Macdonald) to the question which I directed to him in his absence last Friday in connection with the debate in the Quebec legislature, and ask him if he is now in a position to make any statement in that regard. I raise the question only because there has been a further press report of proceedings in the Quebec legislature dealing with the same subject upon which he may want to say something to-day.

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services): I could make a statement on the question now, but inasmuch as the matter seems to have developed into a difference of opinion between myself and the Hon. Mr. Gagnon of the Quebec legislature as to the number of ships sunk, I stating that there were twenty, and he stating that there were more than thirty—

Mr. GRAYDON: Upwards of thirty.

Mr. MACDONALD (Kingston City): —I have suggested to him that the best way to deal with the matter would be to let the naval services department appoint one man, and let him appoint somebody, and have them choose a third neutral man to determine which is correct. I have made that suggestion to Mr. Gagnon; I hope he will accept it, and if he does I believe it will end the controversy one way or the other.

I could make a statement to the house to-day merely repeating what I have already said several times, that our records show twenty merchant ships sunk in the gulf and river St. Lawrence in the year 1942. That is all I know of and all that I can find anything about. I have asked Mr. Gagnon if he knows of other ships beyond that number, to give me their names and the dates and places at which they were sunk, and I would carry on an investigation. If he does not wish to give me that information, I suggest the only other way to determine the matter would be to have a committee appointed.

Mr. HOMUTH: Waste money on a commission.

Mr. MACDONALD (Kingston City): It need not be a waste of money. There need not even be a commission. It can be a purely private matter. I will name a naval officer familiar with the river St. Lawrence. It will not take more than a day or two to ascertain the truth. Then the public will be satisfied.

Mr. T. L. CHURCH (Broadview): These twenty or thirty were sunk by Atlantic submarines. Is the minister not aware that Dr. Goebbels in a radio address forecast that Ger-

many will have a thousand submarines in the service this year, and that one hundred were in the Atlantic last December and January? Washington stated before Christmas that a homeward bound Atlantic convoy met a whole pack of them and was attacked for four days continuously. Surely the minister must give the house this information. I will give him information later on in the day to show where these submarines in the St. Lawrence came from.

Mr. MACDONALD (Kingston City): I did not catch what my hon. friend said. I believe he was referring to some statement made in the United States. At any rate it has nothing to do with the point before the house.

Mr. GRAYDON: If I may say so, I do not think that what the Minister of National Defence for Naval Services has said is an answer to the question which I propounded to him in his absence on Friday. It is not quite enough under the circumstances. I believe the house is entitled to a statement from the minister setting out his point of view and giving us whatever information he or his department is able to give on this particular subject. It may be all very well to speak of a commission or a commit'ee or a private gathering of three people to determine this. But should the minister not be able to determine it himself with the facilities at his disposal? In to-day's Montreal *Gazette* appears a statement by another member of the Quebec legislature confirming the one which was made by the Hon. Mr. Gagnon. I do not want to go into the proceedings of the Quebec legislature, but the minister ought to give the house a full statement covering a matter which is so serious and which has had the public reaction which this appears to have had.

Mr. MACDONALD (Kingston City): I shall make a statement, but it will not satisfy the Hon. Mr. Gagnon, or Mr. Langlais, who repeated Mr. Gagnon's statement. They know my view of the matter. I shall repeat to the house what I have already said several times in the press and elsewhere.

In one dispatch by the Canadian Press Mr. Gagnon was credited with saying that not twenty but upwards of thirty ships were sunk in the St. Lawrence river and gulf last summer. A dispatch which appeared in the Montreal *Star* of March 5 stated that Mr. Gagnon had said that not twenty but in reality thirty ships had been sunk by enemy submarines in the St. Lawrence. Another report contained in the French language newspaper *L'Action Catholique* under date March 5 quotes Mr. Gagnon as follows: "More than thirty ships were sunk in the gulf and river last summer." The Ottawa French newspaper *Le Droit* quotes Mr. Gagnon to the same effect.

I have stated several times that twenty merchant ships have been sunk in the St. Lawrence gulf and river during the navigation season of 1942 as a result of enemy action. I made that statement at a press conference in Ottawa on November 24. At that time I was dealing with and replying to somewhat similar charges made, I think, in some cases by members of this house, or made by public men of some sort or other, to the effect that forty ships had been sunk.

Mr. HOMUTH: What does the minister mean by "some sort or other"? To whom is he referring?

Mr. HANSON (York-Sunbury): That is a derogatory statement.

Mr. MACDONALD (Kingston City): I said that so far as I could recall, the statement concerning thirty ships having been sunk was made by a member of this house—I am not sure as to that, but if not it was made by a public man of some sort or other. I do not know whether he was a member of a legislature; at all events he occupied some sort of public position; he was in the public eye. In reply to that statement, I declared that the number sunk was twenty. It seems necessary to continue to make these denials indefinitely.

Going on a little further, Mr. Gagnon is quoted in the press as having said that on one day, September 10, five ships were sunk in this area. In that statement Mr. Gagnon is absolutely wrong. There is no record of five ships having been sunk in the river on that date.

Mr. Gagnon is further quoted as saying that two United States destroyers were sunk, presumably in the same area. In reply to that statement I can say that there is no record of any American destroyers having been sunk at any time in this area.

Mr. Gagnon says that he has a list of the names of the ships sunk and the dates on which they were sunk. I asked Mr. Gagnon to produce this list for my investigation. I have asked him by telegram and he replied that surely my own department has the information. My department cannot have this information on ghost ships having been sunk—flying Dutchmen or something of that sort. My department has information as to the sinking of twenty ships, and I have told Mr. Gagnon that if he has information to the contrary and makes statements to the contrary, it is his duty to make good those

statements. Every time I have made the statement as to twenty ships having been sunk I relied for my information upon the records of the Department of Naval Service. I may say that twenty may be a high figure, because included in the twenty are at least two ships which might properly be said to have been sunk outside the gulf area proper.

Mr. Gagnon goes on to say that control from Ottawa is responsible for delay in attacking the submarines after they have been sighted. I say definitely that so far as the naval service is concerned any naval ship sighting an enemy submarine anywhere would attack instantly without awaiting instructions from anybody, because that is what they are there for. I say further that the general control of these matters is in the hands of the naval officer in charge either at Gaspé or Quebec or Halifax, and no direction or concurrence from Ottawa is needed to carry out an attack.

Mr. Gagnon also makes a reference to the Royal Canadian Air Force, which he criticizes in somewhat the same terms. I believe that what I have said about the naval ships would apply with equal correctness to the air force. In any case I think the Minister of National Defence for Air (Mr. Power) some time ago dealt adequately with a charge of this sort.

In the debate in the legislature last week some reference was made to the fact that there might be refuelling bases in the river and gulf of St. Lawrence for enemy submarines. All I can say to that is that no trace of any such bases has ever been discovered although most thorough investigations have been made. Any one who reflects on the matter will realize that the difficulties of establishing such bases on the shores of the St. Lawrence are so great as to render such a proceeding very unlikely. I have said in this house, and I have said it several times elsewhere, that the fuel capacity of modern submarines is ample to allow them to cruise from their bases in Europe to the shores of the north American continent, to do their work there for some weeks even, and then to return to their base in Europe without the necessity of refuelling. A round trip from a submarine base at Lorient, for example, on the coast of Europe, to the St. Lawrence, is no more than six thousand miles. German submarines can cruise twice that distance, and some of them do even better than that. They can remain away from their base for many weeks. It is possible that refuelling is done from mother ships, as they are called, somewhere on the sea, although we have no definite evidence of that.

I should like to point out that there have been many more sinkings in the gulf of Mexico area than in the St. Lawrence area. These two areas are comparable in that they are both bodies of water to which access can be obtained only through comparatively narrow straits and they are both protected by islands and peninsulas. Yet the gulf of Mexico, some two thousand miles further away from the European bases of German submarines than is the gulf of St. Lawrence, has had twice as many sinkings as the gulf of St. Lawrence has had, and I have heard nobody in the United States suggest that the whole United States fleet should be diverted from its other duties to protect the gulf of Mexico.

Some reference was made in the same debate to spies and to the fact that there might be some spies on the shores of the St. Lawrence. I think that hon. members of this house, and I should hope hon. members of any house, would realize that it is very dangerous to begin to talk about spies at such a time as this. To publish information about spies or about the capture or the presence of spies, would be helpful to the enemy rather than helpful to this country.

I should like to say finally that in about two months time a new navigation season will open in the gulf and river St. Lawrence, and no one can prophesy what action will take place in that area during the navigation season. I believe I am safe in saying that every possible precaution will be taken by the Canadian armed services, the navy, the army and the air service, to deal with every situation which can be expected to develop. To cope adequately with a problem of this kind, however, involves the cooperation of citizens in the area and the cooperation of members of this house and of provincial legislatures. To disclose information which might be helpful to the enemy by asking questions in public or by making statements in public is not doing a service to this country. For the welfare of the parts of the country which are directly affected by this discussion, and for the protection of the lives of the men who must fight every threat which is made, I ask for all the cooperation that it is possible for hon. members of this house and for all the citizens of Canada to give to the armed services.

Mr. HANSON (York-Sunbury): Mr. Speaker, the latter part of the minister's statement is very reassuring and I am sure that it will make an appeal to the people of Canada. I rise only to ask a supplementary question. Is there any truth in the report that at a certain period of time last summer

one of our naval patrol vessels was absent from duty carrying a party from Rimouski to a fishing river on the north shore?

Mr. MACDONALD (Kingston City): That statement I think has been denied already within these walls. If it has not been denied, I deny it now completely. I wish to say that I have telegrams and letters from those who are accused of having used the naval vessel for that purpose and they deny absolutely that any naval vessel accompanied them on the fishing trip in question.

Mr. CHURCH: I would call the attention of the minister to one fact which he has not disclosed to the house and which we are entitled to have. At the very same time that these twenty or thirty vessels he speaks of were sunk in the St. Lawrence, a United States convoy was attacked off the Canadian coast. The news was given out in London and Washington, and the names of the ships were given. They were attacked by the same pack of submarines. The house is entitled to the information. I can give the information to the minister either privately or publicly because it has been given by a celebrated admiral and naval critic, H. G. Thursfield, who has written articles in United States and English papers. I shall refer to the article later. I can tell the minister Canada had better wake up. She cannot depend very much on General Winter for help.

Mr. MACDONALD (Kingston City): Is my hon. friend asking whether more ships were sunk than those referred to as being sunk in the gulf of St. Lawrence? It is obvious that ships are being sunk in the Atlantic. It needs no naval expert to assure us of that. We know that submarines are operating there and sinking ships.

ST. LAWRENCE RIVER

QUESTION AS TO OPENING TO SHIPPING IN COMING NAVIGATION SEASON

On the orders of the day:

Mr. D. K. HAZEN (St. John-Albert): The Minister of National Defence for Naval Services (Mr. Macdonald) in reply to a question with regard to the sinkings in the St. Lawrence, said that in about two months' time navigation would open in the St. Lawrence. Can the minister tell us if it is the intention to open the St. Lawrence this summer to ocean shipping? The longshoremen in the port of Saint John would like to have information in advance if there is to be employment there this summer, because many of them do not live at the port but in other parts of the province, and if they go to their homes and engage in other work it will be difficult to get them back if their services are required.

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services): All I can say is that no decision has been reached to close the St. Lawrence to shipping this summer. Beyond that I do not care to go. All these matters must be decided in the light of circumstances at the time.

LABOUR CONDITIONS

LABOUR-MANAGEMENT PRODUCTION COMMITTEES

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to address a question to the Minister of Labour (Mr. Mitchell). On February 22 he answered two questions which I placed on the order paper. They are found at page 581 of *Hansard*:

1. How many labour-management committees are functioning in Canada to-day?
Approximately 631.

2. How many employees are engaged in the plants where such committees function?
Approximately 327,395.

Subsequently I asked for lists of the committees. To-day's issues of the Montreal *Gazette* and the Toronto *Globe and Mail* report that yesterday at a meeting which the minister attended he said, and the statement is in quotation marks as though they were the minister's own words:

"Labour management production committees were to be extended, and already there were 360 organized covering 325,000 workers."

My question is which of these statements is correct, and when will the minister table a list?

Hon. HUMPHREY MITCHELL (Minister of Labour): The first statement is correct. I was speaking from memory and I guess I got the figures mixed.

OIL

BONUS ON IMPORTATION OF CRUDE OIL FROM MONTANA INTO ALBERTA

On the orders of the day:

Hon. J. E. MICHAUD (for the Minister of Munitions and Supply): Yesterday the hon. member for York-Sunbury (Mr. Hanson) asked a question at page 1075 of *Hansard*, the substance of which is whether a bonus is being

paid on the importation of crude oil from Montana into Canada. The answer is that no bonus or subsidy is being paid on the importation of crude oil from Montana into Canada.

Mr. HANSON (York-Sunbury): Is it being contemplated?

Mr. MICHAUD: No.

BUTTER

RESOLUTION OF THREE RIVERS TRADES AND LABOUR COUNCIL AS TO RATIONING

On the orders of the day:

Mr. J. S. ROY (Gaspé): I should like to ask a question of the government. I hold in my hand a resolution passed by the trades and labour council of Trois Rivières, Quebec. It reads as follows:

Whereas the ration of butter actually available is totally insufficient for the worker who brings his meal at the plant;

Whereas such a rationing, besides allowing an insufficient quantity of butter might prove to be a serious impeachment to the war effort of the worker—

Some hon. MEMBERS: Order.

Mr. SPEAKER: I have heard sufficient of the question to understand the purport of it, and I suggest that it is one that should be placed upon the order paper.

MILITARY SERVICE

EXTENSION OF TIME FOR REGISTRATION OF SINGLE MEN

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I desire to address a question to the Minister of Labour (Mr. Mitchell) arising out of an item appearing in to-day's press, which reads in part as follows:

Labour minister Mitchell announced last night that, by order in council, the date for registration of single men under the military call-up has been extended to March 15. The final date for registration previously had been fixed for March 1. . . .

Mr. Mitchell said there still seemed to be confusion in some men's minds over whether or not they were "single" for military call-up purposes. The further extension, the minister said, will help these men to determine their status.

My questions are—

Mr. SPEAKER: I think that is a question that should be placed upon the order paper.

Mr. DIEFENBAKER: May I ask the question, sir, and then you can determine whether it is proper? The question I wish to ask is this. In view of what is said there in this press item, has there not been strict enforcement of the regulation against defaulters during the last few months? During what period has an amnesty prevailed, and after March 15 is it the intention of the government to go after the defaulters?

Mr. SPEAKER: I think the minister may take that as notice of the question.

Mr. HANSON (York-Sunbury): The minister is ready to answer the question now.

Mr. SPEAKER: Although the minister may be ready now the questions asked would be just as much at fault. I think they should not be answered.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, March 9, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Coldwell.

Mr. A. H. BENCE (Saskatoon City): When the house adjourned last night I was dealing with the problem which had arisen in western Canada in connection with the production of flax. My remarks in that connection are practically concluded. I referred to the fact that whereas on December 9 last it was decided to increase flax acreage in this country by one million acres, about the middle of January the Minister of Agriculture (Mr. Gardiner) announced that it was not desirable to increase the acreage. Subsequently a statement was issued from his department to the effect that the increase was desired, and subsequent to that the Minister of Trade and Commerce (Mr. MacKinnon) stated in this house that they did not want the increase.

Mr. MacKINNON (Edmonton West): No, I did not say that.

Mr. BENCE: Well, I could give the minister the exact words, but in effect what he said was that so far as they could tell at the present time there were no indications that the flax acreage was to be increased this year as compared with last year, which is exactly the same thing. Subsequently statements were made by responsible officials of some of the departments that the flax acreage was to be increased. All I have to say, Mr. Speaker, is that this matter should be cleared up as quickly as possible in order that the confusion which has been caused to the farmers may be removed.

Before I leave this subject. I might say just a word in connection with the processing of flax in this country. It appears that Canada produces considerably more flax for oil purposes than we can process. This information was given to the house by the Minister of Finance (Mr. Ilsley) on February 22, when he stated that the net marketable crop last year was 13,230,000 bushels, whereas the total capacity for flax processing in this country was only 6,395,000 bushels; and of course it may be that the explanation for the change in the policy of the administration with respect to this year's flax production is that we have not the flax processing plants on the north American continent. But, Mr. Speaker, in reply to the same question to which I referred a moment ago the information was given to this house that there were in operation, in Canada nine flax processing plants with one under construction. Three are in the city of Montreal; two are in the city of Toronto; one is at Baden; one is at Winnipeg; one is at St. Boniface; one is at Medicine Hat, and there is one under construction at Hamilton. What I should like to know, and what I believe many people in this country would like to know, is why a plant is being constructed in Hamilton, which is already surfeited with industries, where already they are having great difficulties in regard to housing and other matters, and where it will be many hundreds of miles from the source of supply. As I demonstrated last evening, the great bulk of the flax produced in this country for oil purposes is grown in Saskatchewan, which is the province more particularly interested in this problem than any other. But that province has no flax processing plant. I do not know the reason for this, but it does seem to me that if we are to have an effective and efficient war effort the government must have its mind continually trained on problems such as these. Here is the situation. We produce the flax in Saskatchewan, and we ship it to Hamilton or Toronto or Montreal or some other place in order to have it processed. If it were processed in Saskatchewan we would save a great deal of labour on the part of the employees of the railways; we would be able to use the freight cars for other purposes—

Mr. GIBSON: Is the hon. member suggesting that the plant in Hamilton is being constructed by the government?

Mr. BENCE: No, I am not suggesting that at all; I never made such a suggestion. I said a plant was being constructed in Hamilton.

Mr. GIBSON: Not by the government.

[Mr. Bence.]

Mr. BENCE: I did not say that. I suggested that if we were to have an efficient and economic war effort the government must train its mind on the problem of having these plants where they will be most effective; and surely if we are to solve some of the labour and transportation problems we now have on our hands the government should decide where these plants should be located in order most economically to produce these very necessary materials. Would it not have been far better to locate this new plant in the province of Saskatchewan, rather than in Hamilton, in order to avoid all these transportation difficulties? I do not know how it came about that the plant was located in Hamilton, but what has the government done about it? What attempt has been made to solve these problems? To me this is a demonstration of a waste of man-power and effort which we cannot afford to have at this time, to which I shall refer more particularly in a moment.

I do not propose to deal specifically with anything set out in the budget speech of the Minister of Finance, except to make some brief reference to the pay-as-you-earn plan. The whole question of the budget and all its ramifications was admirably covered in the speech delivered by the hon. member for Danforth (Mr. Harris), and it gives me a great deal of pleasure indeed to congratulate the hon. member upon the diligence with which he prepared that address and the manner in which he delivered it in this house. In reference to the pay-as-you-earn plan I merely wish to emphasize that it is not the Ruml plan. As I see it, the difference between the Ruml plan and the plan which has been introduced by the Minister of Finance is that under the Ruml plan we would skip one year's taxes, while the minister's plan merely provides that we must pay two and a half year's taxes in the space of two years. The mistake the administration has made lies in the fact that last year they put into effect what I would refer to as a half-baked sort of Ruml plan, whereas if they had adopted the principle in toto last year we would have it on a proper basis this year. In my judgment the Ruml plan appealed to the people of Canada, but I rather fear that they will be disappointed in the plan that has been presented by the minister because, as I said before, in effect what it means is that over a period of two years we are to pay two and a half year's taxes.

During the current year we shall be required to raise the sum of $5,500,000,000, and whatever anyone else may say about it, I believe this is going to be a tremendous financial

burden, particularly upon the small people of this country. Further drastic restrictions will have to be imposed, which will bring about a further lowering of our standard of living and in some cases, particularly in connection with those having small and rigid incomes, there will be a certain amount of want and suffering. And, Mr. Speaker, because the people of Canada are so vitally affected by the budget; because their standard of living is being reduced so drastically; furthermore and particularly because their loved ones and their friends are offering their lives in all parts of the world in defence of freedom, they are determined that the war effort of this country, from a production point of view, must be as efficient and as economical as it is humanly possible to make it. I do not desire to make any charges or to suggest that anything is wrong in the sense that there has been corruption, but in my opinion there has been a great deal of wastage in our war effort due to a lack of foresight and a lack of planning on the part of the administration. The flax situation, to which I referred a short while ago, is one small example of lack of foresight and planning so far as saving man-power, energy and material is concerned. As I see the picture there has been a lack of cohesion, a lack of coordination and a lack of long-range planning in connection with many phases of Canada's war effort. The position is this, that in many cases things have been done the hard way, and when they have been done the hard way they have been done the costly way. Many problems have not been squarely faced until they have been right upon us, and the methods then adopted to cope with them necessarily have been hastily conceived and badly carried out.

I have in mind at the present time one striking example, namely, the construction of temporary buildings in Ottawa for the purpose of endeavouring to house practically the whole of our administrative effort in this beautiful city. I referred to this before when I spoke in the debate in reply to the speech from the throne, and I intend to refer to it again, because it is the kind of suggestion which hon. members should make to the government in order to relieve some of the unnecessary wastage that is going on.

First of all I would point out that there seems to be an attitude of mind that it is necessary for every part of the administration to be housed in Ottawa, and the person who is in control of any administrative effort seems to feel he must be down here at what he considers the head of affairs. If the situation is considered carefully, and if these people would only look at the whole picture, they would realize that they can carry on their work just as easily in some other part of the country, and if they did there would be no necessity for the erection of these temporary buildings at tremendous cost.

In a return to the house on June 1 last it was shown that since the beginning of the war there had been constructed or there were then under construction in Ottawa eleven temporary buildings and one annex, at a total cost of $5,411,099.76. On the first of June of last year only half of those buildings had been built; the rest of them were still under construction. This was the condition, mark you, practically three years after the beginning of the war, when labour and materials were getting scarce; yet half of the buildings were being constructed at that time. That might have been all right at the beginning of the war, when we had plenty of labour available and an abundance of materials; but every possible step should have been taken to avoid that unnecessary expenditure and that unnecessary condition at a time when the material was so badly needed for other purposes.

Not only that, but the condition is continuing. On March 8 there were tabled the answers to some questions I had asked earlier. One question was as to how many more temporary buildings were to be erected in Ottawa, and at what cost. I received the answer, with respect to the Royal Canadian Air Force, that land and buildings for certain constructions were to cost $312,000. Land and buildings for another department were to cost $54,205; and in addition to that, for the purpose of office accommodation for the wartime prices and trade board, there was to be a building costing $450,000.

At the same time may I point out that there appeared in the press of February 26 the statement that the government approved the building programme under the National Housing Act, and that in Ottawa and vicinity a million dollars was to be spent on the construction of houses. Of that amount a quarter of a million dollars was to be paid by the government.

I suggest that in large measure the reason for this lies in the fact that there has been such over-congestion in Ottawa, and so much of the work has been done here that it is necessary to go on putting more nails, more steel, more lumber and more energy into coping with problems which have been created by the government's action. We need that labour, we need that lumber, we need that steel and those nails for other purposes, and I suggest to the house that there should be no

building in Canada to-day which is not absolutely required for our war effort. I say that because I believe we have sufficient buildings in this country to take care of our war programme, and we must make the most of what we have. We need this labour to make munitions of war, to produce foodstuffs, and for dozens of other essential things. We need, indeed, the labour and the lumber for the preservation of our own people.

The other day we received an announcement through the mail, one which had been given out by the Minister of Munitions and Supply (Mr. Howe) indicating that the wood fuel situation in Canada is desperate. It showed that next year there was likely to be a worse condition, because not only are we using up last year's supply, but that lumber which was being cut and was intended for next year is already being used in order to heat houses and to do necessary cooking. We know, too, that there has been a desperate shortage of coal this winter, and that that shortage will be even greater next winter.

If this extra labour is available it should be used to produce what is necessary to keep our people from freezing. The labour should be directed to other purposes than erecting more buildings in Ottawa. If the situation had been properly canvassed many of those buildings would not have been necessary. In Canada to-day many buildings are being used for non-essential purposes. Many factories are still producing non-essential goods. Why was not the whole situation canvassed thoroughly by someone with over-all authority who could say to these various departments: That building is not necessary, because we can send you here, or we can send you there? Why is there not someone who would have the job of investigating and determining whether or not certain factories could be used for these purposes, if at the present time they are not producing something essential?

The buildings being erected in Ottawa are temporary, and they are intended as nothing else. Many stores are curtailing their hours of sale because of lack of goods to sell and lack of labour. Several examples can be found right here in Ottawa. Along some of the main streets one can see cards in the store windows stating they will not be open until such-and-such an hour. Why can we not work out a plan under which some of these store buildings could be used for housing administrative workers? Why could not stores be doubled up? There is no necessity for having two stores open a half day when one could be open a whole day and the other be made available for other purposes.

[Mr. Bence.]

Large department stores find that their counters are bare because they have not the goods to sell. I am not criticizing anyone because the goods are not there. We cannot continue to produce non-essential consumer goods. This is a necessary result of our war programme. There is no reason why all these stores should be operating when one building could do the work now being done by four or five. Some of them could then be used for the purposes for which the temporary buildings are being constructed. I do not think this is an unreasonable suggestion. It may be the kind of thing which would be considered drastic in peace time; but when we are in a life and death struggle we can put up with inconveniences. We shall have to put up with many more before we have finished.

There are many possibilities which could be canvassed with a view to providing necessary office accommodation. Let us go outside of Ottawa, to the various cities across Canada, and utilize the buildings that are available. But even in Ottawa I think more diligence could have been shown in finding available accommodation.

I believe members of parliament could be asked to put themselves to some small inconvenience. In many cases we have comfortable private offices. Many of them are now accommodating only one member. Surely we could make some kind of arrangement to double up—and I am sure the senators would agree to a similar arrangement. They would probably agree to come from the other side of the building, and we could make some provision whereby we could provide accommodation for some of the additional workers now in Ottawa.

Every possible step should be taken to avoid unnecessary construction at the present time. This is not a question of money; it is a question of man-power and material. If there is already office space in the country which can be used, then certainly we should not be constructing new buildings in Ottawa.

A moment ago I referred to the fuel problem, and I shall conclude my remarks by making a further reference to it. As I stated, the Minister of Munitions and Supply issued a press release from his department in which it was asserted that the wood fuel situation was serious, and he made certain suggestions as to how the problem might be solved. One was that the government was going to pay an additional dollar per cord to the fuel dealers. Another was that farmers might go to work cutting fuel in their off season, and that they would not thereby lose the privileges they have at the present time under the national selective service regulations. I

presume that some legislation is to be introduced or some order in council passed to make that official. At present it is merely a statement that the selective service officers will consider farmers doing this work as not losing their exemption under the regulations. But I do not know how that is to be accomplished officially. In any event the problem will not be solved in that way, because the farmers are just getting ready to put in their crops, and this wood fuel problem is one that must be solved now. Next winter will be too late. The fuel problem is a very serious one, and the people will suffer unnecessary hardships if it is not tackled immediately, and with courage, and with some measure of efficiency and effectiveness. The problem is of first importance and its solution is the job of those who have been given a mandate to carry on the affairs of this country. The only solution as I see it is a proper plan of allocation of labour which will take out of unnecessary production workers who can be put at this particular kind of labour. We have not yet effectively tackled this question of taking workers out of non-essential work. But when we face the danger of our people suffering and even freezing to death next winter, something should be done without further delay.

Mr. H. A. MacKENZIE (Lambton-Kent): Mr. Speaker, in rising to discuss the budget I first want to pay tribute to the Minister of Finance (Mr. Ilsley) for bringing down the budget so early in the session. It must have meant long and arduous hours of labour to bring down a budget providing for the raising of such a colossal sum of money. It is very difficult indeed to allocate the burden of taxation fairly among the taxpayers of Canada when taxation is called for upon such a stupendous scale, but I believe that the people as a whole regard this budget as a very good one and are prepared to accept the challenge to work and save which the Minister of Finance made to the people in his closing remarks the other night.

I wish to discuss particularly some problems pertaining to agriculture. A return that was brought down the other day was interesting to me. It showed that in the fiscal year 1942-43 only about 1,500 farmers paid income tax to an amount of approximately $150,000. The minister's estimate of income tax receipts for the fiscal year 1942-43, which ends on March 31, 1943, was approximately $842,000,000. That means that the farmers paid approximately five cents each in income tax, because according to the census of 1941 the farm population comprises 28 per cent of the total population of the country, or about three million people. If this is a fair estimate of what the farmers are supposed to pay in income tax, they are not getting a fair share of the national income. If we are ever to settle the problems of agriculture satisfactorily the remuneration for the products of the farm must be raised to a comparable basis with the products of industry. We must also provide some relief from the drudgery of farm work, and make farm homes more attractive, with conveniences more in line with those found in the homes of city dwellers. We are asked to produce, but the farmers get very little encouragement to produce. It is true that in most long wars food products play an important part in the long run, and that is true of this war. It is probable that the foodstuffs of the world will play an important part in the final outcome of this war. That is why our farmers are being asked to produce more of all kinds of farm products.

In the matter of hydro extension, the farmers, and I am speaking particularly of Ontario, have been discriminated against. About two years ago an order was issued that no new installations of hydro should be made in rural communities. Three factors entered into this picture. There was the hydro-electric power commission, the power controller and the metals controller. The order provided that no new installation of hydro could be made, except under permit, if the home was more than 250 feet away from the transmission line. During this time houses were being built in towns, cities and incorporated villages and hydro was installed there without any restrictions at all. Fixtures also were allowed to be installed. But all this was denied to the rural people. In many of the rural districts the hydro transmission lines run down the concession lines, but the farmers were denied the privilege of hydro. At the same time this right was extended to city dwellers. I say, Mr. Speaker, that the farmers of rural Ontario are more entitled to the use of hydro power than people who live in incorporated villages, cities and towns, because our farmers have to work long hours before daylight and after dark and have great need of hydro power. I am glad to note that the hydro commission is now cooperating with the controllers on a scheme whereby hydro can be extended to the rural people. Less than thirty per cent of the people in rural Ontario have hydro or running water in their homes, and until we can make these conveniences available to people in the rural districts we can never solve the problem of a happy and contented rural population. I

shall discuss agricultural problems further, probably on the estimates of the Department of Agriculture. But for the moment I wish to talk about economies on parliament hill, in the houses of parliament as now constituted.

The question has been raised in this chamber by hon. members of practically all groups, by the press throughout Canada, and by individuals in public speeches and addresses, that the cost of government services is too high. Even prior to the present war the matter was one of public discussion. To go back a few years, around 1906 to 1908, the expenditure at Ottawa was approximately forty to forty-five million dollars. In 1939, the budget which was approved before the outbreak of war, and which made provision for a large expansion of national defence, was about $550,000,000. The provision for expansion of the Department of National Defence was made because war seemed inevitable, although some groups in this house did not appear to think so. Many hon. members will recall when old age pensions were first discussed in this house, and also pensions for the blind. Everybody admitted that there was merit in those demands, particularly those on behalf of people who were so unfortunate as to be blind, but the invariable answer from the government of the day, from the then Minister of Finance and his colleagues on the treasury benches was, "We appreciate all that, but where will you get the money from?" We are now in the fourth year of the war, and war, at best, is waste, not only of material things but of life itself, and that of our own soldiers as well. The peoples of Europe, Africa and Asia are sacrificing their lives by thousands if not millions. In the fourth year of the war we are budgeting for an expenditure of five and a half billion dollars, or practically ten times as much as we budgeted for in 1939. Therefore it is pretty hard for the people to go back to the belief that if the occasion demands, whether it be a national crisis or a specifically economic crisis, the money cannot be procured if it has to be got. But the people would feel more satisfied if they were assured that money was being carefully expended and rigid economy practised with respect to government expenditures. We should turn from habits of extravagance to habits of saving. As it is, the fear is expressed by many people throughout the country, particularly where large construction work goes on, that the money is not being carefully expended, that rigid economy is not being practised, and that the country's savings are being wasted. We are asked to save; we are even forced to save. We are expected to refrain from luxuries and to be content with the necessities of life.

[Mr. H. A. MacKenzie.]

I do not intend to enter into a general discussion of whether Canada is overgoverned. If I did, I think the answer would be emphatically, yes. In this dominion, with approximately eleven and a half million people, there are over four thousand money-spending municipalities. Apart from that, in this dominion and nine provinces there are over eight hundred and fifty lawmakers—more than in any other country in the world with the possible exceptions of the United States and Great Britain. It is true that Ontario, Saskatchewan and Nova Scotia have made moves to lessen the number of their legislators, and we here could very well follow their example. Following the 1931 census, provision was made for two hundred and forty-five members of the House of Commons. In accordance with the census of 1941 the number will be reduced, particularly from Saskatchewan and Manitoba, but there could very well be a further reduction by a general reallocation of seats throughout the dominion. I do not propose to discuss at any length the position of the upper chamber, because it was a subject of debate at some length both last year and this year. In fairness it must be recognized, I believe, that the upper chamber is composed of honourable and capable men. But if we go back we shall find that in 1891 the Liberal platform contained a plank called "senate reform". The subject was debated in this chamber at some length in 1909 and 1910, and at that time the Right Hon. Arthur Meighen voted for senate reform. Since that time he has been in the upper house and out of it, but there is no record that he made any reference to it while he was there. It was, I believe, in 1942 that the hon. member for Wellington South (Mr. Gladstone), speaking in this house on July 7, said, as reported at page 3991 of *Hansard:*

> The other house should be used or disbanded altogether. There are highly qualified and experienced men in that house who should be given an opportunity to render service to Canada. We are paying them and letting them die of dry rot.

This House of Commons was in session for six months last year, and during that time the upper house met only twice for short periods. It is true that just recently, when the 1942 war appropriation supplementary estimates of around $858,000,000 were passed in this house, there were at that time, according to the press, only twenty members of the upper house who thought it important enough to assemble to discuss that matter of a mere $858,000,000.

Again, we find that last year, as reported in *Hansard* of May 6, at page 2183, the hon. member for St. Paul's (Mr. Ross) said:

Mr. Speaker, in view of the urgency of the situation and the desirablity of strengthening in every possible way our parliamentary institutions by recruiting thereto men and women of outstanding ability, will the Prime Minister tell the house when he will be in a position to announce the appointment of men and women of ability to the Senate of Canada to fill the many vacancies at present existing?

The Prime Minister (Mr. Mackenzie King) replied:

I shall be glad to take note of my hon. friend's desire to be considered in that connection.

Why should such appointments be necessary? If we have any thought of reducing government costs in this country and in the House of Commons, should they not be reduced in the other chamber as well? Either the number of members should be reduced or that house should be abolished altogether. As the hon. member for Wellington South said last year, they should be given some useful work. Why can they not institute some useful work of their own? I notice that this year they are appointing some committees to study rehabilitation and reestablishment, and also social security. That is fine, but I believe they should also be able to do something useful to help the House of Commons in the problems which annually confront us in this chamber. For instance, a war expenditures committee appointed by this house has been operating for the last two years. It is composed of twenty-four members. They have done some useful work. A question was asked in the house recently about the cost of that committee. I am not in a position to say how much it is, but it must be considerable. The members of the committee get $15 a day, and there are additional expenses in connection with stenographers, stationery, and so forth. Is there any reason in the world why the upper house should not perform the duties of that war expenditures committee?

Mr. SENN: The $15 a day is not taken by all the members.

Mr. MacKENZIE (Lambton-Kent): That is what is provided. Whether they take it or not, I do not know. For several years we have been talking in this house about appointing a committee to study the estimates, but nothing has been done. Every session since I have been here the Ottawa *Journal* or the Ottawa *Citizen* has commented on the millions that are passed in a minute or two in the closing days of the session. Is there any reason why the upper house should not study these estimates, so that when they come here for final adoption we shall be able to vote on them at least intelligently? It is true there is an opposition, and it is rather amusing to watch them at times feebly asking questions about this or that expenditure. The information given is supplied by the departments, and those asking the questions get very little information.

These estimates are prepared by the different departments. In reality most business is done by orders in council and the estimates are prepared by the civil service. In my opinion the upper chamber is not given any useful or contributory work to do. On different occasions the Prime Minister has stated that he favoured senate reform. In view of the fact that there are eleven vacancies, I suggest that he pull the plug and let them all go. It would mean a saving of at least $380,000 a year, besides saving other expenses.

Mr. MacNICOL: This house cannot abolish the senate.

Mr. MacKENZIE (Lambton-Kent): True, we cannot abolish the senate, but if we refrain from appointing them it will abolish itself in time. Last year the hon. member for Simcoe East (Mr. McLean) said something about government costs. I am quite in accord with what he said. If we are asking the people of this country to save and conserve, to exercise economy, I think we should set our own house in order and practise economy here, thereby giving an example to the Canadian public. Speaking in the house last year, the Minister of Finance (Mr. Ilsley) said:

In my judgment, parliament is more and more on trial at the bar of public opinion. There is something wrong with this House of Commons. I am not reflecting on the house and I do not know what is the cause, but there is something wrong with it and I have asked myself, "is it the fault of the government in any way?"

Let me offer some suggestions which I think will help to solve some of the problems that confronted the Minister of Finance when he asked that question. I believe, and I think many other hon. members agree, that far too much of the time of the house is taken up in asking questions of the members of the government who sit on the front benches. Much of the information asked for in these questions could be obtained from the departments without taking up the time of the house. I quite appreciate that some questions have to do with matters of national urgency, but there are many others that should be directed to the departments.

Many of the speeches made in this house are made for home consumption, for the pur-

pose of getting them on *Hansard*. On February 25, 1892, an order in council was passed regulating the franking privileges enjoyed by hon. members of this house and of the senate, as governed by section 43 of the Post Office Act. This section reads as follows:

> Letters and other mailable matter addressed to or sent by the Speaker or Clerk of the Senate or of the House of Commons at the seat of government shall be free of Canada postage, and letters and other mailable matter addressed to or by any member of either house at the seat of government during any session of parliament, or to any of the members at the seat of government as aforesaid, during the ten days next before the meeting of parliament, shall be free of Canada postage.

These franking privileges have been abused from time to time by the members of this house and the members of the other house. Reports have come to the Post Office Department—this is definitely on record—to the effect that members have abused this franking privilege by conducting their private business under the frank. It is also true that members and senators living outside Ottawa have sent mail in bulk to the Speaker of the House of Commons or the Speaker of the Senate respectively to be mailed under the frank.

The reading of speeches is still adhered to. The rule should be either that we should be permitted to read them or that we should not be permitted to read them. When some hon. members make speeches—the house knows this is correct—they have thousands of copies printed which are mailed free on government stationery to their constituents.

Mr. MacNICOL: The hon. member knows that we have to pay for the printing of those speeches.

Mr. MacKENZIE (Lambton-Kent): I said that they were sent out on government stationery and mailed free of postage to constituents.

Mr. MacNICOL: The postage is free.

Mr. MacKENZIE (Lambton-Kent): And the stationery is free. They go out in *Hansard* envelopes, which are supplied free.

Mr. MacNICOL: The member pays for the paper.

Mr. MacKENZIE (Lambton-Kent): The member does not pay for the *Hansard* paper.

Mr. MacNICOL: Oh, yes; and for the printing.

Mr. MacKENZIE (Lambton-Kent): I will come to that a little later. Some members or groups of members in this house use the House of Commons and the Post Office Department as a clearing-house through which to spread their political propaganda and doctrines to their constituents at the public expense. There is no doubt about that. I have seen rooms of members filled with stenographers and messengers stamping envelopes which would be sent down to the paste room to be sent out to the post office.

An hon. MEMBER: They would be Liberal members.

Mr. MacKENZIE (Lambton-Kent): I am not saying what particular members they were. I have seen trucks loaded with this stationery to such an extent that one would think they were moving the stationery department. These trucks are filled up with literature being sent to the paste room to be mailed at the taxpayers' expense. The stationery supplied to the members of the House of Commons during the last few years has cost from $35,000 to $40,000 a year. According to a report which I received, 400,000 *Hansard* envelopes were supplied to members of the House of Commons in 1942. Surely the hon. member for Davenport (Mr. MacNicol) does not contend that he is paying for these *Hansard* envelopes.

Mr. MacNICOL: I said that I paid for the printing of any speech that I mail out.

Mr. MacKENZIE (Lambton-Kent): The hon. member may pay for the printing of his speeches, but they are sent out on government stationery and mailed free of postage at the taxpayers' expense.

Mr. MacNICOL: If I may correct the hon. member again. I believe that in paying for the printing of such speeches, I pay for the paper upon which they are printed, as well as for the printing.

Mr. MacKENZIE (Lambton-Kent): And the *Hansard* envelopes?

Mr. MacNICOL: No; I get those free, the same as every other member.

Mr. MacKENZIE (Lambton-Kent): If this franking privilege granted to the members of the House of Commons and the Senate were abolished, it would reduce the length of the session by months and the stenographic and messenger staffs could be reduced by one-third. It would save tens of thousands of dollars of the taxpayers' money. Imagine the cost of transporting all this mail that goes out free! I feel sorry for the rural mail carriers who have to deliver this mail up and down the country because it is all sent out free of postage.

Then there is another factor that we must remember. A man might want to start a leadership league, and he would advertise in all the papers and send them free to members of the House of Commons. The house will remember that two years ago hundreds and thousands of letters came to this house because they were free of postage. If the two post offices in the houses of parliament were amalgamated there would be a great saving. At the present time there are two post offices, under the jurisdiction of the respective Speakers. They should be amalgamated and placed under the direction of the Postmaster General. It is claimed by the post office authorities that the franking of mail matter of the Senate and the House of Commons each year would amount to approximately $55,000 or $60,000 if postage were paid. I admit that in the original plan the intention of the franking privilege was that members of the House of Commons should be able to conduct their correspondence relating to government work free of postage. And in view of the income tax that hon. members have to pay, it probably would be a hardship to abolish that privilege. They should be allowed a small amount for postage on their mail while parliament is in session. The present legislation regarding franking was enacted many years ago, and it applies to the other government departments as well. It reads as follows:

> All letters and other mailable matter addressed to or sent by the governor general, or sent to or by any department of the government at the seat of government, shall be free of Canada postage under such regulations as are, from time to time, made in that respect by governor in council.

Post office officials to whom I have talked at different times regarding this are of opinion that the abolition of the franking privilege of the House of Commons and the Senate would do more for economy and save more than any other single factor. To be sure, if none of the departments were free from postage it would probably mean taking money out of one pocket to put it in the other, but it would more than any other factor induce them to conserve and save. A few years ago the cost of mail sent out from the departments was approximately $750,000. That has increased to $2,500,000 and is increasing daily. So that if this franking privilege were abolished it would help more than any other factor to solve the problem of extravagance at Ottawa.

If freedom of speech is the bulwark of democracy, let us not talk it to death in this house. It is true that in the United States congress the members may send their speeches to the Speaker and have them printed in the record without the trouble of delivering or reading them in congress.

Mr. MacNICOL: They are not allowed to read them in the United States congress.

Mr. MacKENZIE (Lambton-Kent): But I understand they may be handed in.

Mr. MacNICOL: If a congressman wishes to speak he can rise in his place and make his address, but he is not permitted to read it.

Mr. MacKENZIE (Lambton-Kent): Also if he wishes to have it taken as read he can hand it in. I am confident that seventy-five per cent of the speeches made in this house are not listened to at all except by the *Hansard* reporters.

Can one imagine why we should have two post offices in this building, manned by two separate staffs, one under the jurisdiction of the Speaker of the Senate, and the other under the jurisdiction of the House of Commons? If we do not change our rules regarding these houses of parliament, a wave of sentiment throughout the country will change our rules for us. I think that of all systems of government, ours, which is copied from the British parliamentary system, is the very worst. It was invented two hundred and fifty years ago to break the power of a parliament which was not disposed to do anything but compete for places on the treasury benches and raise money for war against Louis XIV.

I shall offer a few suggestions to the Minister of Finance and to this government which I think would go a long way to solve the question of what is wrong with our houses of parliament here in Ottawa.

The first is the amalgamation of the post offices in the parliament buildings into one and to place that one entirely under the jurisdiction of the Postmaster General. The second is the abolition of the free franking privilege of members of the House of Commons and the Senate as well as of all government departments. The third is the abolition of the senate or at least the reform of it. Members of the senate should retire at least at retiring age.

Mr. SPEAKER: I would remind the hon. member that the rules do not permit speaking disrespectfully of the Senate.

Mr. MacKENZIE (Lambton-Kent): I did not think I was speaking disrespectfully of them.

Mr. SPEAKER: It is pretty close to it.

Mr. MacKENZIE (Lambton-Kent): Let me qualify it. I said at the start that I believe they are an honourable and capable body of men, but they are like a fifth wheel on a coach.

Mr. SPEAKER: I think the hon. gentleman is going further than he intended. I suggest that he should not make any such reference.

Mr. MacKENZIE (Lambton-Kent): Then I say that public sentiment believes that at least there should be a retiring age for the members of the senate, because every other public body has a retiring age. And fourth, I would say that there should be a change in the rules of this house so as to provide that private members must confine their speeches to twenty minutes instead of forty as is now the situation.

I am sorry if I have transgressed the rules, but I make these statements because I believe that we are abusing the privileges and rights that belong to us as a parliament.

Mr. C. E. JOHNSTON (Bow River): I am rather amused at the remarks of the hon. member for Lambton-Kent (Mr. MacKenzie) who has just taken his seat. He went out of his way to reprimand other hon. members for speaking in such manner as would tend to give them publicity in their own constituency; yet I would think the speech of the hon. member would be a proper one to have been made in a Liberal caucus. That is where he should have his fights; after all, a Liberal government is in power and it is up to them to take measures to counteract the things of which the hon. member is complaining. Further, I wish to say that the members of our group never do speak for home consumption; they try to give something constructive.

It would appear from the budget speech of the Minister of Finance (Mr. Ilsley) that farmers are to receive no increase in income despite the universally recognized fact that all costs of agricultural production have gone up. It must be remembered, Mr. Speaker, that agriculture is this nation's basic industry and that without a prosperous and virile agricultural population this country will never reach the height of prosperity that is so essential to the welfare of Canadians and so necessary to our war effort. Agriculture is also a vital war industry, just as truly as are those other industries which are producing the munitions of war, and I believe that unless we recognize that fact and face the problems of agriculture immediately, there is grave danger of an economic collapse on our food front. That is why I wish to direct my remarks this afternoon more particularly to agricultural matters, because in my opinion such a collapse on the agricultural front would be just as disastrous as a collapse in the manufacture of the munitions of war.

Such direction as the government has given agriculture so far has, in my opinion, resulted only in confusion, not only among the farmers but among the ministers of the crown themselves; and on account of this lack of proper direction the farmers are becoming desperate, for they see no solution of the problems with which they are faced. I think it is a well known fact that many leaders in agriculture are now coming to the point where they are implying, if not suggesting, that the only way in which agriculture can bring its problems definitely to the attention of the government is by going on a sitdown strike. That is not the best solution, yet for some reason or another it seems to be the only way in which not only agriculture but industry itself, and especially organized labour, can get results, either by the threat of a strike or by actually striking. That may not be the best thing to do, but I do not see how else the government is to be moved. That is not a healthy condition to have in this country.

One of the matters in which I am particularly interested is the problem of man-power. With this in mind I have gone over the speech of the Minister of Agriculture (Mr. Gardiner) as well as the budget speech of the Minister of Finance to try to find out what is the proposed man-power policy in regard to agriculture. I must confess that it is very confusing to me, as I am sure it must be equally confusing to the farmers of western Canada and, in fact, to the farmers throughout Canada as a whole. I am amazed at the attitude of the Minister of Agriculture toward the man-power problem. I think it is safe and fair to say that he does not fear the man-power problem at all, in fact that he sees no shortage of man-power on our farms. He is peculiar in that regard; certainly he is the only western man I know of who does not see that difficulty looming before us. On February 9 the minister made a speech dealing with this problem, and in the course of his remarks he referred to the large number of farmers and farmers' sons and daughters who had left the land and gone into other occupations, particularly in war industries. I wish to quote a few of his words, as they appear at page 269 of *Hansard*:

> Although we did that, what has been the result? Not long ago I was speaking in Saskatoon to a group of farmers. I had been asked the question that has been asked in the house on numerous occasions since this debate began: Is there going to be a labour shortage

this year? I had to say that we had been building up our objectives year after year while the number of persons on the farms has been going down year by year; we have not yet reached the peak of production under these conditions, and until we have done so I cannot say with absolute assurance that lack of labour will prevent us from reaching our objectives this year.

I do not think I can be accused of being unfair when I say that the minister does not view the labour problem with alarm, for he says he is quite sure we shall reach our objectives this year without any additional farm help. He goes on to say:

I have this to say as well, and every member of this house, on both sides of the house, knows it is a fact. For eight years before this war started, boys and girls brought up on farms never intended to remain on the farm. They had been directed, from their childhood up, towards some other activity, but they found it impossible to get off the farm.

It is probably quite true that large numbers of people, particularly young people, were extremely anxious to leave the farms, but why? I think the answer should be obvious to the minister or to anyone. The reason was that there was not a decent living to be had on the farm for the farmer and his whole family. Agricultural conditions were such that they could not maintain a decent standard of living, and consequently they sought employment elsewhere. Then he goes on to say:

With regard to overall production, our farms to-day, with these 250,000 gone, are producing more than they ever produced before.

He is again emphasizing the fact that there is no danger from a man-power shortage, and he is so emphatic in that regard that he concludes his remarks with these words:

In conclusion, Mr. Speaker, I should like to say that those of us who have been speaking on agriculture have been emphasizing the necessity for labour during the coming year. I am going to repeat that I have not been convinced by any arguments I have heard in the house, nor am I convinced by our experiences of the past, that we cannot reach the objectives which we have placed before the farmers of this country for this fourth year of war.

With that summary he definitely concludes his argument, saying that although we have asked for a much greater production from the farms in this, the fourth year of war, he sees no difficulty whatever in reaching that objective with the present labour on the farms, despite the fact that more than 250,000 people have left the land. But the Minister of Agriculture seems to have overlooked the fact that the only ones now left on the farm, as a result of government policy, are the more elderly people. All the young men have been conscripted for the army, and the young women have joined the armed forces as well. In some instances, of course, they have gone to industries. The result is that the only ones left are those people who are no longer young, who are not mechanically minded and who have never had any experience in operating tractors or combines. These are the developments in agriculture, and as a result farmers will face difficulties this year.

The Minister of Agriculture may say that we do not want our people to raise too much grain, and that he would like them to devote their time and energy to stock-raising. But if he takes that view I think he is definitely showing his ignorance in regard to farming because, without question, there is a great deal more work, especially in the winter time, when a farmer has to feed and water stock, whether it be cattle or hogs. If farmers are to increase their cattle and hog production, then they will have a great deal more labour than ever before was required on their farms. It seems strange that the minister does not realize that in the west to-day the farmers face a peculiar situation. I believe I am conservative when I say that at least forty-five per cent of crops are still out, and unthreshed. The reason why the grain is still out is that, through government policy, the young men have been taken off the farms. Last fall, when threshing operations were in progress, there were not sufficient young men to make full crews on threshing machines. The result was that the rate of threshing was greatly reduced. With the early fall—and I am not blaming the government for that—over forty-five per cent of the crop was left to lie under the snow.

But the minister disregards that entirely. He says quite definitely the farmers do not need to worry about help on their farms, because they have sufficient help now. That is his statement, despite the fact that over 250,000 have been taken off the farms. That is one point of view.

I said a moment ago that there has been confusion in the government itself, among cabinet ministers, in regard to the man-power problem. I should like to prove that assertion, and I believe I can do it to the satisfaction of the house. I have set out the view of the Minister of Agriculture in regard to this problem. Now for a few moments I shall refer to what the Minister of Labour (Mr. Mitchell) has had to say. As I read the minister's statements in regard to man-power I believe the remarks made by the last speaker were appropriate when he said that much of this stuff was just for purposes of propaganda. I believe the proposals of the Minister of Labour were mostly that.

Hon. members will recall that when the minister spoke on February 26, as reported at page 741 of *Hansard,* he referred to his concern about the question of man-power, and read a special letter on this subject from Mr. MacNamara which had been sent out to the boards. The minister was turning his attention here, there and everywhere in an endeavour to find men for the farms. Why? Why was the Minister of Labour so anxious to get men for the farms this summer when the minister in charge of agriculture—the Minister of Agriculture himself—says there is no danger whatsoever? It would appear that the Minister of Labour has not consulted the Minister of Agriculture in this regard—either that or he is woefully ignorant of the facts.

Mr. MITCHELL: I do not think a statement like that is very elevating, when the hon. member does not even know what he is talking about.

Mr. JOHNSTON (Bow River): We will just see about that. Let the Minister of Labour keep his ears open, and he will find out. I think the Minister of Labour will agree with me that the Minister of Agriculture does not view with the least bit of alarm the man-power problem on the farms. I do not hear the minister make any remark on the point, and accordingly I take his silence as consent.

Mr. MITCHELL: And you do not need to do that, either.

Mr. JOHNSTON (Bow River): I do not know whether your opinion would be worth very much, when contrasted with that of the Minister of Agriculture. But I am trying to show the contention of the Minister of Labour, and I hope he will—

Mr. MITCHELL: To be fair—and you started this argument—the conclusion in my hon. friend's mind is not in the mind of the Minister of Labour.

Mr. JOHNSTON (Bow River): I will put the facts on *Hansard,* and hon. members can judge for themselves. I do not think anyone will doubt what I said with regard to the stand taken by the Minister of Agriculture.

Now then, let us see what the Minister of Labour had to say in regard to the regulations concerning man-power. I have said he was looking here, there and everywhere else; and I am convinced it was mostly propaganda stuff. I say that because this is his solution: He is going to take boys and girls from the schools, and put them on the farms. Why put boys and girls from the schools on the farms if they are not needed? Anyone who has worked on a farm knows it is not a summer resort. We tried that plan out to a degree last year, and it was successful only to a certain extent. But those of us from the west know that the young people who went from eastern Canada to work on the western farms, despite their willingness—and I am not questioning that for a moment—just did not know how to go about their work. If the Minister of Labour thinks for a minute that these young and inexperienced people, some of whom never saw a cow in their lives, and the great majority of whom did not know how to run a combine or how to work efficiently, were sufficient to answer the need, then I say he is mistaken. Some of them did not know how to handle a fork. True, they were earnest, and some worked almost to the point of exhaustion; but even then they did not accomplish much.

Despite their work, over 45 per cent of the crop is now under the snow. I believe I have given sufficient proof that that policy will not work; and yet that is where the Minister of Labour is to get his help for the farms. If that does not work, what will he do? He will put prisoners of war and internees to work on the farms. I suggest that in doing so, he is just beating around the bush, and that he is not really serious in his attempt to solve the problem—if there is a problem, because the Minister of Agriculture says there is not.

It may be necessary to put some of those people on the farms, but I suggest that the Minister of Labour will have difficulty in doing it. There might not be the same danger from using prisoners of war on farms as there would be from using them in industrial plants. But certainly the element of danger is not eliminated. We know that a prisoner of war could just as effectively interfere with agricultural production as he could with production in industry. For instance, it would be very simple for one of them to ruin a tractor in ten minutes. He could destroy a combine and thereby impair the efficiency of agricultural production. There again I fear the Minister of Labour will have difficulties. Whether he believes seriously that either of the two procedures I have mentioned are sufficient to settle the man-power question, or that they will be effective, I cannot say. But from a practical point of view his suggestion does not appear sound to me.

If that does not work—and, you see, these are all so vague; all these propositions by the Minister of Labour are just straw men to take care of a problem the Minister of Agriculture says does not exist—the Minister of Labour will try something else. If that does not work he will draft the conscientious objectors. If that does not work he will take men from the

reserve army who can establish that they are urgently needed on the farms. It is not up to the farmers, but up to the individuals themselves, to establish that they are urgently needed on the farms. These men whom he will take and put to work on the farms are men in the lower medical categories who have been rejected for the army on account of physical unfitness. In all seriousness I suggest to the Minister of Labour—I cannot believe that he has ever been on a farm—that a farm is no health resort, and if the farmers are to be compelled to take these men who are physically unfit the minister will find himself in difficulty again. I can speak from practical experience, and I wish to assure him that work on the farm requires a healthy body. It is exceedingly heavy work; the hours are very long. If a man is not in good physical condition he simply cannot stand up to the strain, and agricultural production will suffer in consequence.

I come now to the last suggestion, and it amuses me as I am sure it did the Minister of Labour himself when he put it down. His last suggestion is the temporary closing of manufacturing plants. Surely, Mr. Speaker, we have not reached the stage where we have to close down our production plants in order to take care of the man-power shortage on the farms. Does that indicate careful planning? Surely the Minister of Labour is not serious in his suggestion that our production plants must close down. If so, why? It is true that at Calgary two or three hundred men have been laid off work at the Ogden shops and it is likely that more men will be laid off there. But if we have to start to close down our production plants to take care of the labour shortage on the farm, then definitely there must be something wrong with our production planning. I cannot think that the Minister of Labour is serious in that suggestion. I have a clipping here from the Ottawa *Journal* of February 25, 1943, which, discussing the minister's emergency farm labour plan, says:

> Most drastic feature of the farm labour programme was the plan for the calling up for agricultural service men now in low medical categories. It was believed that the men drafted for this work would draw army pay—not less than $45 per month and full maintenance—to be paid by the farmers employing them.

If that is true, and I do not hear the Minister of Labour contradicting it—the Minister of Labour can take this as a joke, but the farmers do not consider it a joke—

Mr. MITCHELL: I am not taking it as a joke. It is my hon. friend.

Mr. JOHNSTON (Bow River): I do say that either the Minister of Labour or the Minister of Agriculture cannot be serious about this man-power shortage on the farms when he would make this recommendation. He is going to make the farmer pay $45 a month, plus all maintenance charges, for men in low medical categories who take up farm work despite the fact that we cannot have any increased prices for agricultural products and despite the fact that the farmer is able to sell only so many bushels under the quota system. If that does not work, the minister will then see what he can do about sending the women out to work on the farms. If that does not show a sad state of confusion over this man-power shortage problem I should like to know what would. I suggest to the Minister of Labour and to the Minister of Agriculture that if they want to learn the best way to solve agricultural problems, let them consult the farmers themselves. Then they will get a solution. It is not sufficient for these two ministers to disregard the farmers as not knowing how to handle their own problems. When an industrial problem comes up you go to the industrialists, and properly so. I wonder what the business men, the industrialists who are producing war supplies, would say if the government went to them and said: If you want any more help, any green hands to train in your factory, you must bear all that expense alone—you must pay them so much per month, plus their maintenance. Why, they simply would not pay any attention to the Minister of Labour or the Minister of Agriculture or anybody else because that is not the way in which business is done. That is not the way in which business has been done since the beginning of this war. When we were training men for war industry, almost without exception every war contract was on a cost-plus basis; when green hands were sent into these war industries to be trained, that expense was added to the cost of producing the product, and the industries got their profit on top of those costs.

I should like to read a letter in regard to the difficulties of agriculture with respect to man-power. This letter comes to me from men who are right at the source of the trouble and know what they are talking about. It is from the Drumheller board of trade. These men are business men and farmers. They are right on the ground and know their own problems, and I would suggest that the Minister of Labour pay some heed to this. The letter is addressed to myself, and is dated, Drumheller, February 6, 1943. It reads:

> Our board have written Hon. J. G. Gardiner (Minister of Agriculture), Hon. J. A. MacKinnon (Minister of Trade and Commerce) and Hon.

Humphrey Mitchell (Minister of Labour), pointing out the serious situation in the big Drumheller agricultural district as regards the unharvested 1942 crop and seeking their co-operation in having sufficient men released from the Canadian forces to assist in taking off the balance of the 1942 crop as soon as it is possible to get at this work.

A survey of the situation would go to show that there is about 45 per cent of the 1942 crop in this district yet to be harvested, while some of the farmers were only able to harvest 10 per cent of their 1942 crop before the early winter set in and made further harvest work impossible.

Of course, so many farm workers enlisted or took war jobs, while the outstanding record of enlistments from this valley and the shortage of coal miners made it impossible to replace these men on the farms. Then, again, labour from outside was impossible to secure. Bad harvest weather and an extra early winter put the finishing touches on one of the most disappointing harvest seasons in our district's history.

However, you know the situation in Alberta and it is not necessary to elaborate further, but the main point is that the only solution, in our board's opinion, is to release a sufficient number of men from the Canadian forces to make possible the harvesting of the balance of the 1942 crop and that arrangements should be made right away so that when it is possible to do this work there will be no delay in dispatching the necessary men to the various points in the prairie provinces.

This work must be done before the regular spring work and if a plan is adopted now and the machinery created so that when the call goes out for men, then things will run smoothly.

Naturally, the problem is being considered at Ottawa at the present time—

They ought to know in what manner it is being considered.

—but it must not be forgotten that there is a shortage of men on the farms right now and even if no more farmers or farm workers are called up the farmers will not be able to cope with the 1942 crop situation unless they get the assistance along the lines our board suggests. The unharvested 1942 crop is too vital to the nation not to be harvested in its entirety.

Thanking you in advance for your usual kind cooperation in this urgent and important matter, I am, upon behalf of our board,

Faithfully yours,
John A. Mackay,
Secretary.

These men realize the difficulty and are pointing it out to the government. Here we have one cabinet minister saying that there is no danger at all; that we shall produce this much larger crop than we have ever asked for before; that we shall reach the maximum of production for 1943, and that no more farm help is needed. But these men who are right on the ground know differently. The other day the hon. member for Battle River (Mr. Fair) outlined a questionnaire which was sent from the municipal district of Wainwright, in a different part of the country altogether, and they have the same idea. I will not take time to put the questionnaire on *Hansard,* because the house is already informed of it.

I wish now to turn my attention for a while to parity prices, because I find just as much confusion in the government ranks over this matter as there is over the man-power problem—and goodness knows that is bad enough. Let us see what has happened in this country regarding agricultural prices since this Liberal government took office in 1935. I recall that when we came to this house in that year the price of wheat was 87½ cents a bushel. But immediately this government reduced it to 80 cents. Then an act was brought down to make it 60 cents; then it was raised to 70 cents, and afterwards it was changed from 70 cents to 90 cents. Those hon. members who were in the house a few years ago will recall that Professor Hope, of the university of Saskatchewan, who carried on an investigation of farm prices, stated that when you took into consideration the interest charges which farmers have to pay, the price of wheat should be at least 95 cents a bushel at the point of production.

Mr. GARDINER: The hon. member will agree with me when I point out to him that, when he says there was an "act" brought down, it will be interpreted to mean that the house passed a bill which became an act. There was a bill before the house, but it did not become an act or legislation.

Mr. JOHNSTON: I accept the minister's correction; he is right.

The social credit party has on the order paper a resolution asking that at least one dollar a bushel be paid for wheat at the local elevator. I think that is only fair. The amount is not sufficient; it should be more, but at least that should be a basis to start upon. The Minister of Agriculture knows that that is not very much to give our farmers. I have under my hand a clipping from the *Western Producer* of January 21, 1943, which I will not take time to read, but which states that in the United States they are paying $1.13 a bushel, including some storage charges, at the local shipping point in the form of an advance. Note that that is only an advance, and the situation of their farmers bears no comparison to ours, who receive only 90 cents. It must be understood, too, that the 90 cents is for wheat at Fort William, and the freight in some districts is as high as 21 cents. That is not an average, but I understand it is even higher than that at some points. On everything western

farmers sell they have to pay the freight; that is, it is taken out of the price they get; and to everything they buy, freight is added. I ask the minister how long our munitions industries would put up with conditions like that. He knows as well as I do that no industrialist in this country would consider for five minutes a set-up of that kind. They have told the government, and they told me when I visited their plants, that they intend to have the cost of production, and when they speak of the cost of production there is no fooling about it. All the freight charges, depreciation, insurance, and everything else one can think of—even the heating and lighting of the plant—are included, and on top of that they get a clear profit. Surely such discrimination is bound to end in disaster, and the government is directly responsible for such neglect and anything which may result from it.

I was interested in the minister's proposal to appeal to the government for increased prices, because I am sure he realizes that the farmers are not getting enough; otherwise he would not have said that he intended to appeal for an increase in prices.

Mr. GARDINER: That is not what I said.

Mr. JOHNSTON (Bow River): Parity.

Mr. GARDINER: I did not say "prices".

Mr. JOHNSTON (Bow River): Increased revenue, was it—income? Well, that is money anyway. But the Minister of Agriculture knows he is knocking his head against a rock wall. Nobody knows that better than he does. He says, as reported in Hansard, at page 273:

> I am going to make an appeal to the government—and I am sure it will be listened to—

I do not think he was serious in that.

> —to give as high returns as possibly can be given for the commodities that are produced—

And this is the sticker:

> —always keeping in mind the fact that funds must be found for other things as well as for paying for food.

Surely the Minister of Agriculture has not forgotten the words of the Prime Minister (Mr. Mackenzie King) not so long ago when he said that money was not going to stand in the way of production. He has not forgotten that the Minister of Finance (Mr. Ilsley) said that the only limit to our production will be the natural resources, the materials and the man-power. Yet the minister is trying, I was about to say, to put a little propaganda across in his constituency, but he would not do that; he is holding up the bait, the carrot, in front of the farmers, and he says "I am going to appeal to the treasury for more money for you." But he knows quite well that he will not get it. He knows quite well that the Minister of Finance, speaking in Toronto a while ago, is reported to have said that Ontario farmers could not get adequate prices for their farm products without this causing disastrous inflation. If we stabilize farm prices, I would ask the minister, would that ruin our financial system? He knows better than that. Certainly it would not. If it does, it is a complete condemnation of our financial system.

Let me read for the guidance of the Minister of Agriculture what the Minister of Finance had to say in his budget speech. He said, as reported in *Hansard*, at page 845:

> Receipts from the sale of farm products are reported to have reached a higher level in 1942 than in any year in the past two decades. Receipts from the sale of farm products are not equivalent to farm income. Farm costs have also risen but there is very evidence that farm incomes are at more remunerative levels than in any but the record years.

The Minister of Finance is definitely stating that the farmers do not need any more because they have a higher income than they ever had before. He continues:

> Average weekly earnings of employed persons are at higher levels than they have been since the inflation boom following the war of 1914-1918. Thus there has been a far-reaching and important change in the distribution of income in the country. On the whole, the directions of the change have been desirable and the government has welcomed and facilitated it. The increases, by and large, have gone to those who needed them most.

He does not say that they have gone to agriculture. But this is the point:

> But we have reached the point where the demands of some labour representatives and of some farm representatives cannot both be satisfied.

When you combine with this the statement which the Minister of Finance made in Toronto, I am afraid the Minister of Agriculture knows he will have no success.

I wanted to deal with the argument which the Minister of Agriculture put up in regard to parity prices, and in the little time which remains to me I wish to put on *Hansard* two statements on this matter. One is the definition of the Minister of Agriculture. This is what he said, as reported in *Hansard*, at page 272 as regards parity definition, and I quite agree with him:

> Parity price is the price of the commodity which will give a purchasing power with respect

to articles the farmer buys equivalent to the purchasing power of such commodity in the base period.

I do not think there is any argument on that definition. But I will now state, right after that, what is contained in the Searle Grain company's letter, their index with regard to parity prices:

The Searle index of the cost of things farmers buy (147 items) now stands at 153·7 (1913-14 equals 100). This means that these same things cost farmers of the west at the present time 53·7 per cent more than did similar items of the same quality in 1913-14. (These costs have risen 17·3 per cent since August, 1939.) The price of wheat is now 5·5 per cent higher than it was in 1913-14. The purchasing power of a bushel of wheat is now, therefore, only 68·6 per cent of what it was in 1913-14.

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

Mr. JOHNSTON (Bow River): I shall conclude with these remarks, Mr. Speaker. The minister's definition of parity may be quite sound, but when you compare that with the Searle index, which has been carefully compiled for years past, even the hard-headedness of the Minister of Agriculture should permit him to see clearly that agriculture cannot continue producing under the cost of production. No industry, I do not care whether it is agriculture or munitions or anything else, can carry on indefinitely under the strain that agriculture is under without at least having its cost of production. As long as that condition exists you will have people leaving the farms, and this situation will be aggravated all the more. Therefore I suggest to the Minister of Agriculture that he get in touch with the Minister of Labour and come to an agreement on this man-power policy, and then get in touch with the Minister of Finance and arrange to give the farmer his cost of production plus a fair commission.

Mr. F. W. GERSHAW (Medicine Hat): Mr. Speaker, I believe that this budget has been received favourably by the people of Canada from one ocean to the other. The Minister of Finance (Mr. Ilsley) stands high in the estimation of the Canadian people, and I believe he will stand even higher when the purport of this budget is thoroughly understood. His last words in his budget speech were, as reported at page 864 of *Hansard*:

Our soldiers, our sailors, or airmen will do their part. They are well trained; they are well equipped; they are well led; their courage and devotion are beyond praise. But what they achieve, they cannot achieve alone. It must be shared by the farmer at his work, the mechanic in the shop, the housewife in her home—in short, by every Canadian. Their achievements will be shared by each Canadian who, this year, and to the end of the war, carries out unswervingly, skilfully, relentlessly the watchwords of this budget: work and save.

I desire to bring to the attention of the house one or two problems which I believe are important at the present time. The output of the average Canadian worker in every sphere of industry is lessened by one factor which definitely can be reduced. I refer to ill health. The national industrial conference board in the United States estimates that the average worker loses about ten days a year on account of sickness. The "Personnel Journal" of November, 1943, estimated that the cost of these losses to the industry and the worker is around $70 a year.

Here in Canada we have the health league which has estimated that the average Canadian worker loses about nine days a year on account of sickness and industrial accidents, and about one-half day a year on account of occupational accidents. In Alberta the workmen's compensation board kept careful records for years of the causes of accidents, and then measures were taken to eliminate those causes. In that way the number of accidents has been reduced greatly. Macy's store in New York put into operation a sickness prevention programme which reduced absenteeism from 4·56 per cent in 1928 to 2·44 per cent in 1937. The cost of such a preventive programme was about $4 per worker.

Every war industry in Canada should have trained supervision, and causes of illness and accidents should be carefully recorded. In one plant absenteeism from ordinary colds was greatly reduced just by shutting off drafts. Nutrition should be supervised as well as rest periods, sanitation, hours of work, the ability of a worker to stand the stress and strain of his work, the causes of infection and all such matters. Every industry should arrange for periodic medical examinations because it is only in that way that men can be kept up to efficiency.

Modern research has reduced mortality and morbidity in typhoid fever, tuberculosis, appendicitis, scarlet fever, diphtheria and so on, and these diseases no longer are the dread things they were. The new sulfa drugs when given under supervision usually have a magical effect in lessening the virulence and shortening the duration of such things as tonsilitis, pneumonia, meningitis, gas gangrene and a long list of infectious troubles. Cancer has been the great scourge of the human race since the dawn of recorded history. If reported

early, provided it is in an accessible place, X-ray, surgery or radium will generally bring about a cure.

In ending this portion of my remarks, I want to bring to the attention of the house one disease which at the present time might well be called the captain of the men of death. I refer to heart disease. Statistics do not always give a true picture, but one large life insurance company found that of 100,000 policyholders the death rate in 1922 from heart disease was 92·6, whereas in 1938 it had risen to 195·1. The three structures, the heart, the arteries and the kidneys, are subject to the same diseases and usually there is the same tragic end. Statistics have been assembled from 190 life insurance companies, and it is shown that from twenty-four to thirty-nine per cent of deaths are from heart trouble. The causes of heart trouble are given as over-eating, overdrinking, lack of exercise, lack of rest, anxiety, noise, focal infection and the stress and strain of modern life. Undoubtedly each of these causes has some effect, although the precise effect has not been demonstrated. Therefore careful records should be kept to estimate the effect of each of these causes upon this very serious disease. I believe I am voicing the opinion of millions of men and women when I say that man's years upon this earth are far too few, and that the days of youth and usefulness pass all too rapidly. The frailties of age, the effects of disease come on before the fulfilment of many worthy tasks, and therefore the experience and skill and knowledge of many people are lost before their work is completed.

To turn now to another point, at this time there surely can be no argument against the statement that irrigation is very necessary in order to make agriculture as productive as it should be. It is nearly one hundred years since large irrigation schemes were started in the United States. During the last fifty years irrigation has been developed on a large scale. We can take the Grand Coulee scheme in the state of Washington where a million acres have been put under water. We have heard lately a good deal about India. Britain's greatest accomplishment in India was the building of irrigation schemes. The same applies to Egypt. The Arabs have a saying that "all sunshine makes a desert", and we know that where the sun shines almost continuously very little will grow unless other factors are brought into play. Long experience in southern Alberta has shown that the wet years come so seldom that it is not possible to depend upon moisture from the sky and the moisture must be obtained in some other way. The great areas of abandoned land and the many deserted buildings indicating blighted hopes, impoverishment and despair amply prove this statement. In southern Alberta there are about half a million acres under water; there is sufficient water, and other conditions are favourable to irrigate two million acres. But it is impossible for private capital to carry out this work. It has been shown and is now accepted as a recognized principle that the initial capital cost of irrigation must largely come from public money. The Wilson report in the United States and the Ewing report in Canada amply and abundantly bear out this statement.

I desire to bring to the attention of the house the possibilities of just two of these schemes. The Canada land and irrigation scheme, including the Redcliff Ronalane scheme, was originally started by British capital. The original plan was to settle some 530,000 acres, of which 200,000 acres were irrigable. About 42,000 acres of this have been under water for a great many years in what is called the Vauxhall district, but the whole scheme has not been completed and the cost of completing it and bringing an additional 157,000 acres under cultivation would be only about $2,500,000, or from $17 to $18 an acre. The intake of this district is from the Bow river about thirty miles east of Calgary. There have been constructed a great artificial lake, reservoirs, and a canal about a hundred miles long. If we allow eighty acres of irrigated land and 160 acres of dry land for each settler, that district would make homes for 2,000 farmers, returned soldiers who have indicated that they wish to go farming, or farmers who could be moved from the marginal areas where they are subject to devastating drought and uncertainty.

The other scheme is one which has received unreservedly the recommendation of a committee appointed by this government. That committee reported in February, 1942. It consisted of Mr. Victor Meek, controller of the water and power bureau at Ottawa; Mr. George Spence, director of the Prairie Farm Rehabilitation Act; and Mr. William Hunter of the accounts branch of the Department of Finance. A thorough investigation was made. It is the St. Mary and Milk river scheme. Those rivers run through both Canada and the United States, and the use of their waters is controlled by the joint international waterways commission. It is governed of course by treaty between Great Britain and the United States. This committee found that up to 1940 the United States people had constructed irrigation works sufficient to make full use of their share of the waters and also

make full use of the unused Canadian share. Accordingly the committee recommended that the people of Canada should at once construct works to make beneficial use of this water because it would supply districts which now have not sufficient water, and would bring 345,000 acres under the ditch.

If the scheme were completed it would do much to balance production, so that we would not have so much wheat on our farms. It would be a great blessing to the farmers, to the community life of the district, and to the province and the whole dominion. About $15,000,000 would be required to bring 345,000 acres under irrigation. If the dominion put up $7,000,000 for the main reservoir and connecting canals and the provinces did the rest, it would cost them $8,000,000, part of which could be recovered.

Mr. MacNICOL: May I ask the hon member if the reservoir areas are available to store the surplus water?

Mr. GERSHAW: Yes, at Spring Coulee there is a reservoir site. It would take about three years to construct a reservoir. The scheme has been carefully gone over by engineers, is considered feasible in every way and would bring an enormous area under water.

The value of the live stock marketed in Alberta in 1941 amounted to $65,000,000, and the amount for grain, hay and seeds was only $62,500,000. Of every five hogs shipped to Great Britain in that year from Canada two came from Alberta. But a purely agricultural province is weak from an economic point of view. Irrigation would help to maintain the balance between industry and farming; sugar production could be proceeded with, as well as the canning of fruits and vegetables, the finishing of cattle instead of shipping them as feeders, the manufacture of commercial milk and so forth.

Some one may say, But the Canadian Pacific Railway Company spent millions there and never recovered it from the sale of land. That is true, but at the same time the Canadian Pacific Railway turned a great unproductive area into one where there are attractive and comfortable homes, thus greatly increasing the traffic over their road. Before they went in, when you drove over the prairie the air was dry; the cattle were thin; the vegetation was sparse and the dust rose in clouds. After irrigation was put in, you could see comfortable homes surrounded by grass, trees, shrubs and flowers. Small fruits could be grown; dairy products could be produced for the farmer and his family. Some will say that the provincial governments had to take over the bonds of some of those districts, to the extent of $6,138,500. That is true, but it is also true that during the drought years, from 1931 to 1938, various governments spent not $6,000,000 but $51,000,000 for relief, none of which went to the irrigated districts. Under the Prairie Farm Assistance Act some $2,000,000 is collected through the one per cent tax on grain, but in the average year about $12,000,000 is spent under that legislation in connection with crop failures.

I bring these matters to the attention of the house because they are necessary to bear in mind if we are to have a maximum war effort and also for the welfare of the post-war period, which we now see so dimly and in so many colours. When the *Titanic* was sinking, a woman who had found a place in a lifeboat asked for three minutes in order to return to her cabin. There she saw her diamonds and jewels, but she reached past all those to grasp three oranges. Disaster had struck the *Titanic* and in a twinkling all values had changed. Now a storm is abroad in the world; values are being transformed, and the really precious, worth-while treasures are being appreciated and recognized.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I seem to be a handy man to have around the house at times, when others are not prepared to go on. I want to say a few words about the budget, since I come from a city that is now the manufacturing, financial and industrial metropolis of Canada, which has surpassed the great city of Montreal and become the first city of the dominion, but before doing so I should like to refer to one other matter.

To-day I had occasion to ask one of the ministers a question, in a desire to encourage him in his work. Before the war, when the Minister of Pensions and National Health (Mr. Mackenzie) was Minister of National Defence, he brought down increased estimates covering the army and navy, and I was one of those who supported those estimates, because I saw the war coming. Those estimates were opposed by a great many hon. members on the other side of the house in 1937, 1938 and 1939. Since the beginning of the war I have believed in giving the government of the day all possible support, because they are the government and need encouragement. Our forces on land and sea and in the air have been magnificent. The history of courage has been gloriously rewritten in this war by those young Canadians who are serving in our armed forces and by the splendid showing of our navy.

During the session of 1937 I quoted Jeremiah for the benefit of some of our pacifists who believed in disarmament, and for some of my hon. friends from the province of Quebec. You will remember that he said, "Where are now your prophets that prophesied unto you, saying that the king of Babylon would not come against you, nor against this land?" Now we see what has happened since in the St. Lawrence. I sympathize with the hon. gentleman who is head of our department of naval services; he is not to blame, but I must say that a year ago I pointed out to him the condition that had been found by General de Gaulle around St. Pierre and Miquelon and in the gulf of St. Lawrence and the German submarines there. General de Gaulle warned Canada and the United States. Mr. Churchill happened to be in Washington at the time, in December, 1941, and the United States ambassador to Britain, Mr. Winant, cabled Washington in regard to certain occurrences in the gulf of St. Lawrence at St. Pierre and Miquelon. An attempt was made by Mr. Cordell Hull to prevent any joint statement being made in Canada in this connection, but Mr. Churchill sided with General de Gaulle, and Mr. Roosevelt also gave out a joint statement from the White House, overruling Mr. Hull. When Mr. Churchill was here he said that he believed ninety-five per cent of the people of France were with General de Gaulle and the free French movement.

At that time I also told the minister that we were in danger of being invaded; as the axis had submarines capable of crossing the Atlantic without refuelling; and all during the sessions of 1936, 1937, 1938 and 1939, until the war started, speaking from the place now occupied by the hon. member for Lake Centre (Mr. Diefenbaker) I asked if we were to wait until the enemy came up the St. Lawrence by land, by sea and in the air and blew up the citadel before doing anything to defend ourselves. I referred to and gave a record of the submarine menace during the last war, and pointed out the grave danger of invasion which faced Canada at that time. I do not see very many of the newspaper columnists in the press gallery to-day. Perhaps I should first have asked their permission to speak, but I do not need any dictation from one or two of the newspaper columnists at times. Now we have the present situation on our hands in the St. Lawrence.

As you know sir, Mr. Lyttelton, the very able minister of production in Britain, spoke in New York on armistice day, November 11, 1942, and warned the United States and the allies of the very grave danger in connection with sinkings in the Atlantic and the approaches to North America. On February 24 I placed his full statement on *Hansard*. We are building ships, but as fast as they are built they are sunk. We are trying to get the people on our farms to produce more food, but the ships carrying that food are being sent to the bottom. Mr. Lyttelton referred in New York to that magnificent armada, consisting of 500 merchant ships and 350 warships to Morocco and Algiers by means of which the north African campaign was started and went on to say that this armada was escorted to North Africa by 120 escort ships. What has been the result? Those 120 escort ships cannot get back to the north Atlantic again, because they are needed in the Mediterranean. We have seen the magnificent victories achieved by General Montgomery, General Alexander and General Wavell, who has been called by the Russian generals at Stalingrad the greatest marvel in all military history. The other day in this house one hon. gentleman said that the advance achieved in North Africa had been an Anglo-American advance. It was not. The advance across Libya, a distance of 1,600 miles, was made by the 8th army under the command of General Montgomery, General Alexander and General Anderson. But an increased strain has been placed upon Atlantic shipping as a result of that north African armada, because, as you know, ships are still being sent, as they have been for over three years around the cape of Good Hope, a distance of ten thousand miles. The distance through the Mediterranean is only three thousand miles, so that you can see the great saving that would be made if that route could be kept open for food and munitions to the far east. The cost of that African armada was phenomenal, and it has had a great bearing on the number of sinkings that have taken place in the Atlantic, because the best part of it, the Anglo-American fleet, was formerly on north Atlantic war convoy work, and we are thus short, and the submarine menace is very grave, since we yet have not found a solution to the new German U-boat that hunts at night in packs on the convoys and does not appear in daytime on the surface. The war is lost unless this is solved, and we cannot do anything until the allies regain command of the sea.

They now have to defend the Atlantic, the Pacific and the Mediterranean. They are up against the axis fleet, and the air force of the axis powers. In addition to that, the whole question of submarine warfare had been

changed by Germany, who saw in it, with all the coast from Norway to Spain, a chance, with a new type of submarine, to win the war. No war is the same as the last one. Submarine warfare at the time of the last war nearly cost the allies the victory.

There have been references to sinkings in the St. Lawrence river, and off St. Pierre, twenty miles from Newfoundland, and this has become a problem. This is one of the main reasons why the allies should immediately try to get bases in Eire. Since the beginning of this war we did not have those bases. We had them in the last war, and the submarine menace, even with them there, nearly cost us the war. I say those bases should be immediately secured. They belong to our empire. The United States has asked for them, and so has Britain. Cities such as Cardiff, Coventry, Plymouth, Bristol and Birmingham have had their houses destroyed, and thousands of men, women and children have perished for lack of those bases, and our ships have to take the more dangerous north passage. I favour taking them, or the battle of the Atlantic may be lost, since we would have lost the last war without them.

Mr. Churchill made a statement with respect to U-boats on September 27, 1939. We had a submarine menace at the time of the last war, and we have a much more grave one in this war. Germany was quick to realize that she did not have a navy; she got one presented to her by the United States isolationist policy for two years, with the result that she developed new types of submarines, and we have had great loss of shipping in the Atlantic. Speaking on September 27, 1939, in the House of Commons, London, he said:

> I see how much greater are the defences which we possess to-day in coping with the U-boat than we did in the first U-boat campaign twenty-five years ago. In those days there were moments when the problem seemed well nigh insoluble. Very often to hunt down a U-boat it was necessary to use a flotilla of fifteen or twenty vessels working together for a whole day on the vaguest indication. Now two destroyers or even one can maintain a prolonged and relentless pursuit.

This new equipment and the thorough training which the navy's light craft had had in this particular duty made it possible for a heavy toll to be taken of the U-boats from the start.

With regard to the present situation in the St. Lawrence of twenty or thirty, or I know not how many sunk, may I say that I warned the minister a year ago about the situation at St. Pierre and Miquelon, and in reply he said that he would find out what the situation was.

The submarines that operated there last December were from the Canadian Atlantic. We have never heard a word as to St. Pierre and Miquelon from that day to this. General de Gaulle sent Admiral Muselier at the request of the inhabitants to seize these islands. Mr. Hull pleaded the Monroe doctrine; Canada wavered. Mr. Churchill, standing here where our respected clerk, Doctor Beauchesne sits, said that the name of the Free French will be held and is being held in increasing respect by nine Frenchmen out of ten.

Rear Admiral H. G. Thursfield, one of the greatest authorities, is a man upon whom Mr. Churchill has been relying for advice. In an article in the February, 1943, issue of the *National Review* he discusses the U-boat menace and its solution. He points out that unless we solve the new U-boat situation in the Atlantic, the war is lost. There can be no doubt about that fact. This Admiral said:

> There can be little doubt now that the German rape of Norway was a part of this plan, designed to provide the German navy with secure bases which were not dominated geographically by the British isles. The conquest of France fitted into the plan, too, as was shown by Hitler's contemptuous exemption of Vichien France from occupation, and his seizure only of France's Atlantic coastal provinces. By June, 1940, German U-boats had at their disposal both the fjords of Norway and the French harbours of the bay of Biscay whence they could reach the open Atlantic without the necessity of running the gauntlet through the North sea or English channel. Moreover, German possession of the Danish, Dutch, Belgian and northern French coasts gave them more or less sheltered corridors by which their ships and U-boats could reach those advanced bases from Germany with a fair measure of safety and immunity from serious British interruption.

The article then goes on to refer to the number of ships which had been sunk. The statement was given out in Washington where Mr. Churchill said that we are not yet destroying U-boats as fast as new ones are being put into service by Germany. That was stated by Mr. Churchill last September, and repeated by a Washington naval authority last month, January, 1943. The result is that the number of U-boats is still increasing. The same Washington authority put the number operating in the Atlantic in the middle of January, 1943, at one hundred, which would indicate at least some four hundred in service altogether. That figure is borne out by the experiences of a homeward bound allies Atlantic convoy early in December, the story of which was released a month later in January last. It was attacked over and over again throughout four days and nights, and no less than thirty-five actions were fought against U-boats, in the course of which two of them

were almost certainly sunk, and others damaged. The names of the ships were given out by Rear Admiral H. G. Thursfield in this article and also by the British and United States press. It was stated that the British destroyer, H.M.S. *Fame* and corvette H.M.S. *Vervain*, the Polish destroyer O.R.P. *Burza* and the Norwegian corvettes H.N.M.S. *Eglantine*, *Rose* and *Potentilla* all took part in the defence, as well as aircraft of the coastal command and of the United States Navy. Yet the convoy referred to did not escape without some loss.

The intensity of the attacks on this occasion clearly indicates that a large number of U-boats must have been engaged, a number quite compatible with the 100 throughout the Atlantic mentioned in Washington. That number is still growing, and will grow. Goebbels has forecast 1,000 U-boats in service this year, and indeed that fantastic figure might almost eventually be reached if we do not succeed in achieving a rate of destruction greater than the rate of new production by Germany. It will not suffice merely to beat off the attacks which U-boats make on convoys. The U-boats themselves must be destroyed at an increasing rate if the battle of the seas is to be won, and without the allies regaining command of the sea, the war cannot be won.

On motion of Mr. Church the debate was adjourned.

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

Thursday, March 11, 1943

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

FEED AND COARSE GRAINS—FREIGHT ASSISTANCE

Mr. BRUNELLE:

Since the inception of the freight assistance scheme on feed grains or coarse grains, (a) what quantity of oats and barley has been shipped from the west to each of the provinces of Ontario and Quebec; (b) what is the amount of the total transportation cost paid by the dominion government to each of the provinces of Ontario and Quebec; (c) can such feed grains be shipped to an individual purchaser, or is it necessary that it be shipped to an agricultural company, association or society; (d) what proportion of the freight does the dominion government pay on feed grains shipped from Fort William to the provinces of Quebec and Ontario?

Mr. GARDINER:

(a) To February 28, 1943—

	Ontario (Bushels)	Quebec (Bushels)
Oats	10,871,840	8,627,913
Barley	7,586,059	6,946,522

(b) Transportation costs on feed grains up to February 28, 1943—

Ontario	$4,292,674 20
Quebec	4,596,590 70

(c) The freight assistance may be applied for by an individual purchaser. If a farmer brings grain from the west and conforms to the regulations, there is a special form provided upon which he makes application for the amount of freight assistance to which he may be entitled.

(d) The amount of freight assistance on grain moving to Ontario and Quebec is based upon $4.50 per ton for points within the Montreal freight rate zone. Where the point of delivery normally takes a rate higher than the Montreal rate, the balance of the through carlot rate as published in the railroad freight tariffs is paid.

REQUIREMENT AS TO TAKING FLOUR WITH PURCHASES OF BRAN AND COARSE MEAL IN QUEBEC

Mr. LACOMBE:

1. Is the government aware that for each load of bran and coarse meal sold to the retailer or farmer in Quebec, the vendors of these grains require the purchaser to take at the same time 150 sacks of flour?

2. If so, do the same conditions prevail in the other provinces?

3. If not, will the government take steps to put a stop to this condition of affairs in Quebec?

Mr. GARDINER:

1. The government is aware that for some years millfeeds have been sold to dealer subject to orders for flour. The practice varies seasonally to some extent depending upon supply and demand for millfeeds. Under present conditions the demand for millfeeds exceeds the supply including millfeeds derived from the milling of wheat into flour for export.

2. Similar conditions prevail in other provinces.

3. Answered by number two.

CHARLES S. HENLEY

Mr. CARDIFF:

1. Is Charles S. Henley in the employ of the Department of Labour in the province of British Columbia?

2. If so, what is his position and what were his qualifications for appointment thereto?

3. What salary is he paid, and is he entitled, in addition, to a living allowance or expense account, and if so, on what basis?

Mr. MITCHELL:

1. Yes.

2. Special representative for British Columbia on the staff of the director of national selective service. His qualifications for appointment are experience as deputy registrar and chief public representative for Alberta under the Military Services Act during the period 1917-1919.

3. Salary at the rate of $3,600 per annum and actual living expenses while in Vancouver on departmental duty.

SELECTIVE SERVICE—ORDER IN COUNCIL RECOMMENDED BY E. M. LITTLE

Mr. BENCE:

1. How many copies of "Copy of Proposed Order in Council Recommended by Mr. E. M. Little, former director of national selective service" were printed by the government?

2. How many of such copies were sent out for distribution?

3. What was the total cost of such printing?

4. What was the purpose of having these copies printed?

Mr. MITCHELL:

1. English copies, 9,500; French copies, 3,500.

2. English copies, 9,400; French copies, 3,500.

3. $558.48.

4. To satisfy the demand in the public press that the text of the proposed order in council should be released. After this was done there came numerous inquiries from individuals and organizations indicating keen interest so it was decided to have copies printed and sent to all members of the House of Commons and the Senate, members of provincial assemblies, labour organizations and business associations.

QUESTIONS PASSED AS ORDERS FOR RETURNS

R.C.A.F.—TORONTO MANNING POOL

Mr. CHURCH:

1. Has the manning pool, R.C.A.F., Toronto, been placed under quarantine?

2. If so, for what reason, by whom and for what length of time?

3. How many are under quarantine?

4. How many times has this depot been quarantined since the war began, and on what dates?

5. What action has been taken to improve the health and sanitary conditions at this depot?

[Mr. Cardiff.]

COLONEL JOHN THOMPSON

Mr. POULIOT:

1. Was Colonel John Thompson, (a) a member of the board of pension commissioners, (b) the chairman of that board, (c) the chairman of the Canadian pension commission?

2. If so, for what period in each capacity?

3. What (a) salary, and (b) what amount for travelling expenses were paid to him each year?

4. Was he also appointed dominion franchise commissioner and for what period? If so, what was his salary per annum and what total amount was paid to him for travelling expenses?

5. What was the number of his staff and the total amount of the salaries paid to them during the above period mentioned in number 4?

6. What was the cost of (a) the furniture, and (b) supplies including stationery for the offices of Colonel John Thompson as dominion franchise commissioner and for his staff?

7. Did he send any reports in such capacity to the Hon. Mr. Speaker of the House of Commons and, if so, how many?

8. When were they published in the *Votes and Proceedings* of the House of Commons and how many pages did they cover?

9. Was he entitled to a pension (a) as a member or chairman of the board of pension commissioners, (b) as the chairman of the Canadian pension commission, (c) as the dominion franchise commissioner? If so, what was the amount in 1919, in 1933, in 1934, and when the position of dominion franchise commissioner was abolished?

10. Was he awarded a pension of $5,000 per annum? If so, when, why and in virtue of what authority?

11. What was the total amount paid to Colonel Thompson, (a) for various salaries, (b) for travelling expenditures, and (c) for pensions since 1919?

12. Was he appointed to another position in 1942 or 1943? If so, what was it?

EXPORTS OF LUMBER TO THE UNITED STATES

Mr. DIEFENBAKER:

1. How much lumber in quantity and value has been exported to the United States during each month since January, 1942?

2. Is there at present any order in effect whereby such export is prohibited? If so, when was it made and what is the nature and effect thereof?

3. Have any exceptions to such order been made so as to permit any corporations or persons to make exports, and if so, give names and addresses of such exporters and the value of the lumber exported by each of them?

WOODEN SHIPS FOR WAR PURPOSES

Mr. BLACK (Cumberland):

1. How many naval ships, merchant ships, landing scows or other craft built of wood have been ordered since the beginning of the war for the account of the British government to be built in Canada?

2. What are the names of the contracting firms, the location of the yards, the number, kind or class, and value of ships, scows, etc., in each order placed?

3. What were the dates when contracts were placed and the contract date of delivery?

4. Were tenders called for? If not, in what manner were contracts let?

5. How many wooden ships, scows or other craft were ordered since the beginning of the war for Canadian account, stating particulars?

MILITARY SERVICE

CALLING UP OF MEN ENGAGED IN AGRICULTURE

On the orders of the day:

Mr. G. H. CASTLEDEN (Yorkton): Is the Minister of Labour aware that many men engaged in agriculture in Saskatchewan are being called for compulsory military service, contrary to the declared intentions of the ministry? Also, will the minister inform the house what steps are being taken to ensure that the government's intentions in this matter are being observed by the selective service boards?

Hon. HUMPHREY MITCHELL (Minister of Labour): Complaints have been referred to me, by members of parliament, as to men engaged in agriculture being called up for military service. On inquiry it has been found that in many of the cases the complaints were made before the board had given its decision. All cases brought to the attention of my department have been and will continue to be looked into promptly and carefully, and where there are meritorious circumstances the mobilization boards are asked to review the cases. The associate director of national selective service, military division, is now in western Canada conferring with the mobilization boards, and I am sure that as a result of his visit the situation will be clarified and improved.

QUESTION OF APPEALS FROM DECISIONS OF SELECTIVE SERVICE BOARDS

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): May I ask whether or not the government has given consideration to the appointment of a supreme court judge to sit by way of an appeal court in order to ensure uniformity of interpretation and enforcement of the regulations throughout the dominion?

Mr. MITCHELL: No.

CALLING UP OF MEN ALREADY ENLISTED

On the orders of the day:

Hon. R. B. HANSON (York-Sunbury): May I ask the Minister of Labour a question supplementary to that asked by the hon. member for Yorkton? Is the minister aware that there is a continuing recurrence of call-ups of men who have already enlisted voluntarily, in some cases of men who have been enlisted for some time, and in one case that I know of, of a man who had recently become a casualty? I know it is a matter of administration and that the minister himself cannot be held in any way responsible. Perhaps my question will serve as an interrogatory to call attention to a situation that sometimes creates, shall I say, a good deal of sadness.

Mr. MITCHELL: Nobody regrets more than I do that sometimes these things happen. I can say from my own experience in the last war that through some slip-up I was reported blown up on a ship—perhaps some people wished I had been. My hon. friend can rest assured that it is purely a question of mechanics and organization and that every step is being taken by my department to see that so far as it is humanly possible these things shall not occur in the future. It is not always the fault of the government.

Mr. HANSON (York-Sunbury): I am not suggesting that.

Mr. MITCHELL: Sometimes it is the fault of the individual himself.

BUTTER

RESOLUTION OF THREE RIVERS TRADES AND LABOUR COUNCIL AS TO RATIONING

On the orders of the day:

Mr. J. SASSEVILLE ROY (Gaspé): Mr. Speaker, I should like to ask whether the government has taken any measures towards granting the request sent to the Prime Minister by the trades and labour council of Trois-Rivières, Quebec, asking for a greater ration of butter for those bringing their meals to the plant.

Hon. J. L. ILSLEY (Minister of Finance): That is a matter under the jurisdiction of the wartime prices and trade board. I did not have notice of the question, but I think I can answer it. It is not administratively possible for the board to make any difference in the butter ration as between various persons or

groups in the country, and any request for larger rations for one group or another have I think been consistently refused, and necessarily so. I might add that the butter ration is being increased this month, as the hon. gentleman knows.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Wednesday, March 10, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Coldwell.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, yesterday afternoon during this debate, which is the only opportunity we have aside from the war approriation bill, I proceeded to say a few words about the conduct of the war. As you know, sir, in the parliament at Westminster ninety-five per cent of the time is taken up with war measures.

I agree with what has been said, that there is no such thing as home defence in this country. Norway found that out; Denmark found it out; Holland, Belgium and France found it out. All their home defence amounted to nothing against these mechanized hordes, and the same is true of all the occupied countries of Europe. We shall find out the same thing if they come here. We shall find that the way to fight our enemy is to fight him on the seven seas wherever we can find him. The First Lord of the Admiralty (Mr. Alexander), referred in London yesterday to the battle of the Atlantic and the submarine peril along the same lines as what I said here yesterday.

I may say that first Germany relied on her air arm in attacking shipping, and on a secret weapon, Hitler's magnetic mine. That continued for the first year and a half of war. It did not prove a success, as was expected, and the enemy then turned to the submarine, which had proved so disastrous to the allies in the last war. Germany accordingly went in for the building of larger and improved submarines in an effort to defeat Britain at sea and starve Britain. That submarine campaign has been a great success so far for Germany, and unless the allies solve this problem the war cannot be won.

Notwithstanding the brilliant advances made by General Montgomery, General Alexander and General Anderson in the Libya campaign, where the enemy was chased for fourteen or fifteen hundred miles—and that was really our first success in the war—the battle of the Atlantic cannot be won without the allies, especially Britain, the United States and Russia, gaining command at sea. Germany's submarine campaign, under skilful direction, is now to attack allied shipping at long range from their advance submarine bases in Norway and the bay of Biscay and we shall have to have more escort ships to protect our convoys in the Atlantic against these attacks. In 1940 we received fifty old destroyers from the United States, which were a great help in our convoy system then, but we need still more escorts to win the battle of the Atlantic. I referred yesterday to 120 escort ships we cannot get back from the North African Armada. The situation is grave, as the First Lord of the Admiralty said. I recall the time when he was a pacifist, just a few years ago. Before the war he was in favour of reducing the number of our capital ships from seventy-five to fifty and was responsible for changing at the Washington conference the definition of a capital ship and for preventing the building of more and rearmament. Sometimes chickens come home to roost, and that applies to the pacifists in the old country as well as to those in the dominions who supported complete disarmament. Some of my friends to my left were wrong. They relied on pacifism and disarmament before the war. That was their blueprint. A few also wanted to reduce the estimates for the armed services to the sum of one dollar. The result was that when the war broke out practically all we had to rely on if attacked, as I said before the war, was the girl guides, the boy scouts and the honorary colonels.

I believe the time has come when we should discard politics. The winning of the war is all that matters. We had politics in this parliament for four months in 1942. We had a long debate on Bill No. 80 and time taken up with a referendum and all that kind of thing, and the war was only secondary. The war situation this year is too serious for that. There are many domestic problems of great magnitude and importance that affect our mode of living, but the war is primary and the rest are secondary, and must await a later day. As General Sir Bernard Montgomery said in January, 1943:

> If each one of us, whether front line soldier or officer or man whose duty is performed in some other sphere, puts his whole heart and soul into this next contest, then nothing can stop us. Nothing has stopped us since the battle of Egypt began October 23, nothing can stop us now. We will all be in the hunt eventually:

on to Tripoli. Our families and friends in the home countries will be proud when they hear we have captured this place.

It was a 1400-mile British advance in Libya not an Anglo-American advance. Canada did not congratulate those brave generals of our own; another novice ambassador though, has congratulated another allied general on his successes in the east. I contend that we should also congratulate our own people, and give them equality of treatment.

In connection with the budget I wish to say a few words, I am sorry the minister is not in his place. I cannot agree with the glorious company and the hallelujah chorus and the brass bands and the hip-hip-hurrahs about a five billion dollar budget for this country. The situation is too grave for all these mansions of finance in the sky. The present Minister of Finance (Mr. Ilsley) is one of the pacifists—one of many in all parties—responsible for this gigantic budget. They thought we could make peace pacts, protocols and paper and disarmament agreements and be protected, when they well knew the situation. The minister himself went to the league of nations the year before, to this talk-fest in Geneva; he must have known that a disarmed Britain just meant invasion and insult and in the end extinction. The pacifists in and out of the house must shoulder some of the responsibility for this gigantic expenditure. I doubt if the money is being well spent, these astronomical figures; when you get up in the sky five or six miles the money is less likely to be well spent than a moderate sum would be. When I go back home I see the retailers and wholesalers who pay the taxes, and the working classes of this country, and remember that they have already committed themselves on mortgages and agreements for sale of land and small houses and fire and life insurance. In Toronto the assessment commissioner's report used to show that fifty-five to sixty per cent of the people owned their own homes, because Toronto is a city of the middle classes and the toilers and workers of this country. My friends to my left have not been unmindful of the condition of these people, nor have the Conservatives who sat in this house, because they have been the friends of labour and their policies for many years past have been for the benefit of labour.

Do not forget that Canada is the highest taxed country in the world. The minister talks about the United States and Britain, but in the United States there is no sales tax; here there is a sales tax on almost everything, even coal and on everything used in the kitchen. I do not care whether the stand I take, that of saying they are taking too much money from the people, is popular or not, but the people back home know more than the people in Ottawa. They are complaining and trying to find ways and means of paying these new forms of taxes. They do not object to paying taxes for the war, but in this budget we find many millions not for the war at all; look at the increase of civilian estimates. What is the use of establishing embassies across all the seven seas in time of war? Are those things necessary? Do they contribute anything to the war or defence on the home front? These novice ambassadors are bad in peace time but more dangerous in war time. You can go over many of the other items in the estimates and find the same sort of thing. Not a man or woman in Canada objects to what is necessary for war purposes; the government can go the limit to win the war, but when you find a lot that is not for war you do complain. Notwithstanding all that was said about the four freedoms and all this kind of thing, we are going to be a desperately poor people after this war.

We have squandered our resources at a great pace. We are spending money like water and wasting our national resources and the products of the sea, the soil, the forest and the mine. I have here a return for four years before the war, showing the quantities of base metals supplied by us to our enemies—copper, platinum, nickel, some sixteen of them. You allowed these people to get all those natural resources from us and by reason of the policy of isolation on the part of our great ally to the south our enemies, the Germans and Italians, built a navy in the Atlantic.

A civil war was fought in England for nearly a hundred years to gain control of the exchequer, but to-day this house has lost that control; with all the controllers and subcontrollers we are the forgotten agency of government. So much is this so that we were in session last year five months to the first week of July and never discussed one item of the estimates, there was so much politics in connection with our discussions in 1942. This budget shows no attempt to put on the brakes. Alexander Mackenzie sat on the strong box and we had an auditor general named McDougall who had power to veto expenditure. That proviso has been taken away now from the auditor general, and the budget from first to last shows the dead hand of the treasury and no authority and absolute failure to check all this expenditure. Too much money altogether is being taken out

of the taxpayer and too much is charged to income and not enough to capital. This generation is suffering in flesh and blood, and future generations should pay also.

The last war was said to be to make the world safe for democracy. When the troops come home from this war they will find that this war was fought to make the world safe for bureaucrats, Donald Gordon and all his regiments and colonels and lieutenants wearing the epaulettes of this whole control system, part of which is necessary but which is overdone, and some of the people not able to get a bit of beef, butter or sugar. There are pictures in all the papers of this commander-in-chief of the bureaucratic forces waving his ration book, and pictures of his sisters and his cousins and his aunts and all his family and of his inability to get butter at his club while parliament sits here, the forgotten agency.

I have a letter here from the auditor general, a good official, Mr. Watson Sellar. I asked him what power of veto he has over expenditure. He has none. He replied to the extent of two pages, and he points out that under the appropriation bill there is a comptroller of the treasury who has little control, and that there is a two billion dollar war appropriation which he can do nothing about; parliament only authorized it in a few sentences, without any items being given. Why did we authorize it? When parliament passes a blanket appropriation bill we lose all control over it. What have the war expenditure committee ever done? They took a Cook's tour of Canada accompanied by Mr. Fogo and they were stuck in some of the fog at the head of the lakes. They divided into subcommittees to investigate technical problems and where is their report? What did they find out? Not a thing to put the brakes on. They have divided themselves into subcommittees to investigate a great many technical problems about which they know no more than the average county councillor, or perhaps not one-tenth as much. If we had in our municipal systems the antiquated federal practice in force here, I believe the tax rate would be a great deal higher in local systems because these municipal councils know how to stop a great many of such unnecessary expenditures. The auditor general might just as well be said to have no control; for every controller is his own auditor and there is no head to the whole thing. We are getting to be a nation of auditors, and we have so many of these controllers that they do not know what they are supposed to control. Take the question of potatoes. We were told over the radio that there was a great shortage of potatoes, but now we are told that the situation is not nearly as bad as we supposed. I had a letter from a prominent public man in Toronto the other day in this regard, telling me that his wife heard over the radio that potatoes were scarce and everyone should put some in. I wrote the wartime prices and trade board in this regard and had a letter back from the young gentleman who is now secretary of the board and who seems to have great influence with the government, since he goes from one federal job to another. Mr. Fowler said that in a letter he had received from a member of the advisory committee for potatoes in Toronto he was given this information:

> Let me inform you that prescent short supplies are not as serious as many would declare. Moving along such streets as Bloor street, St. Clair, Jane and Annette streets in Toronto, all stores have potatoes for sale, mostly in ten and fifteen pound packages.

Then he adds that seventy-five pound bags are also available in some stores if desired. This is a conflict of rival people, all contradictory on the matter of potatoes, and small potatoes publicity people.

There is one thing we shall have to do before the soldiers come back. There has been too much bullying of the public in this country by the wartime prices and trade board. It should be called the wartime tower of Babel board, with all the lectures it gives the people and its male and female announcers, or the wartime prices and farce board. What do some of these unpractical, young people know about business practices? One young man was appointed "to simplify practices in small businesses connected with clothing." He ordered the cuffs taken off trousers, narrower collars, and so on. Where was he employed before he undertook to tell the retail storekeepers, all their life in the retail trade, what to do? He was working in a well known brewery; and there was no scarcity of beer at that time That is the sort of control we have here. Dia Mr. Donald Gordon have any training in any competitive business? He did not. Does he know anything about butter, coffee, tea or beef? All the butter, potatoes, beef and coffee he ever saw were what he consumed himself; yet he is placed in authority over the wholesalers and retailers of this country. It would have been far better to have the control of our food supplies with the food men in the business. I agree with the statement made the other day in a land of plenty by the Minister of Agriculture (Mr. Gardiner) that rumours have caused rationing. I think we should have followed England's lead and left these matters under the control of those who have looked after them all their lives, business men who are actually in business, instead of appointing a great many highbrows; because you have to

be a highbrow to get a job as a controller or subcontroller, while the "real men" are serving at the front. Not long ago when I was going into the union station in Toronto I saw a young fellow in uniform, a soldier, on the right of way tracks, who was shovelling snow for the Canadian National Railways. He had been a teller in a bank. He did not enlist to shovel snow; he enlisted to fight Hitler.

In my opinion the people will stand for whatever is really necessary in the way of regimentation for actual war, but they will not stand for anything they do not feel is absolutely justified and will not help one iota for war purposes. If we do not do something about it the people will do something about us. Why, they have a small standing army of prosecutors, investigators and enforcement officers peeping through keyholes to see whether blackouts are being observed, and all that sort of thing, though in England blackouts have been largely eliminated as the right hon. the Home Secretary said, curtailed and further regulated. I have complained about the matter of the length and frequency of these blackouts in central Canada for two years to the Minister of Pensions and National Health (Mr. Mackenzie), under whose authority these blackouts are held, because that authority is delegated to other people over whom there is no control. The people who are in charge of these blackouts are good, patriotic people; they are law-abiding, patriotic citizens doing a great public service, voluntarily, but I believe it would be far better if they were in the reserve army or getting better results in other form of war work, doing something that would be of more practical value to the people of this country. I appreciate the fact that in my own city many public-spirited men and women have done a great deal of good work in this connection, but I believe they could be given better and more valuable war work to do in these times. You cannot beat Hitler by turning a light on and off. In Norway and Finland everyone was taught to handle a rifle, and I think that should be done here. Then we have all these hundreds of advertisements printed in both languages in an English-speaking province. Why is that necessary in the English-speaking province of Ontario? It is just a waste of money. I ask hon. members from the province of Quebec if they think money should be wasted in that way. I say it is not necessary, and all this duplication should be stopped.

If it is necessary to ration tea, coffee, sugar and butter, why should there be all this talk about it? No one will object if it is necessary, but when you find one agency saying one thing over the radio and other agencies saying other things in the press and in interviews and speeches, it is a different matter. If we had left the distribution of these commodities to the food industry in Canada who understand it, we would be far better off. No doubt there would have been some difficulties, but I think we would have had greater food reserves if that had been done. As a prominent man, a great economist, in England, Lord Perry, said not long ago:

> A completely socialized Britain would mean that all power was vested in the permanent officials. A free-enterprise Britain, such as our fathers and grandfathers knew and upon which our national prosperity rests, means that bureaucratic power is severely limited. Therefore, the further Britain is taken from free enterprise and the nearer she is brought to state ownership, the more complete is the power of the bureaucrat.
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> Let it be emphasized that whatever new fields of government the bureaucrat commands, he does not add to his responsibility. That is still borne by the political ministers whom he directs, whom he tutors and whom he paralyses. The natural trend, then, of a political minister's professional advisers is toward legislation which gives wide scope to the department which launches it. It is this thirst for power which inspires that type of legislation which Lord Hewart in his "The New Despotism" found so objectionable—legislation which leaves departments free to lay down rules and to impose regulations against which there is no appeal either to the courts of law or to parliament itself.

In this budget there is little comfort for the small retail dealer or wholesaler or toiler who has been put out of business by some of these controls. Then, as I say, I do object to the cost of it, because last year I asked the minister what the cost of this pegging ceiling policy was, and he did not know. At Easter-time of 1942 Mr. Gordon made a speech in Winnipeg in which he said it was $2,000,000. Later the minister made a statement in the house corroborating that figure. At the end of last session, in a return brought down at my request, $50,000,000 was the amount stated for this control. I do object to some of the big-stick bullying tactics used when dealing with the public. They are unnecessary in Canada, because our people are progressive, law-abiding and willing to do anything that is necessary for the winning of the war.

Many poor labouring people have suffered because of a coal famine brought about by a lot of useless orders and failure to see ahead. Credits were curtailed by order No. 225 of the wartime prices and trade board. The result was that these people had to pay the amounts owing by the 25th of the month. The coal dealers were not complaining; we have a fine patriotic lot on the whole in Toronto; they were willing to extend credit

to their customers, some of whom had bought from the same firms for fifty years. In some instances two generations had dealt with the same coal companies, but the coal dealers could not send coal to a poor customer who might have been out of work and could not pay cash, or to a home in which a soldier's family may have lived. They could not get a ton of coal without paying for it before the 25th of the month, or cash on delivery. This absurd order brought about untold privation and suffering among the poor and was legislation against human nature.

Last session I urged, and I urge again at this session, that there be a fixed date for the presentation of the budget. I ask again that a ways and means committee be set up to deal with matters contained in the budget. The budget now before us is copied from Washington.

I have in my hand the annual review of the National City Bank of New York, issued in February of this year. It deals with the United States President's address in which he transmitted to congress his hundred billion dollar budget for 1944. From this publication I read the following quotation:

> In transmitting to congress the new budget of over $100 billions for the fiscal year 1944 the President referred to the budget presented a year ago as "An instrument for transforming a peace economy to a war economy."
> The present budget, he said "presents the maximum programme for waging war."

In the United States they have reached their maximum. What is our objective? We hear it said that it is five billions of dollars. I venture to say there will be a deficit of two billion dollars before this year is over. And with a further deficit on current account and on civilian estimates we do not know where we are going to land. There are practical business men in the house who could serve on a committee. On some of the committees now sitting here the work is being done by able business men, capable of giving sane advise to the ministry instead of a number of teachers, former teachers, former professors and some highbrows. For these reasons I recommend the setting up of a ways and means committee, to go over the budget first.

Mr. THOMAS REID (New Westminster): Mr. Speaker, in keeping with many other hon. members who have spoken in this debate I wish first of all to congratulate the Minister of Finance (Mr. Ilsley) upon the splendid presentation of the fifth war-time budget. The task of a minister of finance in peace time is heavy, indeed; but the task in war time is much heavier and more onerous. I say without fear of successful contradiction that the minister who has just brought down the fifth war-time budget ranks high in comparison with ministers of finance who have preceded him; and in my opinion his ability in the house as Minister of Finance has not been excelled.

The magnitude of the war is not yet fully realized by many people in Canada. In this connection I am reminded of a sign I noticed when, as a member of the war expenditures committee, we visited the Curtiss aeroplane plant in Buffalo, New York. It read thus:

> Never in all human history have so many people known so little about so much.

Before dealing with the matters under my hand I should like to say a word or two respecting the remarks of the hon. member for Lambton-Kent (Mr. Mackenzie), who spoke in the debate yesterday afternoon. He had many suggestions to make, and made several criticisms respecting what takes place in the house. With much of what he said I agree, but I do take exception to his suggestion that we cut down to twenty minutes the speeches of hon. members, and I take further exception to his deprecating speeches made generally in the house. It is true that we might do without many of the speeches; many of them are perhaps not worth while sending home. But after all, a member of parliament has a duty to perform. His is the only voice in parliament speaking for the people he represents. If he sits on the government side and remains silent, he does more harm, I believe, to our democracy than do members on the opposition side, and some few on the government benches, who make criticisms as well as suggestions. If free speech is ever curtailed in the house it might be, in my opinion, the beginning of the curtailment of free speech outside the house. The right given to every hon. member to speak freely and as often and long as he likes in parliament, distasteful as it may be to some, is still a great safeguard and bulwark of democracy, and grievances must be sometimes aired in the House of Commons.

I compliment the minister upon bringing down the pay-as-you-earn plan. By some it has been called the Ruml plan, and the other evening the hon. member for Danforth (Mr. Harris) described it as the Ilsley plan. To my mind the Minister of Finance need make no apology for the plan he has presented. True, it does not go as far as many had expected, because, as we pointed out in a recent issue of the Ottawa *Journal*, many people had an idea it would do away with much of our taxes. At least this much can be said about it, that through its minister

of finance the government has adopted the principle of the Ruml plan. I find it amusing to note that Mr. Ruml is still travelling the length and breadth of this country, lecturing the Canadian people about the Ruml plan, despite the fact, as I learned in the press a short time ago, that the plan as enunciated by him has been definitely turned down by the people of his own country. I am reminded of speeches made up until 1939 about peace in this country when we did not have even a gun to defend ourselves—a fact we have regretted since.

Our views have changed somewhat in the last few years. While the government is not going as far in matters of finance as many of us would like it to go, still the minister should be complimented upon moving forward—some might say to the left. At least in his speech he did leave the impression he was fully aware of what had been proposed by many of us in days past, and what we still propose, that what is physically possible is financially possible. When he spoke about the $983,000,000 he had had to borrow from the Bank of Canada and the chartered banks I was glad he admitted the dangers in these borrowings. May I point out to him that before the war ends he may well have to consider the issuing of national funds or loans from the Bank of Canada, because we are not yet through with the war. When one realizes that our deficit this year will be $2,899 million, that on top of that the Canadian banks hold in securities well over two billion dollars, and that our dominion debt is close to eight billion dollars, making a total national debt of eleven and a half billion, one is startled by the figures of debt. One must stop to consider these mounting debts. We wonder where it will end. If the minister cannot obtain all the money from the people of Canada, the problem is indeed a serious one. I for one would like to see him give further consideration to dealing more, in some controlled way if he must, with the Bank of Canada. It is not for lack of savings, because we should realize that over three billion dollars have been contributed by the Canadian people through the purchase of war savings certificates and bonds since the war commenced. The number of bank accounts has increased since 1939, as well as the number of depositors. I was glad to hear the minister comment favourably upon the voluntary work done by the war savings committees and those handling the sale of war bonds. I want to add my meed of commendation to those willing workers who helped put this over. The minister referred also to the thousands of citizens who have been redeeming their bonds. To me that is a serious thing because, as the minister pointed out, the redemption of bonds weakens the home front, and we cannot afford to allow any front to be weak in this war.

The minister spoke also of price control. It is not my purpose this afternoon to deal with the prices board. I have dealt with it before and I shall deal with it at a later stage of the session. But he said that while there had been criticism of the wartime prices board, no one had yet seen fit to suggest its elimination. I may say to him that if no one has seen fit to do that it is because many of our people are afraid that if they did so they might be called unpatriotic. In my travelling back and forth across this country I find that there is a growing storm of protest which has been kept down only by the patriotism of our people. It may well break out at the end of hostilities.

I know there will be those who will contradict what I am going to say now, but it is my opinion that no great trouble was encountered during the last war because prices and wages rose. I am not advocating that there should be no control; I am simply pointing out to the house that it was not until well after the war, when the collapse of the boom had taken place, that any tragedies occurred, if there were tragedies. I think we should have a far-sighted policy. I am just wondering whether the people of this country will be ready to permit the wartime prices and trade board to operate as it has been since its inception, especially when the thought is in the minds of many of our people, particularly our merchants, that large business is consolidating its position during this time, to the detriment of the individual merchant.

In the debate last year I brought up the matter of the position of the Canadian and the United States dollar, and asked the Minister of Finance for a statement as to why our dollar should not be at par with the United States dollar. I pointed out to him that the definite statement had been made officially in the United States that the fact that the Canadian dollar was ten per cent under that of the United States was due entirely to the request of the Canadian government. Personally I cannot understand, when we are all allies in this fight, when we are trading under lend-lease and every other kind of trade arrangement, when we are pooling our forces, why we should be called upon to pay ten per cent more for a United States dollar than we should have to pay.

According to the latest trade returns, the premium on United States funds cost Canada $45,000,000 extra for the goods we bought

in the United States last year; since the war commenced we have paid more than $150,000,000 extra because our Canadian dollar was at a discount. I am going to ask the minister now, and I shall ask him again when we are in committee, to explain why the Canadian dollar should not be on a par with that of the United States.

The minister told us that there would be tax increases on essential and non-essential goods. Additional taxes have been placed on cigarettes, tobacco, wines and spirits. Some may argue that these are essential goods, and others will argue that they are not. I am not going to take up the time of the house this afternoon by entering into a debate of that kind. But I do ask the government to give some consideration to the motion picture industry of this country.

Let me say at the outset that I realize that motion picture theatres play a big part in our lives. I appreciate also the difficulties faced by many of the smaller theatres in our small towns. It may interest the house to know that there are only some eleven theatres in Canada that charge fifty cents and upwards for admission. The lowest charge is fifteen cents. There has been a considerable increase in the number of admissions. Almost all our citizens are gainfully employed and enormous numbers are working in factories. They have crowded into our cities, and everywhere we see long queues in front of the theatres, especially those in Ottawa. One wonders whether a small tax could not be placed on these theatres. After all, the war must be financed, and I am of the opinion that this tax would not keep one single person from entering a picture theatre. I am sure that no great protest would be raised when the people realized that the money being taken from them by way of tax was for war purposes. I leave this thought with the minister and the government for further consideration.

Mr. TUSTIN: Does the hon. member not know that there is a twenty per cent gross tax on theatres?

Mr. REID: Perhaps there is, but—

Mr. TUSTIN: On the small theatres.

Mr. REID: I said that there might be some difficulty in connection with the small theatres. I was thinking more of the larger cities where hundreds of thousands of people are working in industry. I do not think there would be one admission less if we put on a little tax. The small theatres would have to be given consideration.

[Mr. Reid.]

Mr. TUSTIN: The hon. member apparently does not realize that at the present time there is a twenty per cent gross tax on theatres.

Mr. REID: Evidently it has not cut down the admissions. I notice that the receipts from 1939 to 1941, the latest for which I can get them, have increased over $7,000,000, while the attendances have jumped from 138,000,000 to 162,500,000. Even though there may be a twenty per cent tax, I still maintain that the matter could have been considered. I repeat that some consideration might have been given to the smaller theatres.

Mr. HANSON (York-Sunbury): Could the hon. member give the amount of money exported from this country to the film producers?

Mr. REID: I am not sure whether that information is in this bulletin. Most of the information regarding pictures is given, but I do not think it gives the amount of money sent out of the country. I have read it from one end to the other. I shall endeavour to find out and let my hon. friend know.

Another matter I want to touch upon is one which has been referred to by many hon. members in debate, both this session and last session. I refer to the Old Age Pensions Act. In the estimates this year is an item of $400,000 for pensions for war widows. I am sure this announcement will be well received throughout the country, and I commend the Minister of Pensions and National Health (Mr. Mackenzie) for taking this action. I should like to say a word or two about old age pensioners and the effect that the present low amount of pension is having upon some of them.

Some members from the middle provinces and the east may get a little impatient with our representations in connection with social legislation, especially old age pensions. Let me point out to them that the western provinces have led the way in social legislation. Had it not been for the lead of the western provinces I doubt if old age pensions would now be paid in some of the provinces. I say that without fear of successful contradiction. Some credit therefore is due to the western provinces, especially British Columbia, for giving that lead. The old age pension association, I believe, sent a resolution to the government. I am not going to read the entire text; copies went to the Prime Minister, the Minister of Finance, and the Minister of Labour. Amongst other suggestions they asked that the age limit be reduced, and that the amount be increased to $30. They asked

that the regulations be amended—and something in that respect should be done without delay. They asked that the value of the home should not be taken into consideration unless it is worth more than $3,500. They asked also that the residence clause be amended, and particularly, that the regulations be stripped of all features which tend to reduce the pensioner to a pauper of the state.

I could read to this house many letters which I have received, and no doubt many other hon. members are in the same position, and I shall cite only one case to show how the regulations affect some of our people. It is the case of a man who had two sons in the services and whose cheque was withheld by the department at Ottawa. When eventually it was paid it came too late, for the old age pensioner had died. Not content with that, the department followed the matter up with a request that a deduction of seven days be made on the ground that the man had died two days before Christmas. I think every hon. member will agree that that was going a little too far. That is what often happens with members of the finance control sitting in Ottawa with a blue pencil, looking over accounts which come in. Everyone must be incensed at incidents of this kind of callous treatment. I urge upon the government first of all that the regulations be amended and revised from a more humane point of view; also that until the matter has been dealt with by the committee on social security the government should at least match the allowance of five dollars which is now being paid by the provinces of British Columbia and Alberta. As you know, those two provinces are giving five dollars extra to all old age pensioners and calling it a cost-of-living bonus. The cost-of-living bonus given by the dominion government is greater in most instances than the entire amount allowed to old age pensioners. Remember that actions speak louder than words; and when we are speaking of a new era after the war, and thinking of the gallant young men and women who have offered their lives, one wonders how they will regard all this kind of talk if no practical steps are taken, especially in behalf of our aged citizens.

I shall now deal for a few minutes with another matter which has been brought up in the course of this debate; it was mentioned by the Minister of Finance on March 2, when, speaking about tariffs, he said, as reported in *Hansard*, page 861:

> The customs tariff has fallen from the high position it has previously held as an instrument of fiscal and economic policy. Under the circumstances of war, the tariff has little effect except as a producer of revenue.

He said further:

> There will again, however, be a time when the tariff will be an important instrument of trade policy and when this country will have to decide whether it will play its part with other countries which are prepared to help in freeing the world's trade, in enlarging markets, and in promoting the full and effective use of the world's resources.

The hon. member for Danforth (Mr. Harris) also mentioned the subject. He took the stand in his address that nothing should be done now in connection with the tariff, that it should not be disturbed, and that no approach should be made to the United States or any other country until the war is over. I differ entirely from the view held by the hon. member for Danforth, because it is my belief that if we wait until the end of the war and a depression sets in, at least until industry can change over, there will be little hope of ever reducing the tariff protection given to the manufacturers of this country, and there certainly will be no hope that United States manufacturers will be willing even to discuss tariff reductions, let alone change their attitude. Now is the time that the approach should be made looking towards world free trade as referred to in the speech of the Minister of Finance.

The other evening the hon. member for York-Sunbury (Mr. Hanson), speaking in the debate on social security, referred to private industry.

Mr. HANSON (York-Sunbury): Private enterprise.

Mr. REID: Private enterprise. I am just wondering what the attitude of private enterprise in this country will be when changes in our tariff structure are suggested. I will place before the house a few figures in support of what I have just been saying.

In the manufacturing concerns of this country are employed at the present time 1,879,845 persons. In the two provinces of Quebec and Ontario there are 1,318,716 in manufacturing concerns. In other words 80 per cent of the workers in our factories and industries are in the two central provinces.

As regards the capital investment, $4 billion has been invested in all industries in Canada, 80 per cent of which is invested in the two provinces I have named. The position of each province as regards capital invested in industry is as follows:

Prince Edward Island	less than 1 per cent
Nova Scotia	2·8 per cent
New Brunswick	2·5 per cent
Quebec	32·4 per cent
Ontario	48·3 per cent
Manitoba	3·3 per cent
Saskatchewan	1·0 per cent
Alberta	2·0 per cent
British Columbia	7·6 per cent

I have before me another interesting schedule but which has only been referred to in this house and has never been refuted by anyone. It relates to an investigation held by the government of Nova Scotia, who engaged the late Norman Rogers, then a professor at Queen's university, to investigate economic conditions in this country. He found that the tariff benefited only two provinces, namely Quebec and Ontario. The gain to Quebec was about $32 millions and to Ontario about $52 millions; all the other provinces had a net loss. The tariff policies of this country emanate largely from those two provinces, and the eastern Atlantic provinces, British Columbia and the western provinces have been paying tribute, in the matter of buying goods, to those two provinces. I wonder just what headway this or any other government will make in this respect when the war ends; because everyone knows the powerful lobby these interests can put up, particularly the closer you get to Ottawa.

Mr. HANSON (York-Sunbury): Will the hon. member tell us what the Liberal party did about it when they got the opportunity to correct the condition which he alleges exists?

Mr. REID: That is another question.

Mr. HANSON (York-Sunbury): The hon. member is very quiet about it, though.

Mr. REID: No, I am not very quiet.

Mr. HANSON (York-Sunbury): Better page the Minister of National Defence for Naval Services (Mr. Macdonald). He was the father of that report.

Mr. REID: The hon. member should be fair. I am criticizing the government right now. I have not heard any of the hon. members who are sitting on that side doing the same thing; and I have sat and watched them from 1930 to 1935.

Regarding British Columbia's position, there are one or two figures I want to place on record. In the last year for which I have figures, British Columbia exported goods worth $160 million and imported to the value of $100 million. British Columbia was compelled to purchase the same year from Quebec and Ontario $63 million worth of goods, but those provinces bought from her only $21 million worth. British Columbia had to sell her products, her fish and lumber and the rest of it, on a world market, to obtain money so as to pay tribute to those two highly industrial provinces. Do you know, Mr. Speaker, that we could not even get a small steel plant for the province of British Columbia during this war?

Mr. HANSON (York-Sunbury): Shame.

Mr. REID: From 1935 to 1939 we shipped out something like 130,000 tons of scrap metal. Scrap metal since the war has been going east from British Columbia on a freight charge of $15 per ton, and coming back on a freight charge of $25. Although we pleaded with the government and at one time were actually promised that we would get a small furnace to melt scrap—no, Mr. Speaker, we have not got it yet.

Mr. HANSON (York-Sunbury): Shame.

Mr. REID: We talk of the new order! If we cannot fix up our own house I wonder just how we are going to lead the world in free trade. Only a few days ago a small aluminum plant in Vancouver was compelled to close down. It employed twenty-five experienced men and could easily use seventy-five. That plant had been going for twenty-five or thirty years. But it was shut down, and all the aluminum we need now comes from the east. The leader of the Cooperative Commonwealth Federation referred to the large aluminum companies; I trust that some improvement will be made in the industrial conditions in British Columbia. One suspects that behind all this there is some hand operating to prevent us from getting what we believe to be fair treatment in the matter of industries. Now is the time that changes should be made.

The hon. member for Halifax (Mr. Isnor) in his address to the house, the other day wondered what was going to happen to his city after the war. I can tell him. British Columbia and Nova Scotia both have a blackout now, and after the war the same thing is going to happen to Nova Scotia as to British Columbia—we are going to have an economic blackout if the matters mentioned are not remedied.

I wish to speak of another matter which has been brought up at every session I have attended when the Ottawa agreement bill, under which the dominion government pays $100,000 to the city of Ottawa, comes up for discussion. I mention particularly the city of Ottawa, but my purpose is to draw the attention of the house and the government to the seriousness of the problem of tax-free crown lands in cities and districts all across this country. The situation is becoming very serious, and Ottawa is just one example. The total assessment of the city of Ottawa is in round figures $162,000,000, and the assessment

of tax-free government property is this year $61,500,000. The loss in taxes to the city of Ottawa through the government taking over this property will be $2,345,322 in actual cash in 1943. You might think that Ottawa was about the worst case in the dominion, but it will surprise many members to know that it is not. We have districts in British Columbia where the situation is even worse. In Esquimalt eighty per cent of the total assessed property in the municipality is tax-free government or crown property. I have another case where the percentage is ninety, and if I had time I would give the complete figures. In Coquitlam the total assessment is roughly $7,500,000, and the tax-free government property is $6,200,000; in other words ninety per cent of the total assessment is exempt from taxation. Another ten per cent and the government will own the whole municipality! Vancouver's loss in taxes this year through tax-free government property is $1,270,778. Ten per cent of the total assessment is tax-free government property. In my own city of New Westminster the loss in taxation from this same cause is $27,000. One could go on from city to city. I merely cite these instances to bring them to the attention of the government and to ask that something be done about it.

The Alaska highway was mentioned the other evening by the leader of the Cooperative Commonwealth Federation (Mr. Coldwell) when he was speaking of airfields and highways through Canada to Alaska. First of all I wish to compliment General O'Connor and his staff of United States officers upon having done a splendid job there. But I am going to suggest to the government that even though the United States is putting up the money for the highway, this government should have some say as to the route. The present route connecting the airfields almost by-passes the whole province of British Columbia. Dominion engineers some years ago had made extensive surveys and laid out two routes designated as A and B, which go through country far superior to that traversed by the present route. If any member thinks that the new Alcan highway is going to develop northern British Columbia, he had better investigate a little further. From the information I have, it runs through the poorest kind of country. The country through which the two other routes run is far superior. Moreover, the Alcan highway has grades of twenty per cent, while routes A and B, as laid out by dominion government engineers, have grades of less than one per cent. Canada should take some definite stand in this matter. We should not just let the United States engineers go in there and have all the say as to the route. We are looking for great developments after this war; we shall require good land on which to settle many of the returned men who may want to go on the land. I ask the government to take note of what is taking place in that part of the country, and I would point out to the United States authorities and their engineers that any future route should be one of the routes which we ourselves have already laid out. The present route will not develop our northern British Columbia country as it should be developed.

My time is up, Mr. Speaker, and I shall have to leave until a later occasion many other matters on which I wished to speak.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I join with the hon. member for New Westminster (Mr. Reid) in paying tribute to the Minister of Finance (Mr. Ilsley) upon his presentation of the budget to the house. He made a very fine speech, and I have just this further observation to make in connection with it—that it would make one of the best election speeches I have ever heard. The speech from the throne itself would also make an excellent election manifesto.

I realize the position of the Minister of Finance in working out the budget that he has just presented to the house. He has one of the most difficult jobs in Canada, and he is doing it as well as anyone in the country could do it so long as the rules of the game are what they are. His job during this war is to keep the present capitalist economy in balance, and he has done an excellent job so far, with a lot of assistance, of course, behind the scenes from those who are interested in no other order of society but the one we have. In view of the fact that there is practically no change in the rates of taxation in this budget, it is quite clear that the Minister of Finance and his advisers recognize that they have gone as far as they can with respect to taxation under the present rules of the game. I am afraid that if the war lasts another two or three years, and if we are successfully to carry out our part in it, fundamental changes will have to be made with respect to the bases of society in this country. This budget is a clear indication of that.

The house now has something definite to discuss. The Progressive Conservative party must regard it as satisfactory, in view of the fact that they have not proposed any amendment to it. They are satisfied that it should be our guide or yardstick until the next budget is presented. The Social Credit party has proposed an amendment; the Cooperative Commonwealth Federation group have proposed an amendment to the amendment, and

I shall try to relate my remarks to the subject matter now being discussed as closely as possible.

The Cooperative Commonwealth Federation group decided after scrutinizing the amendment of the Social Credit party that it was necessary to move an amendment to the amendment, because we could not see that the Social Credit amendment proposed any basic changes as far as our economic system is concerned. We believe that if changes are not made along the lines proposed by the Cooperative Commonwealth Federation amendment we shall not be able to weather the storm that we see ahead.

We are fearful of the growth of monopoly in Canada, and it is on that point that I wish to dwell this afternoon. We realize that those who are interested in private enterprise, as they call it, and a smaller concentration of the direction of private enterprise in the hands of a smaller group than has had it during all our lifetime, certainly are not supporting what will build a democratic order of society. What I shall endeavour to show this afternoon is concrete evidence of that development. I do not question the sincerity of members of the government who are bringing in measures and appointing committees with respect to social security, advocating old age pensions and allowances of all kinds and setting up committees to do research and bring in recommendations with respect to social changes after the war. What we are fearful of now is that the group who control are away ahead of the government in their post-war plans. I see to-day in Canada through the manipulation of industry and finance, and the concentration of that manipulation in the hands of fewer and fewer people, the laying of the plans now for what we are going to have in the aftermath of the war. All these committees represent one point of view and one only. All the recommendations are along certain lines. They are building an order of society now that means complete control by themselves after the war. I do not make that statement for the purpose of creating unrest; I believe it is an actual fact.

I know that the boys in the army are fighting for social changes. None of them wants to come back to what we had. I cannot see any of those who have had the administration of affairs by manipulating the economic resources of the country, who have done the job that private enterprise under that particular control has done during the past twenty-five or thirty years, making changes in the social order that prevailed prior to the outbreak of the war. In my opinion they are building a machine that will guarantee control by themselves after the war. Through the medium of our war boards you have the heads of the large corporations sitting in and taking advantage of the seriousness of the war situation and the necessity for production. The large corporations are sitting in on the boards now and not only planning the war effort but utilizing the plants created by the government and routing them into the economy of the country so that when the war is over they will own them; also setting them up to their own advantage, as they have certain arrangements with respect to writing off the money put in by the government. The thing is so arranged that when the war is over they will own and control these plants. We have example after example right across the country. The wartime prices and trade board have authority to close out some twenty thousand non-essential industries, and they are doing it step by step in the different provinces. The hon. member for New Westminster (Mr. Reid) a moment ago referred to the closing of a war plant, an aluminum plant, in his section. Production is concentrated in some plant in central Canada, centralizing control in the hands of one small group. This is not an isolated instance; it is taking place all across the country.

Another example is the malleable iron works in Oshawa, a plant employing some 125 men. I have had letters in recent weeks concerning it. This plant has been and will be in the future necessary to that community, and its closing will be a loss to that community. The Minister of Labour (Mr. Mitchell) no doubt will try to find employment for those men elsewhere; nevertheless in taking the plant from that community the men are being scattered across the country and their homes broken up. The significant feature is set out in the following paragraph:

> The O.M.I. plant used to do a lot of work for McKinnon Industries, St. Catharines. The orders were pulled out by McKinnon and now McKinnon has a request for men to go to St. Catharines. We were once told by heads of selective service that they would bring the jobs to the men and not the men to the jobs.

McKinnon Industries in St. Catharines is a fairly large organization, and it was handling the work from this smaller plant. Now with its priorities it is in a position to close out the little plant and take the employees to St. Catharines to work for them there. This malleable iron works was on war work, making a definite contribution to the war effort, and it was necessary to that community. The men who worked there will have to leave that section and go elsewhere and their homes will be broken up. I do not think there is any justification for actions of that kind. It is an

indication of monopoly control gradually closing the smaller industries out of the picture.

Only last summer I had this experience in Ontario. After speaking at a meeting one night a man came to me and introduced himself as the manager and part owner of a plant in that section. He employed some eight hundred men. He said, "I want to have a talk with you. Could you send over to my plant an organizer from steel workers to organize my plant?" I replied, "Well, that is a peculiar request to come from the owner and manager of a plant. What is the catch?" "There is no catch at all," he said. "We find ourselves in this position: a small industry not linked up with the large corporations who now control the field through the medium of the war boards and the priorities boards. We cannot get priorities on materials, and as a result our business is shrinking so that unless something is done within the next year or so we shall be completely closed up. This business means something to this community; it has been here for many years, and the only way we see to secure redress is by allowing our employees to organize in a union, link themselves up with the legitimate congresses in Canada, and have them make the necessary fight to keep this plant in operation."

That is the situation in these smaller plants, and those are only two examples. That was why we thought it necessary to place this amendment before the house. I do not expect my words to change anyone's vote, but those hon. members who listen and understand the reasons for these things but are not prepared to do anything about them will have to take the responsibility in the aftermath of the war, when the situation I am now describing will be so solidly established that we will not have a chance of changing it. Then with respect to exemption from taxes, we find the Minister of Finance announcing that the lumber industry of British Columbia is to be granted a tax exemption privilege.

Mr. GIBSON: That does not make them tax exempt.

Mr. GILLIS: This is a special exemption. I should like to read something on that point:

> For every thousand board feet of timber produced, the operator's taxable income will be reduced by $1; and for every thousand feet in excess of the 1941 cut, another dollar may be deducted. This means that if the 1943 cut equals the 1941 cut, $1.40 per thousand may be deducted on the whole cut which, in 1941, amounted to 1,750,000,000 feet board measurement.
>
> In other words the lumber operators of the Pacific coast are to be allowed to withhold the income tax on approximately $2,500,000 of income. This measure, in Mr. Ilsley's words, is designed to encourage production of lumber. This is a frank admission that lumber production has been falling, not only because of the shortage of man-power, which is undoubtedly serious, but also because the lumber companies have been deliberately curtailing production.

Mr. HANSON (York-Sunbury): No, it is the prices.

Mr. GILLIS: You can place your own construction upon it. That is not my analysis; it is the analysis of people who are watching these things and analysing them. If that is not correct I think the Minister of Finance should correct it.

Mr. MARTIN: What is that quotation from?

Mr. GILLIS: It is from *News Comment*, which is written by men who are capable of analysing these matters.

Mr. HANSON (York-Sunbury): Isn't the situation in the lumber industry the result of the price ceiling?

Mr. GILLIS: Not according to this article. This would lead me to believe that they were deliberately curtailing operations, in other words going on a slow-down strike. I thought I should place that on record, because I have listened to the miners being hauled over the coals because they were looking for enough to eat, not to mention any exemption from taxes. My object in mentioning this matter and putting it on record is to show that there is not equality of sacrifice.

There is another matter I think we should thoroughly understand, one in which every hon. member should be interested; for after all, regardless of the party to which we belong, each must satisfy his own mind in regard to these things. We are all Canadian citizens and we represent Canadian citizens, and we shall have to take our full share of the responsibility for the conditions that prevail after the war. These matters should be looked into and efforts made to correct them. I refer now to the system followed by the government with respect to the setting up of new plants, the creation of crown emanations. I hold in my hand the summary of an agreement between the government and Norwegian Canadian Packers Limited under the War Exchange Conservation Act, dated March 4, 1943. This is a new company that has been formed; apparently to-day the name "Norwegian" is popular. I believe this is a fish packing plant which is to be set up in the province of New Brunswick. A special depreciation allowance has been fixed against plant expenditures of $105,000. The plant is located

at Chamcook, New Brunswick, and the government has allowed the company a special deduction based on export sales of a maximum of $80,000 which may be written off in the three years 1943, 1944 and 1945. I interested myself in this matter because I believe the government is making very generous provisions in regard to the establishment of this company, and I know that so far as the fishermen of New Brunswick are concerned the greatest efforts that have been put forth looking to their rehabilitation have been made by the extension department of St. Francis Xavier university of Nova Scotia, which went in there for the purpose of organizing and educating the fishermen of that province, to assist them toward a solution of their own problems. I believe this Norwegian Canadian Packers Limited is a combine from some other part of Canada which sees the possibility of the fishermen of New Brunswick being taken out of the hands of the private fish buyers, and as a result the elimination of a great deal of exploitation. I believe the company is cutting in there now, while we are in the process of fighting this war, in order to bring the fishermen of New Brunswick back under the wing of the private fish buyers. If that assumption is not correct I want somebody to correct it when he has had time to check up.

This is a further development of the monopoly which is spreading across Canada from section to section. To-day we find Canada Packers interested in other things than the processing of meat. They are not standing still; they are planning, too, and from coast to coast they are entering other fields than meat packing; chickens, chicken farms, dairies and so on. They are not planning their production or distribution for war purposes; they are cutting in and consolidating their position now in order to be sure of holding the whip hand when the war is over. Only this morning I had a letter from an individual in Nova Scotia who is very much interested in the development of cooperatives. While I am on that point let me say that as far as I am concerned I visualize the future of Canada from the point of view of cooperation. Any economic system in this country must be based upon the principle that the people will have a major say in its development, on the basis set out by the extension movement in Nova Scotia to which I have referred. It seems to me that any economy based on any other principle can only move in the direction of the order of society against which we are fighting to-day overseas. It cannot go anywhere else. This order of society, in the opinion of men who have studied it and who are speaking and writing on it, can extend in only one way, the way Hitler represents in Europe, the way he is fighting to foist on the rest of the world. Unless the people themselves get together and organize the economic processes of the country, have a say in the marketing and in all phases necessary to the life of the people, we shall have lost the very objectives for which we are fighting the war.

I said a moment ago that from one end of Canada to the other Canada Packers are moving in, doing their own organizing and laying their own post-war plans. Not only are they laying them, but they are actually putting them into operation. Let me read one paragraph from a letter:

> Here in Nova Scotia there are some interesting stories about farmers who through group action, that is cooperation, organize to do their own business. In the Annapolis valley the creameries are nearly all in the hands of private operators—there is only one little cooperative. Last year these creameries paid five cents a pound less for butter fat than the farmers were getting in northwestern Nova Scotia where the great Scotsburn cooperative creamery is the yard-stick for the price. Five cents a pound on butter fat means that a farmer who has ten cows pays a toll to these operators of $12 a month, or $144 a year. It can easily be seen that this extra tax from one hundred farmers is a tidy little sum over and above the regular returns of the business. In other parts of Nova Scotia the private creameries paid last year seven cents a pound less for butter fat than was received by the farmers of the Pictou, Cumberland, and Colchester areas, where the cooperative creamery sets the price.

This paragraph brings to our attention the fact that in that section Canada Packers moved in last summer and endeavoured to buy up the privately-owned creameries. Had it not been for the fact that the cooperatives stuck together and recognized the trend of events, protecting the farmers from taking any action, Canada Packers would have full control of the distribution of milk.

I believe every hon. member should be raising his voice against the lack of representation on boards from the average ordinary citizens of the country. On boards which are now planning I note a complete absence of the rank and file of our people. For instance, in connection with the distribution of food we might have called in representatives from the cooperatives and have given them an opportunity of sitting on boards. Regardless of what anyone's opinion may be about Canada Packers, and with all due respect to the men who have been selected, I say that no man is in a better position to sit on a board set up for the purpose of arranging for the marketing and distribution of foodstuffs than a man who has spent the last twelve or fifteen years working among the people, organizing and per-

fecting his organization. Nevertheless we do not see any of those people consulted. They are not represented; they are passed by. I note that on the new fuel control board there have been appointed a lawyer from Halifax, the head of the Bank of Canada, and another king's counsel from Quebec. These are the men who head up the fuel control policy in Canada. I have no doubt that in their own fields these men are experts, but when the government is endeavouring to lay down a fuel control policy for Canada it might select men who have had a closer connection with the problem. There is no doubt that this is a big job, because distribution of any product in Canada is difficult. We know that. I do say, however, that on that board there should be men who, through the medium of their organizations, represent the workers. These are men who for the past twenty-five years have made a road to Ottawa, presenting brief after brief to the government on the question of the development of a national fuel policy. Surely they should be called in and given a place on the board, to attain a solution of the problem—that is, if anyone honestly wants a solution. Sometimes I wonder if the whole machine is not designed to create confusion and chaos, and to keep control within the hands of a certain small group. The average citizen who might get in on these boards might learn too much. That is my honest opinion as to why they are not taken in. They might see too much or find out too much, and they might expose manipulations to the people.

I have heard it stated by many hon. members that we must set up some kind of machinery for the distribution of foodstuffs. Whether it would require the establishment of another ministry is a matter entirely in the hands of the government, but some machinery will have to be perfected to see to it that essential commodities are properly distributed across Canada, so that they may reach the working people who are slaving in the plants and factories in order to make our war effort a success.

I raise this point this afternoon because in the last few weeks I have received many telegrams and letters from Nova Scotia respecting shortages of essential foodstuffs. Let me now pay my respects to the editor of the Ottawa *Citizen*. I have some respect for the average newspaper editor. I believe many of them have a lot of common sense, and at least they try to keep informed of matters they are writing about. But in this instance the editor of the Ottawa *Citizen* in his comments was neither fair nor informed respecting the rationing of foodstuffs in Nova Scotia. First he belittles the miners in their gesture to the government to get the necessary rations, and then he creates the impression that there was only a shortage of butter in the area. He played up the suggestion that there had been a threatened strike because of the butter shortage. He goes on to point out that the miners were looking for rations greater than those of the average citizen in Canada.

A newspaper editor, who is responsible to a great extent for the moulding of public opinion, should check his facts more closely than apparently the editor of the Ottawa *Citizen* did in this instance. That shortage was not temporary. It was not something which developed overnight. It was not a shortage of butter only. The fact is that it was a shortage of practically every commodity. Seven weeks ago I was on the island of Cape Breton. I know that servicing on the island, so far as food is concerned, is done through the medium of cooperative stores in the mining areas. While on the island I visited two or three of the stores and noted that the shelves were practically empty. On a Saturday evening I had a conversation with the manager of one of those stores, which catered to about two thousand people, and he pointed out they had practically no butter, and that there was no meat to be sold—bacon, ham or beef. The only meat which could be had was fowl. One could buy chickens, but he would have to pay a fancy price. That condition had prevailed for some time. There was no substitute for butter. One could not buy jam, syrup, or anything of the kind. In short there was a scarcity of every commodity.

For the benefit of the Ottawa *Citizen* and its manager, may I point out that the percentage of enlistments both in this war and in the last one from among the miners in that area was the highest of any point in Canada.

Mr. ISNOR: That applies to the whole of Nova Scotia.

Mr. GILLIS: But there is a higher percentage in this particular area than in the rest of Nova Scotia. In the town of Glace Bay alone over 1,500 ex-servicemen, veterans of the last war, are mining coal to-day and have been for the last twenty years.

Mr. MITCHELL: To be fair to the miners, is it not so that two of the largest locals repudiated the idea of a strike?

Mr. GILLIS: Yes, but the Ottawa *Citizen* did not. It created the impression throughout central Canada that the miners of Nova Scotia were proposing to go on strike because of a shortage of butter, or because they

wanted a larger ration of butter than that granted to anyone else in Canada. Such was not the case. I am ready to take the editor of the Ottawa *Citizen* to Nova Scotia and I will ask him to assume the responsibility of maintaining a family of four children while working as a miner. The editor of the Ottawa *Citizen* appears to be a great believer in private enterprise and all those things, but I think I am safe in saying that if he sticks out the life of a miner and accepts his obligations for one month, he will come back to Ottawa a communist.

The thought I want to leave with members of the house is that there is no one on the north American continent who works as hard as the coal miner. He must be fed, and fed properly, otherwise he cannot do the work. He gets out of bed at five o'clock in the morning and drops down a shaft a thousand feet deep to go out six miles under the Atlantic ocean. You do not work as the average man works; you must strip yourself to your shoes and overalls. You have to live practically on a can of tea. There is no sunshine and you practically sweat blood. You arrive home at five o'clock in the evening so tired that you cannot even read the newspaper. That is the life the miner is obliged to lead 365 days in the year. These are the conditions that exist at present and have existed practically all of my lifetime. There is nothing to look forward to except the breadline, and the chances are that you have not too long to live. If you stick it out and are an extra good worker you may be able to meet your legitimate obligations at the end of the week. But you must be fed, and well fed.

There is a shortage of every kind of commodity and has been for some considerable time. I think the situation is sufficiently serious to warrant the government's taking hold of it immediately. There is no shortage of foodstuffs in Canada.

Mr. MITCHELL: I think my hon. friend will find that the government did send a committee in there. I know it came before my department.

Mr. DOUGLAS (Weyburn): You would not want to eat a committee, would you?

Mr. MITCHELL: Perhaps if my hon. friend were a member of it, they might.

Mr. GILLIS: I discussed the matter with the Minister of Finance and was given the assurance that everything possible was being done. That was early this week, but I received a telegram only this afternoon giving a list of the commodities which are short. If extra rations have been sent in, apparently that fact has not seeped through to these people. Last summer there was a shortage of butter in Toronto. This was sufficiently serious to make the civic authorities talk about setting up their own rationing programme. In my opinion butter was drawn from other sections of the country and sent into that section in order to quiet the holler that was being made. The result was that a shortage was created somewhere else.

Only a couple of weeks ago Toronto was advertising the fact that there was a surplus of butter in that section of the country and they wanted the ration increased. According to the Ottawa *Journal* of this morning, butter production is up 27·6 per cent in February of this year as compared with February, 1942. There was not a serious shortage of butter in February, 1942, and if production has increased 27·6 per cent, there should be no shortage of butter now. I am not going to read the press clippings from all sections of the country, but I have gathered them together because I am interested in this matter. In different parts of western Canada and Ontario the plea has been made by the farmers that they should be permitted to market their surpluses of butter.

As I said a moment ago, it is a matter of distribution. I do not think a committee going down there to look into the situation, especially when it has been shown that there is a shortage, is going to remedy things. The fact is that the president of the district organization of the united mine workers has given warnings of these shortages from time to time to the wartime prices and trade board, and representations have also been made by the heads of the cooperative societies.

What should have been done was to determine in what sections butter was available and to ration on that basis. There should be sectional organizations to handle the distribution and marketing in the different provinces according to what is available and the requirements of the people. This complaint comes not only from the miners but from people in every class of society in Nova Scotia. Evidently there is a real shortage of foodstuffs. I hope that the government are doing something about it. If they are, apparently the word has not got through yet.

I was glad to hear the Minister of Pensions and National Health (Mr. Mackenzie) make the announcement while the hon. member for Trinity (Mr. Roebuck) was speaking that provision had been made for the payment of pensions under the War Veterans' Allowance Act as recommended by the last parliamen-

tary committee on pensions. I got the impression that this matter would be taken care of immediately, but in checking the thing over I find that the present position is that the estimates contain an item of $400,000 to provide for the payment of allowances to the widows of members of the armed forces in the last war. It seems that this cannot be made operative until after the estimates are brought forward. What the minister should have done was to have an order in council passed authorizing the payment of these allowances, pending the estimates being brought forward. I suppose like myself every hon. member has been receiving letters from widows of ex-soldiers pointing out that the minister had made this declaration and asking just when and how the pension was to be paid. In asking around I find that it may be a couple of months before the estimates are brought down.

There are two or three other matters I should like to mention to the minister but I notice that Mr. Speaker is getting restless and I suppose I shall have to defer them to another day. I ask hon. members to consider and check my remarks this afternoon with respect to the development of monopolistic control in Canada. With all due respect to the committees which have been appointed to work out programmes for social change, I am of the belief that those in control, those who have been in control for the past seventy-five years and who hold the purse strings behind the scenes, are not only making their own plans but are putting them into operation and will offset anything we have in mind unless parliament is prepared to accept its full responsibility and protect the people from the developments that are taking place.

Mr. R. T. GRAHAM (Swift Current): Mr. Speaker, I had intended to devote my time to one subject only, but I cannot resist the impulse to deal with one or two of the items brought up by the hon. member for Cape Breton South (Mr. Gillis). Particularly is that so when I notice that other members of the group to which he belongs have raised the same matter and discussed it from the same angle.

I notice that the Cooperative Commonwealth Federation group are putting on a determined attack upon free enterprise—

Mr. WRIGHT: Monopoly control.

Mr. GRAHAM: —and one of the arguments they advance against that particular type of economy is that monopolies have grown up and continue to be strengthened in this country, and that because that is the situation the only alternative is the replacement of capitalism and free enterprise by socialism or, as I call it, state-ism, or collectivism.

Mr. GILLIS: What about cooperation?

Mr. GRAHAM: I will deal with that in a minute. I suggest to the hon. member for Cape Breton South that he could interview every member of this house without finding one who is in favour of monopolistic control in any shape, manner or form—

Mr. GILLIS: That is why I appeal to them.

Mr. GRAHAM: —and that is true of a great many generalizations made by members of his particular group, if I may say so. All the people of Canada, with the exception of a few who are profiting thereby, are a unit in opposition to the growth of monopoly. We do not need to argue about that. But I suggest to my hon. friend that we have learned a great deal about the matter of monopoly by incorporated companies. I would recall that the joint stock company as we now know it, a useful adjunct if properly used in the conduct of the nation's business, is of comparatively recent origin. As with all types of new entities, it has taken the democratic process, and particularly our legislative assemblies, some time to discover and realize some of the abuses which may attend the use of that particular entity, the corporate set-up; but I suggest to the hon. member, recalling what has taken place in the United States, Great Britain and our own land, that we now know some of the dangers of abuse through a study of the operations of joint stock companies, and that it is an easy matter, now that we understand them, to correct any evils, not only evils of monopoly but any others which may accompany the growth of what otherwise is a fairly useful instrument in the conduct of the business of this country.

I ask my hon. friend to consider the attitude he takes. What he proposes as a cure for a situation which we all agree must not exist is to remove the paramount authority, namely, the government or a free parliament, which is always there to control all such evils and has the power to do so. If you concentrate those industrial agencies in an organization clothed with all the powers of a government, there is neither a court of appeal nor any other authority above that particular instrument. We would be the unwisest people on earth to give to any group, government or otherwise, complete control of the business agencies of this country, because then we would in very truth be creating a monopoly without any

power to destroy that monopoly if it functioned against our interest. That is a point we must not forget.

I find, and I say this with deference, a certain fuzziness of mind in the members of the Cooperative Commonwealth Federation group as to what their policy means. The hon. member for Melfort (Mr. Wright), a very able representative of the farming community of my province, makes the mistake of thinking that his party is identified with the growth of cooperative enterprise. Let me say to him that I am at least a sincere friend and proponent of cooperative enterprise. In our own province it has shown more growth than in any other province of this dominion or any state of the United States of America. But the truth is that if you adopt socialism, or centre the industry of this country under government control, you do away with the need of cooperative enterprise. Cooperative enterprise knows that; its leaders in this country are well aware of it. The use of the word "cooperative" in the name of the party which the hon. member supports is a misnomer if he wishes to apply it to the type of cooperative enterprise that he and I support.

The hon. member for Cape Breton South, speaking the other day at Hamilton or some other eastern point, suggested that during war time the government now in power has taken unto itself by order in council so much power that it is almost in the position of a totalitarian authority. I think he described it as state-ism.

Mr. GILLIS: That is right.

Mr. GRAHAM: Yet it will be noted that those of us who realize the necessity imposed upon us, not by agencies within Canada but by Hitler and Mussolini and the Japanese—outside agencies over which we have no control—sensibly accept the discipline which must go with the conduct of this war, and willingly submit, subject always to parliamentary control, to this method of getting quick action and determination of any matter which demands prompt decision. But that is a wholly different thing from accepting in ordinary times, under the normal conditions of peace, that measure of control which, if my hon. friend will study the history of his own party and the announcements of his colleagues, he will find is suggested by them not only for war time, but to be continued permanently and forever.

Mr. DOUGLAS (Weyburn): Quote the instances.

Mr. GRAHAM: The hon. member for Cape Breton South—

[Mr. Graham.]

Mr. DOUGLAS (Weyburn): I rise to a point of order. The hon. member has no right to put words in the mouth of any member of this house unless he is prepared to quote his authority. Already he has made a great many statements which are not in accordance with the facts. I think he ought to substantiate what he has said.

Mr. DEPUTY SPEAKER: On the point of order, I listened very attentively to the hon. member who is speaking at this time. He made no personal references. He was making reference only to the policies of the Cooperative Commonwealth Federation party. That is the interpretation I gave to his remarks.

Mr. DOUGLAS (Weyburn): He made reference to members of this group having made statements.

Mr. ROSS (Moose Jaw): They admitted making them.

Mr. GILLIS: Yes, and I will repeat them.

Mr. GRAHAM: Let me quote one particular instance. I refer to the statement of the hon. member for Vancouver East (Mr. MacInnis), who, the other day, with the honesty which distinguishes that particular member of that particular group, in his argument in this chamber clearly outlined the real struggle between individual enterprise and collectivism. That is the term he used. No more honest and complete presentation of his case could have been made than that of the hon. member for Vancouver East, and nothing could be clearer than the meaning which all of us read into that term "collectivism". Therefore I suggest that the members of the Cooperative Commonwealth Federation party, who seemingly do not know, as we who live in the province of Saskatchewan claim, at least, to do, the purpose and ultimate objective of the group's policy—I suggest particularly, with deference and with considerable admiration for the hon. member for Cape Breton South, that they and he spend some time in studying the real fundamentals of the party which he supports in this house. I would give like advice to the hon. member for Melfort. They will find I am right when I say that it spells the doom of cooperative enterprise in this country if ever socialism is adopted as a national policy in Canada.

Mr. NOSEWORTHY: The doom of the Liberal party, you mean.

Mr. GRAHAM: I return to what led me to rise and speak in this debate, and I hope I shall be able to make a more constructive contribution on this subject than on what has

occupied my time so far. I speak on it because of a certain portion of the budget address of the Minister of Finance (Mr. Ilsley) and because I attach to it the greatest possible importance. I believe the time has now come when we, as the governing body of this country, in surveying the present and the near future must spend considerable time in appreciating the importance of the fiscal policy which this country proposes to carry through, not only in the days of the war, but in the very difficult post-war days.

We have heard a great deal in this house, and quite properly, about rehabilitation, reconstruction, reestablishment, social security and all those other subjects that are more or less allied to our intention to better the economic position of all the people of Canada. I think one thing all of us will agree we must do, even in approaching these most important social measures, is to see to it that they are needed as little as possible. Some of our young men when they come back from this war may want to adopt the army life as their career; but the vast majority of the young men who come back when victory is won will be farmers, lawyers, working men, merchants and other civilians who have been torn out of their civilian life and called to the country's service in the armed forces; and in discussing measures of reestablishment we must always keep that in mind. I can readily recall, as can every other veteran in the house, that when we came back from France after the last war at least ninety per cent of the men in uniform had one desire and one desire only, and that was to get out of uniform and back into their civilian careers as quickly as possible. It will be a regrettable necessity if we have to pay to large numbers of men now in the navy, the army and the air force their pay and allowances for any extended period after the war, but we may have to do so. While that may satisfy their immediate needs it certainly will not satisfy their mental and spiritual desires. We must make of Canada a country that will absorb their efforts in the vocations they want to follow. In that way, and in that way only, can we find a satisfactory solution of the problems in which we are all so vitally interested and of which we are a unit in attempting to find a worth-while solution.

What truths have been emphasized by this war? One of them is the interdependence of nations one upon the other, and that the welfare of one has a relationship to the welfare of the other. If that is true in the international field, it is also true that the welfare of the people of Saskatchewan is of importance to the people of Ontario, and the same with regard to every other territorial economic unit in this dominion of ours. Then let us apply the wise principles which we so often quote with regard to charity. Let us apply these wise principles of interdependence to our own country and then extend them to the other countries of the world.

Another truth that has been emphasized by the war is a keener realization of the place of money in our economic life. We now know that the total annual national income is best expressed in the total of the goods and services produced or acquired by all of the people of the country, and that the standard of living of an individual is determined by his securing for himself an equitable and reasonable portion of that total annual national income of goods and services. Obviously, therefore, any fiscal policy, if it is a wise one upon which to lay the foundation upon which we are to build this better life which we all desire so much, will be one that seeks to create the greatest possible annual national income. Then we must see to it that that largest possible total is distributed so far as is humanly possible equitably and fairly among all the people of this dominion. These should be the general aims of a wise fiscal policy.

The hon. member for Rosetown-Biggar (Mr. Coldwell) pointed out on Tuesday night a very striking truth, namely, that during the war we have spent some twelve and a half billion dollars and that that total equals one-half the total accumulated assets of Canada in 1933. He drew certain conclusions from that. I would draw another. He and his group, as I have understood them in this house, have frequently said that we should in some way take hold of that accumulated wealth, without paying interest or any reward to the persons who accumulated that wealth. We, on our part, have attempted to point out the very great relative importance of our annual production of wealth expressed as I explained in the earlier portion of my remarks. The very statement made by the hon. member for Rosetown-Biggar illustrates more clearly than I was able to do the relative unimportance of the accumulated wealth of this country as compared with the importance of the annual national income that Canada is capable of producing. Our annual national income is that which we should safeguard, and we should increase and encourage it so that there will be a greater total to distribute among the Canadian people.

Saskatchewan, in the Sirois report, by the late Hon. Norman Rogers, a man most highly respected and honoured in this country, by

many other economists, and by all hon. members from that province, has been pictured as the orphan in our economic family. We say there is a measure of truth in that. Like the hon. member for Regina City (Mr. McNiven), I regret the stories told in this house of individual cases, because I do not believe their recital by some hon. members properly describes the magnificent people we have in Saskatchewan. You know, Mr. Speaker, how diligently we who come from that province have struggled to get for its people a certain measure of equality in the governmental and departmental policies adopted for the government of this country. But I feel certain that I speak for the vast majority of the people of that province when I say that we would readily surrender all of the bonuses and benefits that we have received by way of compensation from the federal treasury, or what are sometimes described as hand-outs from the federal treasury, if we could secure an equality of opportunity for the people of that province to produce the goods they can, and to find the most advantageous market at reasonable prices for their products, and in turn to buy whatever they require in the cheapest and best markets of the world. That is the gift I would wish the Liberal party to give to the people of my province, because that would put them in the position of that honest dependence on their own efforts which every free British citizen so much desires.

If that is the case, I think, in view of the statement by the Minister of Finance in his budget speech, it is necessary that we get to these fundamentals in the remaking of this country. I wish to repeat his statement; it is not lengthy and on account of its importance I should like it to appear again and again on the records of this house. I should also like to see the same sentiments uttered by members of parliament from the central provinces of this great dominion. The statement to which I refer is as follows:

> There will again, however, be a time when the tariff will be an important instrument of trade policy and when this country will have to decide whether it will play its part with other countries which are prepared to help in freeing the world's trade, in enlarging markets, and in promoting the full and effective use of the world's resources.
>
> The government has already, by an exchange of notes with the United States on November 30 last, undertaken to enter into conversations with that country—

If I may interject, I heartily congratulate the government upon that particular step.

> —and with other countries, for the purpose of formulating programmes of agreed action directed to the expansion, after the war, of production, employment, and the exchange and consumption of goods, to the elimination of all forms of discriminatory treatment in international commerce and to the reduction of tariffs and other trade barriers.

I am happy indeed to note that the government feels committed to these projects.

> Committed to these objects and having in mind particularly the vital concern of this country in access to the selling and buying markets of the world, the government is prepared to discuss with the government of the United States, the government of the United Kingdom, or the governments of other countries with which we trade, reciprocal trade arrangements wider in scope and longer in duration than have hitherto been made, provided always that the advantages of such arrangements shall be open to other countries willing to adhere to the same terms.
>
> We believe that questions of post-war commercial policy must be tackled broadly and boldly; we believe that world trade must have a more liberal and dependable charter than it has had in the past two decades; and that countries, such as Canada, for which world trade is the very blood stream, should be prepared, not merely to accept desirable arrangements but to take the initiative in working out a plan mutually of benefit to ourselves and to other countries. We believe that countries, which have had long experience of friendly relations should associate themselves with that initiative and furnish to others examples of concrete accomplishment in the distribution of the world's products for the mutual welfare of all people.

That, I say again, if it is meant—and I make no suggestion that it is not fully meant by the Minister of Finance or the government of which he forms a very important part—is a very important pronouncement of policy by this government and one to which I hope to give every assistance in carrying to fruition, the fullest fruition possible, because I believe it means the greatest prosperity for this country in which we are all so vitally interested.

Mr. DOUGLAS (Weyburn): A little late, is it not?

Mr. GRAHAM: Better late than never. I want to deal with that phase of this question. The Liberals of western Canada have been most vociferous, our hon. friends would perhaps say, or, as we say, the most concerned, about the establishment of such a policy in the past years of Canada's history. Why? The answer of course is quite obvious, namely, that on the prairies we grow immense surpluses of foodstuffs and we must find a market for those surpluses. We could legislate here until doomsday, but unless we find markets at reasonable prices for the products of the west no legislation could be enacted that would make those people prosperous and contented. We must fundamentally shape our fiscal policy to encourage the finding of markets for those surpluses. In eastern Canada

as I met them I found most hon. members who come from rural districts agreed with the classical argument, if you wish to call it that, for free trade; they were fundamentally in favour of free trade, but on account of the industrial centralization in this part of Canada they had to some extent a home market for the farm produce of this part of Canada. That produce is of course that best suited to Ontario agriculture and their local market, namely, the raising of hogs and other live stock and the production of dairy products. Consequently, we never did get from eastern farm representatives the support to which I always felt the western people were entitled in their struggle to find markets for their products. But I want eastern members to note the tremendous change that has taken place during this war. Until the commencement of the war we in western Canada were concerned chiefly with the production of grain; to-day Alberta leads Ontario in the production of hogs, for example.

Mr. ROSS (Moose Jaw): So does Manitoba.

Mr. GRAHAM: Yes. I mention that merely to illustrate the fact that western Canada has embarked upon a policy of producing immense quantities of the very things that were formerly left to Ontario and Quebec farmers to raise and market in the central provinces. This fact will have very great impact on the agricultural situation in this country. I am hoping, therefore, that the farmers of Ontario and Quebec will realize quickly that they, like us, must find foreign markets for the surplus goods that we can so well produce. If we could find in the north-western United States a market for the hogs, cattle and dairy products of western Canada we would not be in competition in the domestic market with the farmers of eastern Canada. But if you confine us by a protective tariff to attempting to find sale for our products in this small market, the products of Ontario and of the west will inevitably come into disastrous collision, and this will have a serious effect on agriculture in our whole Canadian economy.

Then let us look at the industrialization of Canada. For many years those who most favoured the protective policy were naturally those interested in the building up of manufactures in this country. We have all heard of the "infant industry"; although we do not hear that plan advanced so often now as formerly. But I say again to the industrialists of Canada, the war has shown that their possible production greatly exceeds the requirements of our domestic market. Their plants have been expanded; power facilities have been greatly increased, and the manufacturers of Canada will find themselves in alignment with the farmers of eastern and western Canada in seeking foreign markets for their surplus products. Therefore I am hoping that at this historical moment the government will take full advantage of the opportunity presented to us now to put into effect some of the policies to which to a large extent the people of Canada have agreed but consider impossible of adoption for various local reasons. I know it takes at least two to make a bargain, even though we have the greatest desire in the world to adopt such a beneficial policy. But I must say that the advisability of adopting that policy would not depend on whether or not other countries did the same thing, though I know the attitude of the other country concerned would greatly influence the attitude of the average person toward such a policy. I think if the Minister of Finance were to study the history of that great country to the south, those 130,000,000 people who border us from the Atlantic to the Pacific, he would find that they, too, have learned many lessons as a result of this war and the last war. Perhaps never before, certainly never in my lifetime, has there been such an opportunity as is presented to this Liberal government to weld these countries together, to their mutual advantage.

To those who suggest that this would not be in complete consonance with our relationship to the mother country let me say in all sincerity that we must remember the position of Britain to-day and what will be her position after this terrible and prolonged war is over. Having in mind what will be Britain's financial position in the world after the war, I think we can best contribute to the British commonwealth of nations by making this Canada of ours as strong, as populous and as contented as we possibly can. Let us open our trade routes by sea, by rail and by air so that not only shall we profit by the exchange of goods that will follow, but we shall also help in the reconstruction of a world which will be sadly in need of the beneficent effects of such a wise policy. My purpose in making this speech to-day is solely in order to strengthen the hand of the government, for I have in mind that the Prime Minister (Mr. Mackenzie King) has so capably acted as an intermediary between the United States and the mother country in the past. Let him complete that life work by taking the initiative in this matter as he took the initiative in uniting the war efforts of those countries, and in my opinion his name will be called blessed by the people of this country and particularly by the people of my own province.

Mr. J. A. ROSS (Souris): Mr. Speaker, first of all may I offer my congratulations to the Minister of Finance (Mr. Ilsley) upon his budget speech, and to a certain extent sympathize with him in the gigantic task of looking after the finances of this country in these very difficult times. In my opinion he is one of the most conscientious, hard-working members of the government. I should like also to offer my congratulations to my colleague the hon. member for Danforth (Mr. Harris) upon the very able manner in which he presented his criticisms of this budget. He certainly covered a wide field and did it very well.

The budget presented on March 2 calls for the raising of $5,500,000,000, which is certainly a sizable increase over the figure of $3,900,000,000 called for in the 1942 budget. The people of this country are prepared to pay, to work and to save, as they have been asked, provided there is not too much extravagance in the expenditure of public money. But when the government's director of economy is quoted in the press as was the case of March 4, as saying that evasion, subterfuge and outright trickery are being used to nullify the work of his office, then one wonders what is going on. Many people throughout this country are asking themselves questions when they see instances of money being wasted. In my opinion there is evidence of great waste in the expenditure of public money throughout this land, and I intend to deal with this matter at a later date. The rates of income tax in Canada are probably higher than those in any other country in the world; and with the exemptions lowered as they were a year ago, together with the increased demand for foodstuffs, many farmers have been brought into the income tax bracket for the first time. The minister stated that we are reaching the stage when we are producing all we can possibly produce from the resources and manpower at our disposal; and he went on to say that if we had no shortages, no vexatious restrictions, no farm labour problems such as have been debated in this house in recent weeks, then we could be certain that we were falling far short of an all-out war effort. I maintain that there has been an entire lack of coordination between the various departments of government in connection with our man-power problem. Up to the present it has been a case of inefficiency and muddling. If the Minister of Finance has any doubt as to that he might refer to the letter of the Prime Minister (Mr. Mackenzie King) to the Minister of Labour (Mr. Mitchell) under date of January 16, to the speech by the Minister of Agriculture (Mr. Gardiner) in Saskatoon on January 21, and to the farm labour policy announced by the Minister of Labour on February 26. If these various statements are compared, it is enough to make one wonder whether there is any coordination at all in connection with this matter; and then when one considers the competition offered by industry and the armed forces with regard to man-power, it is no wonder that things are in such a muddle.

I have taken part in every budget debate in this house since 1940, and each time I have asked that the farmer's income should be averaged over a period of at least three years. I am pleased to note that the minister has gone at least some distance in that direction. Recently, however, a return was tabled in the house showing the number of farmers who have paid income tax each year since 1930, and it shows that in 1942 there were 1,488 farmers in that class. Many farmers are operating to-day under great difficulties, being very short of help. Where the wife or the teen-age boys and girls are doing the farm work—and in many instances doing it more efficiently than any hired help that might be obtained under the new farm labour set-up—they should be placed upon the farm payroll and their wages allowed as deductions in the income tax return. In the case of new machinery the farmer should be allowed to write it off on the same basis that is granted to industry during the war; that is, over a period of three years. The farmer is allowed to write off twenty per cent the first year and ten per cent thereafter in connection with the purchase of new equipment. The food supply is now second only to military operations in determining the outcome of this war, and it will take first place when it comes to saving the world from anarchy after the war is over. Yet the Minister of Finance or the government of the day has so far refused to allow parity prices for agricultural production in the same manner as is done for industry and organized labour.

Doctor Wallace, principal of Queen's university, and chairman of the subcommittee on natural resources of the dominion, committee on reconstruction, said last night, in the railway committee room of this building, when speaking under the auspices of the dominion command of the Canadian Legion, that the success of the nation would depend on the rural life of Canada; that next to equalized remuneration, which to me means parity, rural electrification probably meant more than anything else to the rural people of Canada. I am happy to know that a year ago the government of my native province of Manitoba produced a blueprint for rural farm electrification in this country.

But if we cannot establish during these critical times a parity price for essential goods and services, then the chances for post-war reconstruction and parity prices are, to say the least, not very bright. Great Britain is now producing approximately sixty per cent of her own foodstuffs. In Great Britain during 1939 there were some 12,000,000 acres under cultivation; to-day 18,000,000 acres are under cultivation. There were 53,000 tractors in use there before the commencement of the war. There are now 120,000 tractors, and other power machinery has increased accordingly.

In Canada this year new tractors supplied will number about 5,000. This is less than a third of the number sold last year. And most people will realize that the acreage under cultivation to-day in this country is practically three times that of Great Britain. I believe that the approximate number of tractors in Canada would be in the neighbourhood of 120,000, or the number in use in Great Britain. The latest figuers I have for Canada show that two years ago we had approximately 107,000 tractors.

In more normal times, some years ago, the farmers of western Canada spent about $50,000,000 annually upon farm implements. On account of depreciation, and as a result of lessened purchasing power for a number of years prior to the outbreak of war in 1939, it was estimated at that time by implement manufacturers that it would require approximately $200,000,000 to bring our farm implement equipment up to date.

The point I should like to make there is that, with our farm labour shortage, tractors, and especially combines, should be made available to as great an extent as is reasonably possible, in order to assist in solving our labour problems. I realize that the Minister of Agriculture who, I am glad to see, is in his seat, does not believe in the use of a tractor on a farm. That is his statement made in a recent debate.

Mr. GARDINER: I did not say that. I said I did not use one, but I did not say what the hon. member has just stated.

Mr. ROSS (Souris): Well, if there is any misunderstanding as to what the minister said, I shall quote it. Speaking on May 21, 1941, as reported at page 3028 of *Hansard*, the minister said:

> I should like to say that I have a farm in western Canada and I have never had a tractor.

Mr. GARDINER: Yes, I said that.

Mr. ROSS (Souris): And further on—

Mr. GARDINER: But that is not what you said.

Mr. ROSS (Souris): Just a minute. The minister continued:

> If I were dependent upon my farm for a living, as I have been at times, I certainly would not use a tractor.

And you can draw whatever inference you like from that.

Mr. GARDINER: That is on my farm.

Mr. ROSS (Souris): After all, the hon. member is Minister of Agriculture, and I think he should be setting an example to agricultural producers in Canada. I have read his opinion in that respect, as expressed in the house, in answer to a question asked about his view as to the use of tractors on farms in these days.

Mr. PERLEY: Did you ever run one?

Mr. GARDINER: I can run one.

Mr. ROSS (Souris): Not only can one operator accomplish so much more work with a tractor than with horses, but it has been proven to be much more economical. In that respect I should like to quote from a report which was prepared by an official of the minister's department—true, it was nearly ten years ago—to prove the point. I am quoting from a cross-section test on the prairies, conducted by Doctor Hopkins of the federal Department of Agriculture in 1932 with regard to the cost of producing wheat. This information was obtained from certain farmers who had kept records, together with the records of the experimental farms, based on an average yield of eighteen bushels to the acre:

Quarter-section	Per bushel
1 man and 5 horses, threshing hired.	$1.02
Half-section	
1 man and 7 horses.....	0.795
1 man, 15 horse-power tractor and 2 horses.....	0.85
One section	
2 men and 14 horses.....	0.774
1 man, 15 horse-power tractor and 2 horses.....	0.712
2 men, 6 horses, 15 horse-power tractor and thresher.....	0.778
1 man, 15 horse-power tractor, combine and truck.....	0.636
Two sections	
4 men, 28 horses, combine.....	0.642
1 man, 20 horse-power tractor, combine and truck.....	0.554
Three sections	
2 men, 20 horse-power tractor, combine and truck, land ploughed...	0.542
2 men, 20 horse-power tractor combine and truck, land one wayed..	0.511

As I said, that survey was conducted in 1932, when the cost of production was considerably less than it is to-day; and, of course, it was

based on eighteen bushels to the acre. Various other tests have been conducted throughout the country.

Other hon. members have quoted Professor Hope, and I should like now to refer to Professor Hope, who has charge of the department of farm management, university of Saskatchewan. He points out that the average cost, plus interest on debt, throughout Saskatchewan in recent years has been ninety-one cents a bushel, on the basis of an average yield of fourteen bushels to the acre, which is still considerably higher than the average yield throughout Canada. If one takes into account to-day the higher cost of living brought about by the recent budget it will advance those figures to considerably more than a dollar a bushel.

Professor Hope stated, as did Doctor Hopkins in his survey, that the most economic unit to operate in the prairie provinces was a two-section power farm with tractor combine and truck, and that that is the most efficient wheat-producing unit it is possible to set up at this time. But less than one per cent of the farms in the west are as efficiently operated as that unit. I cannot recollect the exact figures, but I know the average farm operated in the west is in the neighbourhood of a half-section. As a matter of fact, I think it is a little less than a half-section. That is the basis upon which we have to consider the cost of production, as far as the average farmer of western Canada is concerned. And what applies to wheat production is equally true of feed grains.

I have also another article by J. E. Lattimer, professor of agricultural economics at Macdonald college. It deals with crops and wars. He has in this article a chart on which he gives some details as to the acreage of improved farm land per farm worker in the principal countries to date. These are the figures as of October, 1939, the year of the war:

Country	Acres
Canada	76·9
United States	50
Great Britain	30·3
Ireland	17
Denmark	14·7
Norway	14·7
Spain	12
Sweden	11·6
Switzerland	11·2
France	10
Poland	5·7
Italy	5·2
Bulgaria	4·2

Then he goes on to point out the values of land in 1914, and in various periods up to the present. Land in 1914 was $38 an acre, on the average, while in 1938 it was $24, which is quite a reduction. On the other hand, farm wages, including value for board, during 1914 stood at $323, while in 1938 it was $405, and at the present time it is considerably higher than that. As has been pointed out repeatedly, it is almost impossible to obtain help.

I have before me a short article on distribution costs which was issued by the 20th century committee on distribution. It is pointed out here that approximately 59 cents of the consumer's dollar goes for the services of distribution and only 41 cents for the services of production.

As was pointed out this afternoon by the hon. member for Swift Current (Mr. Graham), we in western Canada have made rapid changes toward diversified farming. I believe he stated that both Alberta and Manitoba now produce more hogs than Ontario. On February 4 when I spoke in the debate on the address in reply to the speech from the throne I used a chart to show prices in Chicago and Winnipeg as of that date. In the case of hogs, both were quoted at $15.35 per 100 pounds, but that was dressed weight at Winnipeg and live weight at Chicago which meant approximately 25 per cent more for pork in the United States than was being received in Canada. The choice hog in the United States weighs from 190 to 330 pounds, as I then pointed out, while in Canada it runs from 190 to 230 pounds. You can put weight on a hog much cheaper per pound after 200 pounds is reached than you can up to that point.

All producers will realize that to produce the 800,000,000 pounds of pork with hogs of 165 pounds each, dressed weight, will require the raising of approximately five million hogs at 220 pounds live weight, or three and one-third million hogs at 330 pounds live weight. This means that the producer would need to carry only two-thirds the number of brood sows now required to produce the 800,000,000 pounds of pork asked for by the department. I suggest to the Minister of Agriculture and the government that for at least the duration of the war our hogs should be marketed on the same basis as in the United States.

Mr. GARDINER: Would you suggest the same type of hog?

Mr. ROSS (Souris): I do not think it is necessary to have exactly the same type of hog. In the United States they are marketing their hogs and are receiving 25 per cent more money than we are. Since the minister has raised the question, may I ask him if he has discussed with the proper authorities in Great

Britain whether they would be satisfied to have this type of hog for the duration of the war?

Mr. GARDINER: We did discuss at a conference last fall of representatives of all the provinces of Canada and the farm organizations the question now raised by the hon. member. With the exception of the representative of one province it was agreed that we should abide by the present policy on account of the fact that it has been made known to us at all times that Britain prefers our product. The reason why she is buying our product in present quantities is that she prefers what we are producing.

Mr. ROSS (Souris): I understand the minister to say that the various provincial departments of agriculture agreed that we should maintain the present standard; that is, with the exception of one.

Mr. GARDINER: I said that at the conference last fall those who represented the different provincial departments and the other organizations all with the exception of one, spoke in favour of abiding by the present policy.

Mr. ROSS (Souris): This has not been discussed with the food authorities in Britain?

Mr. GARDINER: Oh, yes.

Mr. ROSS (Souris): Did they complain?

Mr. GARDINER: I would imagine that if we said we wanted to send that type of hog over they would have to accept it, but Britain prefers what we are sending now.

Mr. ROSS (Souris): If there is any chance of a shortage of beef or beef products occurring, either in Canada or among the united nations, I suggest that the slaughtering of beef calves be prohibited for the duration of the war, more especially heifer beef calves. If the government feel that we cannot be granted access to the United States cattle market on the basis prevailing to July 1, 1942, I would then ask for a resumption of operations of the wartime food corporation in line with the operations of that body during the period July 1 to August 18, 1942, so that producers of beef cattle in this country may receive prices for their live stock reasonably related to the prices on the markets in the United States. The cattle producers now bear the entire cost of subsidizing consumers in order to keep down the cost of living in this country.

At six o'clock the house took recess.

After Recess

The house resumed at 8 o'clock.

Mr. ROSS (Souris): I should like to refer for a few moments to the production of flax for linseed oil. It is practically all grown in the prairie provinces—Manitoba, Saskatchewan and Alberta. The 1942 acreage was:

Manitoba	227,000
Saskatchewan	1,056,000
Alberta	183,000

The total Canadian flax acreage for last year was 1,492,000.

The production of flax seed for oil purposes is now largely required for our war effort. During last summer and fall the farmers of western Canada were planning for a large increase of flax acreage this year. Many of them had bought seed at prices ranging from three dollars to five dollars a bushel. But, following the agricultural conference which was held in Ottawa on December 9, it was announced that the flax acreage for oil production should be increased by one million. The farmers went on making plans for increased production. About the middle of January the Minister of Agriculture (Mr. Gardiner) announced, rather suddenly, that as a result of a conference held in Washington at which he was present it was decided that no additional flax acreage should be put in during 1943, and he asked the farmers to go back to the original plan and produce from the same acreage as in 1942. A few days later there was a press release from the publicity and extension service of the Department of Agriculture at Ottawa, stating:

> The United States department of agriculture, according to the latest survey, estimates that the country faces a shortage of close to a billion pounds of fats and oils for food and industrial purposes in 1943. To help overcome this shortage the government of Canada is asking for increased production of oil-producing plants such as flax, soy beans, sunflowers, etc. The objective for flax seed is an acreage increase of 68 per cent.

Following a meeting of the national barley and linseed flax committee at Winnipeg on March 1, Mr. L. H. Lehberg, technical adviser to the federal oils and fats administration, said that supplies of vegetable oils received from the United States had been below expectations and that United States crushers were in the market for Canadian flax in addition to overseas demand.

In addition to the domestic supplies, there were indications that upwards of ten million bushels of flax will be needed by the United States, and a like amount required for export overseas.

Among western farmers there is a feeling of confusion as to where they fit into this general

picture. This is well illustrated by the flax situation. Up to the present, with limited man-power and limited ability to secure the implements of production, of which I spoke this afternoon, they feel, as I stated, rather frustrated. The net marketable crop of flax last year was some 13,230,000 bushels. The total capacity for flax processing in this country was only 6,395,000 bushels, there being in operation nine flax processing plants, with one under construction at present. There are three of these plants in Montreal, two in Toronto, one in Baden, one in Winnipeg, one in St. Boniface, one in Medicine Hat, and one now under construction at Hamilton. It is rather surprising that this plant now being constructed at Hamilton should not have been built adjacent to the raw materials and abundance of cheap power which we have in the prairie provinces.

This afternoon, when the hon. member for New Westminster (Mr. Reid) was speaking, he pointed out that at present some eighty per cent of the capital in industry in Canada is invested within the two provinces of Quebec and Ontario, and that approximately eighty per cent of the industrial workers are located within these two provinces. As I have already indicated, this situation has been greatly aggravated during this war by the government of the day, by way of capital assistance to industry in Quebec and Ontario. I have placed on *Hansard* the sums of money which have been advanced, and which run into many hundreds of millions of dollars. Centralization apparently continues. A return of June 1 last shows that since the beginning of the war there had been constructed or were under construction in Ottawa eleven temporary buildings and one annex, at a total cost of $5,411,099.76. At that date, practically three years after the beginning of the war, only half of these buildings had been built. On February 26 there appeared in the press a statement that the government had approved a building programme under the National Housing Act and that in Ottawa and vicinity the sum of $1,000,000 was to be spent on the construction of houses, of which amount a quarter of a million was to be paid by the government.

Yesterday the Ottawa *Journal* published an editorial article entitled "More 'temporary' buildings," from which I quote the following:

> The government announces that an office building for the staff of prices board is to be built on Sussex street, at a cost of about $450,000. Prices board staff now is scattered about several rented premises. The government is to spend also $312,000 for a building for the women's division of the R.C.A.F., and $54,205 for a men's canteen. All of these are to be "temporary" structures.

[Mr. J. A. Ross.]

In the grand total of war expenditures $800,000 does not rank as a major item, and yet we think the people—who pay the bills—would like more assurance than appears on the surface that these buildings are an imperative necessity. That is especially the case as they are still in the plans stage, and if we may judge by the progress of work on the women's hostel the buildings would not be ready for use before next Christmas. The point is, do we really need these costly and elaborate "temporary" buildings when the war will be well within its fifth year?

Further on it says:

> A few days ago Mr. Ilsley announced that indefinite extension of government-financed housing would be impossible, because of scarcity of labour and materials, and to relieve the housing shortage, he said, the government would depend upon "private enterprise, rent control and decentralization". Some progress in decentralization already had been made, he added, pointing out that more than a dozen branches of prices board had been moved to Toronto and Montreal; that munitions and supply had established oil control in Toronto, transport control in Montreal.
>
> Obviously, the extent to which the government proposes to pursue this policy of decentralization must be a factor in the case for these new buildings. And at this stage of the war the demand for new office space by any department or agency of the government, or any uniformed service, needs to be viewed with healthy scepticism and an inquiring mind.

As most people know, we have at the head of the wartime prices and trade board Mr. Donald Gordon, a banker, who has not any experience whatever in production, distribution or merchandising within this country. The price of fuel wood in parts of Canada has been increased, by a stroke of the pen, from $9 to $13 a cord. You pay an extra five cents for a cup of tea or coffee for your meal. Yet the agriculturists of Canada are asked to produce foodstuffs for much less remuneration than the agriculturists of any other of the warring nations receive at this particular time. If we are to enforce the principle of price ceilings the price must be on a basis of parity prices for essential goods and services. This is something which to date the government of the day has not recognized. As I have pointed out before, the agriculturists represent thirty-three per cent of our entire population. They received fifteen per cent of the national income in the past year, 1942, and during the years from 1915 to 1919 they received thirty per cent of the national income. Certain large business concerns are now consolidating their position in this country under the present scheme of things.

May I add with respect to the wartime prices and trade board that on June 29 of last year I placed on the order paper a question asking for detailed information as to the

board's staff. That question remained unanswered on the order paper until prorogation on January 27 of this year. I again placed it on the order paper on January 29 of this session, and it was passed as an order for a return on February 8, but to this day the return has not been brought down. A lot of pertinent information should be brought down in that return. I do not want to weary the house by giving the details of this question because it is lengthy, but I would point out, as was pointed out this afternoon by the hon. member for New Westminster, that there is great discontent throughout this country because of the operations of the price control administration under Mr. Donald Gordon, and the only reason why people are not saying more about it is their patriotism in this time of war. I am satisfied, however, that there must be a basis of parity prices for goods and services which are essential to the war effort; otherwise the board cannot continue to operate.

Mr. F. D. SHAW (Red Deer): Mr. Speaker, before proceeding to speak on that aspect of the budget which I wish particularly to discuss, I should like to make two or three observations of a general nature. I believe that the Minister of Finance (Mr. Ilsley) in his recent remarks with respect to financial policy, which of course have their counterpart in economic policy, has served to prove more effectively than he could have done so deliberately the truth of many things which we in this group have been asserting over a period of time.

We believe that time will be the best test of right. We also believe that over a certain period of time certain prejudices which have existed will gradually disappear. We feel, as I said before, that the minister could not have been more successful in attesting the authenticity of many of these things that we have declared to be facts if he had deliberately set out to do so.

A few days ago a member of this house, sitting to the left, Mr. Speaker, expressed the fear that through the enormous financial expansion and through the enormous allocations of real wealth taking place in this country there was a danger we might go bankrupt. In reply to that expression of fear the minister made some significant declarations, and it is about those declarations that I should like to make one or two observations.

The Minister of Finance said that to speak of bankrupting this country simply because of the expenditure of billions of dollars or because of the consumption through war or otherwise of vast quantities of our production was simply to bring forward a bogey. He asserted that an individual or a group of individuals might go bankrupt in that way, and that even a nation might go bankrupt in that way as far as the supply of foreign exchange was concerned. But he said that as far as the nation itself is concerned it is fantastic to assume that we might become bankrupt in the sense that we shall run out of money. In fact, he said, the danger in war time is just the opposite. If we are going to become bankrupt because of these actions of ours, is it not a strange thing, he asked, that at the same time we are doubling the national income, wiping out unemployment, learning scores of new skills, and that we have expanded and diversified our productive equipment, enabled millions of our people to secure a nest-egg for the future, and developed a sense of productive achievement hitherto unknown in this country? He stated that no country goes bankrupt in that way; no country goes bankrupt through expanding its productive capacity. That, Mr. Speaker, was a significant statement. I know that it has been responsible for a number of very strange expressions which have emanated from certain members sitting on the government side of the house.

In the years of the depression members of this group advocated the stimulation of production through government grants. The Minister of Finance of that day—not the present minister, but he seemed to think along the same lines—threw his hands up in the air and screamed blue ruin. Yet to-day we find the Minister of Finance of the present government asserting that if we spend more money to expand the productive capacity of our country it is utterly impossible for this country as a consequence to go bankrupt. That should make us think. At this time we have about 600,000 of our men and women in uniform. They are not engaged in a productive capacity. We have taken up the slack as far as unemployment is concerned; yet we find that we are producing more than twice as much as we ever produced before. That is enough to make anyone stop and think. As we reflect upon post-war conditions we shall also bear in mind the statements made by the Minister of Finance to the effect that there is no danger of bankrupting your country by putting further quantities of money into circulation and vastly expanding the productive capacity of your country.

I wish to devote my time this evening mainly to the one aspect of war finance. Probably I should clarify my statement by saying that I intend to deal specifically with the war savings aspect of our war finance pro-

gramme. I do so because I am afraid that many hon. members are not aware of the situation that has developed in this country with respect to war finance.

The minister stated the other day that the expenditures during 1942—I assume that means until March 31 of this year—will amount to $4,470 million. He stated further, either directly or by implication, that that volume of money in circulation, or at least a large part of that money which will be put into circulation, may, on account of the lesser amount of consumer goods available, create a dangerous condition of inflation. And because of that danger he will have to institute upon a larger scale his war savings campaign in order to tap from the finances in circulation in the country that portion which is likely to cause a condition of inflation.

At this point I should like to make one thing clear. There are many hon. members in this house and people in this country who actually believe that the only purpose of a bond campaign is to secure money with which to purchase ships and shells and guns and tanks. I have stated that one of the major purposes of a bond selling campaign is to drain off the excess purchasing power, and I have been roundly criticized for that statement. In order that my position in that regard may be made quite clear I should like to quote three or four statements which I have before me. First, I have a statement of the financial secretary to the British treasury, speaking in the British House of Commons on April 8, 1941. He said:

> What you have to emphasize is not so much the money that you are going to get in but the fact that what you are after is reducing consumption.

Then we have the Royal bank monthly letter of August, 1941, saying:

> It is, therefore, vitally important that taxation and borrowing should be considered not merely as devices to raise money but rather as measures to prevent money from being spent for non-essential purposes.

Professor Plumptre is reported in the *Financial Post* of October 5, 1940, as saying:

> It must be remembered primarily and seemingly paradoxically, that the government object is not to get money, but merely to reduce the public's spending. . . . The government can always "get money" because it may as an alternative to borrowing or even to taxation, create the required funds.

Then we have P. M. Richards, financial editor of *Saturday Night*, saying on March 28, 1942:

> The hard truth is that the government didn't itself want our money as much as it wanted to deprive us of it.

[Mr. Shaw.]

Then we have the Minister of Finance himself, speaking in the House of Commons on November 21, 1940, saying:

> That the task of finance is not only to provide the funds which are used to pay for the war services but more fundamentally is, by taxing and borrowing, to restrict the civilian demand for economic resources.

My purpose in quoting as I have is to be able to deal with the situation which has developed with respect to the war savings campaign. I shall deal with that a little later. I say the purpose of the bond, war savings certificates and stamp sales is primarily to drain off the surplus purchasing power and thus lessen the danger of an inflationary condition developing.

I stated that I should like to give some information with respect to the trend in connection with bond sales. In the second victory loan, of about a year ago, the government secured about $843 million from the Canadian people. If we forget for the moment the conversions that took place during that time, that sum exceeded the objective by about forty per cent.

Then we come to the third victory loan of last fall which secured, I believe, about $991,500,000 which, if considered less conversions, was approximately thirty-two per cent more than the stated objective. I would point out that not all the money so acquired came from savings; a large part of it came as a consequence of payroll deductions and other payments out of current income. Between February, 1942, and November, 1942, namely, between the second and third victory loans, there was a total of 339,000 conversions. Those conversions were mainly of $50 and $100 bonds. In October, 1942, alone the conversions numbered 78,000, or approximately 3,000 per working day. That is startling. Of the 339,000 conversions to which I have already referred, 268,000 represented bonds of $50 denomination, and 71,000 those of $100 denomination.

I have some figures which are very interesting. They are month by month figures from March to November of 1942, as follows:

	Conversions	
	$50 bonds	$100 bonds
March	2,174	1,414
April	10,665	4,756
May	14,512	5,978
June	19,461	7,222
July	26,809	8,449
August	40,604	10,682
September	41,193	11,723
October	65,108	12,792
November	36,812	7,825

In the second victory loan I believe we had approximately 1,120,000 subscriptions for $50 bonds and approximately 746,000 subscriptions for $100 bonds. The dollar value of the conversions was not high, but the important thing to bear in mind is this. The minister has stated from time to time that through his bond selling campaigns he has endeavoured to spread the purchases over as broad a base as possible, thus depriving a greater number of those in the moderate income brackets of a part of their purchasing power, because, after all, they comprise the largest single group of all those in receipt of salaries. I believe the number of subscribers to the second victory loan totaled 1,681,000, while the number who subscribed to the third victory loan was slightly in excess of 2,000,000. Therefore, if the conversion of $50 and $100 bonds is going on now as rapidly as it did prior to November, 1942, I am of opinion that by the middle of next summer we shall have over 400,000 conversions.

I would ask that these figures be kept in mind, because I am leading up to something which I believe to be of extreme importance. In the second victory loan I understand that something like 800,000 workers participated in the payroll deduction plan, subscribing approximately $65,000,000. In the third victory loan there were about 1,200,000 who subscribed approximately $90,000,000 under the same plan. These were mainly bonds in the $50 and $100 denominations, and I would say it is in those brackets that we face the greatest number of conversions. Those conversions were extremely heavy last September, and I believe the reason was that bonds purchased during the second victory loan matured, if that is a proper word to use, about that time. This leads me to believe that a very large number of those who purchased bonds during the second victory loan campaign cashed them in just as soon as the law permitted them to do so. I think the same applies also to the sales of war savings certificates. I understand that of the $6,000,000 worth of certificates sold between the second and third victory loans, approximately $2,000,000 were handed in for redemption.

This is extremely important, I believe, in the light of what I have to say in a moment or two. It seems to me the results of such a scheme are extremely obvious. On the surface it would appear that the very fine machinery set up by the minister in order to handle the savings aspect of his finance policy is breaking down much more rapidly than many people anticipated; I was going to say more rapidly than the minister expected. but I do not think that would be fair because I believe he appreciates the situation that is developing. Let me give what I think are the reasons for so many conversions in the $50 and $100 brackets. The first is the nature of the campaigns that have been carried on; I believe that is responsible to a certain extent. You cannot withhold from the people the fact that the main reason for pushing the sale of bonds, war savings certificates and stamps is to reduce the public demand for consumer goods. They find it out sooner or later. I know that many persons sacrificed beyond their capacity because they were assured that the only way in which we could produce ships, shells, guns and tanks was for them to deprive themselves in order to purchase war savings stamps, certificates and bonds. As a result, the moment the time arrived when they could legally convert those bonds into cash, they did so.

I should like to develop that point just a little further. If one of the principal reasons—and I dare even go so far as to say the major reason—behind the bond sale campaign of the government is to reduce the public demand for consumer goods, in my opinion it is a serious thing to say in theatres, at public meetings and in various other ways that a certain boy on a certain ship will not have a gun if you do not deprive yourself of some necessity in order to buy a bond. The people find out the real reason sooner or later. For instance, all they had to do was to pick up *Maclean's* magazine for last October 13 and read the article in which the minister definitely asserted, in reply to a question, that one major purpose behind the campaign was to reduce the public demand for consumer goods. His salesmen go to old age pensioners, for example, and in some instances they have actually made them feel that if they did not subscribe they were subversive. I am not blaming the minister for that; I am blaming some of the salesmen who apparently have not been properly advised with respect to these points. No one is capable of putting up a good argument to the effect that an old age pensioner receiving anywhere from $10 to $25 a month has any surplus purchasing power which will endanger the national economy. The same can be said of a widowed mother, a man in receipt of war veterans' allowance, or even a man in receipt of a veteran's pension. They resent it when somebody comes along and puts pressure on them, compelling them to make sacrifices out of all proportion to what

Canadians generally are sacrificing. Consequently the moment they can do so many convert their bonds into cash.

I should like to say a word about payroll deductions. In doing so, I wish to talk about the civil service. All across this country we have thousands upon thousands of people in receipt of incomes far below those to which they are entitled in order to meet the increased costs of living. The government has not set a very good example in this regard, because government offices in Ottawa and across the country are filled with young girls and young men whose incomes are certainly not adequate to meet the costs of living with which they are confronted.

The war savings committee goes to those young girls and young men and makes their contributions almost a condition of employment. No wonder the minute they have an opportunity of converting their purchases into cash, they do so! I made a rather strong statement when I said that even in the civil service contributions are practically made a condition of employment.

In that connection let me quote from something which came to my hand. It is a pamphlet headed "The federal civil service organization", and makes reference to the third victory loan campaign. I would ask hon. members to bear in mind that we are always using the word "voluntary" and emphasizing that all these contributions are voluntary. The pamphlet reads, in part, as follows:

> The federal civil service forms part of payroll savings section of the national war finance committee's organization for the purposes of the third victory loan.
>
> The appeal to you—

And I ask hon. members to mark the word "appeal".

> —as a Canadian is to share in the subscribing of $750,000,000 for the national war effort. The demand of you—

Note those words:

> —as a civil servant is to organize and support the loan in order that the flag may fly high in your locality.

And listen to the next paragraph:

> The governor in council has directed that every civil servant invited to serve on a committee organized by or for the national war finance committee shall accept the task as an act of duty.
>
> Every civil service victory loan group officially organized for the purposes of the victory loan is subject to such direction and supervision as the national war finance committee, or its provincial or local divisions and units, may deem necessary.

I shall not go beyond that point, but I believe I have read enough to indicate that no government employee, regardless of whether she or he is receiving $55, $60 or $70 a month dared refuse to subscribe. And I know that some of these young employees who have been drawn from the west to work in Ottawa—because you will not give us industry or war departments to any extent out in the west—try to save their nickels and dimes so that they may go home for two weeks during the summer. No wonder thousands of them have quit! No wonder that when I called for a return showing how many had quit I was told that the government did not have the information!

Those are some of the reasons. Let me emphasize the fact that while these young employees are underpaid, while they are having this pressure put upon them to purchase, it is no wonder that after the great machine is paid to collect they turn around and convert their bonds.

Then, there is another reason, which has to do with our boys and girls in uniform. I contend that when we stop to consider what they are being paid—and I am not complaining about it for the moment, although I certainly think it is inadequate—we must remember that they are prepared to make the supreme sacrifice. Yet I should like to tell the house what happened in connection with this same war savings campaign in the military camps. I know of eight hundred soldiers right in this province who were taking a special course. In the third victory loan campaign they had placed upon their shoulders a quota of $16,000, which meant $20 per soldier. Any soldier who did not subscribe to the extent of $20 was paraded before his commanding officer, and when that happened he had to give good reasons for not having subscribed. I dare say that rather than be paraded before his commanding officer the average man would sacrifice, or would have his family make sacrifices, in order to keep up his head among the other men in his unit. But the minute it became legal or possible to convert those bonds into cash, naturally they would do so.

Then, there is another reason. I wish to refer to the contents of a letter which came to my attention only two days ago. The Minister of Finance is not in his seat at the moment, but I should like to have someone tell him about this, so that he can check it. This letter from my constituency states—and I shall not quote the man's exact words—that the collector for the International Harvester Company in that part of our province stated he had been instructed by his company to secure $3,000,000 in bonds on past due accounts, as well as on new accounts. If that is true—and I am sure the minister would get the significance of it—it certainly should be

checked. I am told in the same letter that a certain bond salesman in that town purchased all the bonds he could possibly buy with the spare cash he had on hand, then went out and flourished those bonds under the noses of prospective subscribers, to show them what a patriotic man he was. Very shortly after the campaign closed he went to the bank and had his bonds converted into cash, following which he installed an expensive electric lighting plant in his farm buildings.

Those are practices which are not good. When the people in that community find out that such things took place they will naturally endeavour to dispose of their bonds as quickly as possible. I say that if the minister does not want this great war savings campaign machine to bog down he had better do something about repairing some of the broken parts in it, and apply a little oil; because, as sure as can be, if the rate of conversion continues it will be only a short time until our conversions are almost equal to our purchases, and this very danger about which he has been warning us will be upon us, and upon us before he realizes it.

Mr. S. H. KNOWLES (Winnipeg North Centre): Mr. Speaker, there are a number of features of this year's budget concerning which our people will exercise their right to grumble; but in the main I am satisfied the people will accept the budget, because of their willingness to put everything they have into their endeavour to achieve victory, in the hope and determination that after the war has been won we shall win a people's peace here at home. Perhaps more important than any grumbling on the part of our people, one should state that this is a budget which they will not forget. I am referring not to its severity, but rather to the way in which it turns the searchlight on the importance of the common man. In particular this budget points out that it is impossible to collect in taxes the amount of money that is necessary to wage the war without dipping very heavily into the pockets of those with meagre incomes. The budget also points out that it is impossible to borrow sufficient money to meet the requirements of the war without calling upon the common people, the great mass of workers and farmers, to give of their savings. The budget also points out that in the matter of restricting the demands for domestic goods, again the appeal must be made to the common people. We cannot restrict that demand sufficiently by asking the well-to-do to go without their luxuries; the only way it can be done is by getting the common people to curtail their purchases of some of the actual necessities of life.

We in this group, and many throughout the country, are not satisfied that this budget goes as far as it should in placing the proper share of the burden upon those in the upper brackets, but we admit that the budget draws attention to the fact that even though heavier burdens are placed on those in the upper brackets, it is still necessary to call upon the great mass of the common people, the workers and the farmers, if we are to find the wherewithal to wage this conflict. In other words, this budget turns the searchlight on the importance of the common people. It is the common people who must fight the war; it is the common people who must produce the munitions of war and the food; and it is the common people who must provide the finances, and refrain from demanding domestic goods so that we can divert the portion that is necessary to war materials. I urge, as I have already stated, that the common man be not forgotten. If he is so important to-day, he will be important to-morrow.

In my view there would be less complaining about the budget if there were a few gestures on the other side to the importance of the common man. In addition to the importance given him through asking him to fight the war, to produce the goods and to provide the finance, his needs should be recognized to a much greater extent than is the case as far as this budget is concerned. I wish to speak specifically about two or three groups of our citizens for whom it seems to me this is the time that consideration should be given. I shall refer first to the old age and blind pensioners.

In 1939-40 the total expenditures of this government were $680,794,000. The budget for this year calls for $5,500,000,000. In other words, this year's budget is $4,819,206,000 greater than the expenditures of 1939-40. Back in 1939 old age pensions were being debated in this house. I find on page 1746 of *Hansard* of that year that the then Minister of Finance, Mr. Dunning, dealt with this question by pointing out that in order to lower the age at which old age pensions would be paid to sixty-five years—that was the matter being discussed at that particular moment—would cost the dominion alone the sum of $18,859,000. That amount simply could not be found, and therefore no change was made in the Old Age Pensions Act.

I go back to the figures I gave a moment ago. In 1939 it was impossible to find

$18,859,000, but the expenditures to be made this year will exceed the total expenditures of 1939-40 by 255 times the increase which could not be found in 1939.

I hold in my hand a copy of a letter written by the attorney general of Manitoba to the president of the old age pensioners society in that province under date of June 18, 1942. In this letter Mr. McLenaghan quotes part of a letter which he had received from the Minister of Finance of this government. The Minister of Finance, referring to the total cost of old age and blind pensions for 1941-42 had this to say:

> If the maximum pension had been $300 a year the total cost of pensions would have been increased by approximately $9,870,600.

The writer of the letter then goes on to set out the portion of that amount which the provinces would have been required to contribute, but that portion is included in this total sum of less than ten million dollars. Ten million dollars sounds like a lot of money, but it represents only an additional one-fifth of one cent for every dollar that we shall spend this year. The amount is so small, such a drop in the bucket, that it seems to me deplorable, if not disgraceful, that no provision for an increase in the amount to be paid for old age and blind pensioners is being made in this year's budget.

It is rather sad to note that according to the estimates the amount to be voted for old age pensions this year is $126,000 less than was voted last year. I take it there are only two explanations for this. Either the amounts are being cut down by means of the various regulations, or the old people are dying off. One cannot be surprised at that when he thinks of their trying to exist on $20 a month. On the other hand, I note that the estimates provide for an increase of nearly $3,000 in the amount required for pensions to retired judges.

I think the views of the people generally, outside the house, and of the majority of those inside the house, although these views do not often find expression from the government benches, are very well put in the report of a sermon delivered recently by Reverend Father Wood of St. Mary's Cathedral, Winnipeg. I should like to quote from a report in the Winnipeg *Tribune* of January 26, as follows:

> The way we are treating our old pioneers by granting them the magnificent sum of $20 a month each is a disgrace to any civilized country, Rev. F. R. Wood said at St. Mary's cathedral Sunday.
>
> "You know the situation regarding old age and blind pensions," he said. "The sum is so small as barely to exclude starvation, especially when the recipient is deprived of almost everything he possesses before even this miserable pittance is granted.
>
> "If two people succeed in building a home and then in their old age lose their income, the authorities seize this last thing and insist on rendering them destitute before granting them $20 a month."
>
> "We are not actually guilty of killing our old people, but we are approaching as close to that state as we dare go without being brought into the courts."

I hope that the day will come when the attitude in this house toward old age pensions, instead of making possible statements such as this I have read from Father Wood, will be that which has been brought to the attention of this house before from a sister dominion. I quote from what was said in the parliament of New Zealand on September 1, 1936:

> All social legislation, and especially that providing for pensions, is a recognition by the community of the fact that the recipients of the pension have in a very large measure been responsible for the development of the country and the vast accumulations within it. One of the points to be recognized is that such allowances made by the younger generation to their forebears are by no means a charity but in reality a recognition and a return to them of what they themselves have put into the nation.

A few days ago I asked some questions in the house concerning this matter, whether or not this government had given any hope to the various provinces that some adjustment in the amount of the old age pension might be made; and among the answers that I received, I find that I was referred to a statement made by the Minister of Finance (Mr. Ilsley), I believe it was in 1941. On looking into that statement I discovered that one of the points which the minister laid down on that occasion was either his belief or the belief of his party that the only way in which we could hope for an increase in the amount of the old age pension was to put it on a contributory basis. I think the answer to that point is very clearly put in the words I have quoted from the New Zealand *Hansard*, to the effect that our old people have already contributed to the wealth and well-being of the country and, because of the contribution which they have made, if for no other reason, they are entitled to decency and dignity in their old age—which is not possible on the $20 a month we are giving them at the present time.

Not only are there our old people, but there are other groups in the community for whom, it seems to me, this budget should have made better provision. A number of us in the last day or two have had the privilege of meeting with a group of ladies who are in the city at the present time, representing the non-pensioned widows of veterans of

the last war. The hon. member for New Westminster (Mr. Reid) stated this afternoon that the country would receive well the item of $400,000 which is in the estimates to make some provision for these people. He is perfectly right; this country will receive well the fact that something is being done: but it seems to me that the country will not rest at all easy when it realizes that that provision boils down to $20, or in special cases to $25 as a maximum, a month for these women when they are in necessitous circumstances and when they meet certain other regulations which will be laid down from time to time. It seems to me that this is a disgrace to the memory of the men who gave their lives in, or as a result of, the last war; that it is a disgrace, in the light of the things that are being said about what this war is being fought for, if this is the best we can do for these women. I sincerely hope that hon. members by an overwhelming majority will have so much to say on this matter that a change of policy will be made by the government before this session is over, either that the amount to be granted to these people will be raised, or that the possibility of any means test will be eliminated, or both of these, with other provisions as well. I suggest that if a few gestures of this nature could have been provided for in the budget, it would have eliminated any grumbling about it on the part of our people, and it would have done the thing I suggested earlier; it would have made our people, the workers and the farmers, feel that not only were they important when it comes to fighting the war and providing the goods and paying for it, but their needs also are important, and they have the right to participate in the wealth and well-being of this country. I hope that before this session is over, despite the fact that the policy has been announced and the estimates have been laid on the table, a revision will be made, recognizing on that side of things the importance of the common people of this dominion.

I turn now to another matter. A very large section of these important common people, these people who fight the war and produce the supplies and pay for it, are working men and women. The attitude of this government toward labour is a matter of great importance to them. Thus far that attitude does not give them a great deal of hope for a better day. I want to refer to what I have in my hand as an example. This document is a copy of a return tabled in the Manitoba legislature on February 22. It sets out certain facts which are public property: first of all, that in November, 1941, certain underpayments of wages on dominion government contracts within the province of Manitoba were discovered. On looking into this matter, I find that the wages paid were in accordance with what this government requires as a minimum but they were underpayments as far as legislation in the province of Manitoba is concerned. The then minister of labour of Manitoba, according to a press report of his remarks in the legislature, said quite definitely that for a period of a great many months his department was given to understand that the dominion government would require the enforcement of Manitoba fair wage legislation on dominion government contracts within the province, even though the wages required there might be higher than those required by the regulations of this government. This document which I have in my hand says further that in March, 1942, a report on these underpayments was made to the Department of Labour of this government. The department of labour of Manitoba asked the permission of the Department of Labour here to collect these alleged underpayments. The federal Minister of Labour (Mr. Mitchell) agreed to this proposal on April 17, 1942. I suggest that the statement in this connection in this return supports the contention made by the former minister of labour of Manitoba, that for a time at least he had the approval of this government for the enforcement in Manitoba of the province's fair wage legislation with respect to dominion government contracts in that province. But in the course of time—again I am reading from the return which I have in my hand—one of the companies there protested and wrote to Ottawa, referring the matter to the chief of wages branch of the national war labour board; and on October 7, 1942, the chief of that branch wrote to the then minister of labour of Manitoba advising him that the matter had been referred to the federal Department of Justice. Matters went on until January 14 of this year when the federal Minister of Labour reported to the regional war labour board of the province of Manitoba the decision of the Department of Justice at Ottawa. I shall read the important clause, clause (c):

> The works in question are not subject to the fair wages act, 1916, of Manitoba.

Yesterday when I had before the house a motion asking for the tabling of certain documents passing between this government and the provincial governments, respecting the matter of old age pensions, the Prime Minister (Mr. Mackenzie King) made the reservation that the documents should not be brought

down to the house until the provincial governments had been consulted. I quote his remarks from page 1129 of *Hansard*:

> The provinces have their own jurisdiction and they are partners in the work of government of the dominion.

In another passage he says that the provinces are sensitive about the federal government stepping in. But when it is a case of provincial wage legislation calling for slightly higher wages than the dominion legislation calls for, this government does not hesitate to step in and, in effect, nullify that higher wage legislation of the province of Manitoba.

Mr. MITCHELL: Do I understand that the correspondence which my hon. friend has read is the subject of a return brought down to this house?

Mr. KNOWLES: The correspondence I have read is from a return tabled in the Manitoba legislature. When I asked questions concerning this matter in the house a few days ago, the Minister of Labour stated that a commissioner had been appointed to make an investigation. But, Mr. Speaker, this is not a matter for investigation; it is a matter of policy. The companies concerned do not dispute the question of the wages which were paid to their employees or the hours their employees worked, but they dispute the right of the Manitoba government to insist on the payment of Manitoba wages on dominion government work.

What has happened is that there has been a reversal of policy on the part of this government. The policy enunciated by the Minister of Labour on April 17, 1942, was that this government agreed to the right of the Manitoba government to enforce its own wage legislation, but on January 14, 1943, we find that this government changed its policy. I know there is a reference to a ruling from the Department of Justice, and in the minds of some people there is something very sacrosanct about a ruling of the Department of Justice. But after all that is not a ruling of the courts. It is simply a ruling of another department of the government. Undoubtedly there has been a change of policy on the part of the government, a willingness to interfere and actually to nullify the wage legislation that exists in Manitoba. I repeat, that is not a matter for investigation; it is a matter of policy.

This attitude on the part of the Department of Labour of this government does not alleviate the grumbling of our people about the budget. On the other hand I feel that if we had a labour policy moving in a progressive direction we would have less complaining about the severity of the budget.

There are one or two other related matters which were given publicity in the press of Winnipeg, following an address in the provincial legislature of Manitoba by the former minister of labour there. About an hour ago some of us had the privilege of sitting down to a delightful dinner as the guests of one of the hon. members from Winnipeg, and because of the nature of the food served we had some very good fish stories. This is a fish story that is not quite so enjoyable.

An hon. MEMBER: How were the fish?

Mr. KNOWLES: The fish were lovely. I quote from the press report:

> In December, 1941, a complaint was received that a fish company supplying fish on a war contract, was not paying the minimum wage.

That is the Manitoba minimum wage.

> An inspector investigated. Attached to the contract was a wage schedule. On inquiry it was found the company owed $67 and gave a cheque for it.
>
> Mr. Farmer told the house his department was asked to send it to Ottawa from where it would be disbursed to the persons entitled to it. Some time after the men asked when they could expect their cheques. In March, 1942—

Note, that was in March, 1942, and yet a month later, on April 17, 1942, the Department of Labour here was still giving authority to the Manitoba department to enforce these wages. I continue the quotation:

> In March, 1942, he discovered that the cheque he had collected had been returned to the fish company with the explanation that the contract did not come within what were interpreted as war contracts.
>
> On another occasion, training schools were set up in certain clothing factories and other industries under dominion regulations with respect to the war emergency training programme. As one inducement to get trainees the dominion published a schedule promising wages of 35 cents an hour to those who took the course. During the training period the apprentices were paid by the dominion.
>
> Some employers who took on the trainees, after they had finished the course, employed them at the minimum wage, 25 cents an hour. When attempts were made to collect the 35 cents promised, word came from Ottawa that the whole thing had been a mistake.

There you had on the part of the province of Manitoba a readiness to enforce, to go out diligently to enforce a wage scale slightly better than the wage scale of this government. But this government, which, as I suggested from the Prime Minister's remarks yesterday, at times declares that it does not want to interfere in provincial matters, did not hesitate to step in and nullify the provincial wage

legislation. Then they wonder why there are complaints about the labour policy of this government.

Closely related, turning for a moment to the agricultural community, is the concern—and some of us are beginning to get quite a bit of correspondence about it—as to whether cooperative organizations will have to pay taxes on the money which they save by their cooperative endeavours. There are very disquieting rumours. If this should be the case; if there is to be a policy that will ruin the cooperative movement in this country, as well as having an anti-labour policy, I suggest that the people are going to wonder whether there is anything at all to the professions that are frequently made around here about this being a war for a better world when victory is won. If some of the aims of our social legislation which I have suggested, an increase in the old age pension, an increase in the amount set aside for widows of veterans of the last war, and an increase in wages along the lines I have just suggested were granted, I realize that we would be moving slightly in the direction of a better order, slightly in the direction of a greater share by the Canadian people in the wealth they produce. There may be some who do not like that idea. But supposedly that is what this war is all about, and I suggest that if the people of this country are as important as they are when it comes to fighting the war, producing the goods required, and paying for the war, they are important in these other respects as well.

There is another matter which has been of deep concern to the people of Winnipeg. It is perhaps only a small matter taken by itself, but if it is a sample it creates misgivings. Not long ago the government purchased for war needs, I believe by the Department of National Defence for Naval Services, a property in Winnipeg formerly known as the Winnipeg Winter club. I made inquiry both in Winnipeg and here concerning this purchase, and I hold in my hand a copy of sessional paper No. 193. I asked several questions, two being particularly relevant. I endeavoured to ascertain the assessed value of the property and to discover what had been paid for it. According to the sessional paper the assessed value of land and buildings was $129,365. In that connection may I say I have secured similar information from the assessment commissioner of Winnipeg and it tallies with this figure, but I make this comment, that the figures I received from Winnipeg give the amount on which the taxes were paid as $94,090. The assessment commissioner, however, advises me what percentage of the market value these figures represented, and when you adjust that figure, the $129,365 represents the market value as computed from the assessed valuation. But the price paid for the land, building and equipment was $256,000. I wish to make it perfectly clear that the assessed value did not include the equipment while the purchase price did, but there is a spread there of over $126,000, which is a lot of money for the equipment which could have been in that property.

I find as an explanation of this purchase that the price was arrived at after consultation between a member of the Montreal real estate board — not the board — and members — not the board itself—of the Winnipeg real estate board, and the real estate adviser of the Department of National Defence. And then note this sentence. I suppose it is a defence; I need not comment on it:

> A condition of the sale was that the Winnipeg Winter club would invest the total net proceeds in victory bonds—

"the total net proceeds", I wonder what that "net" means.

> —and would undertake to retain and not to dispose of by sale at least fifty per cent of the said bonds for the duration of the war.

That sort of thing puzzles people who are asked to pay in the way our people are asked to pay, when $256,000 is paid for a piece of property the market value of which, as adjusted from the assessed value, was only $129,365.

Another matter which causes deep concern to our people is the amount of unnecessary advertising which is being circulated in our newspapers and put upon billboards across the country. I hold in my hand a full page advertisement; it does not matter whose it is because a great many firms are doing it. It offers nothing for sale; but apparently the money has to be spent in some way; the newspapers have to be kept going, or perhaps what is more to the point private industry has to be kept in the field until the war is over. Some may say, What is wrong with that? But I insist that that is not what the common people are fighting for, for the maintenance by private industry of a grip on our economy. Our people are concerned about a new economy in which they will have the opportunity, free from the restrictions of private profit, to produce an abundance of wealth and forthwith to share in that wealth.

In closing, let me say that some of us regret very much that into this budget debate there has come the old issue of tariffs and free trade. It has been introduced on the one hand by the Minister of Finance and on the other hand by the first speaker for the official opposition.

It causes some of us misgivings to feel that possibly when this war is over, our boys will come home to be handed once again the age-old political battle between these two groups. The point was very well put in a recent broadcast over the C.B.C. in which Mr. J. W. Dafoe, editor of the Winnipeg *Free Press,* took part in which he made a statement something like this—I am paraphrasing it, but I think I have the sense of what he said: The trouble with the planners—and when the Winnipeg *Free Press* talks about "planners" it is usually talking about the Cooperative Commonwealth Federation—is that they aim at sharing what we have within our country on a subsistence basis. The trouble with the planners is that they do not realize or are not prepared to try to take advantage of the values to be had from foreign trade.

I say that that last charge is not correct; we are deeply concerned about the values to be had by foreign trade; but what we wish to point out to those who think like Mr. Dafoe, is that you can have a trade policy that will result in gains for Canada as a whole, but unless within the country you have some sort of planned economy, the common people will not profit from those gains from foreign trade. In other words, we believe that what is needed is a wise policy as far as foreign trade is concerned so that we shall reap the advantages to be had by an economic division of labour among the various quarters of the earth, and in addition an internal policy on the basis of a planned economy so that our people will share in the benefits to be gained from that foreign trade, as well as from our own production.

We in this group are sometimes accused of not being interested in the matter of trade. We are deeply interested. But we deplore the fact that those who are concerned primarily with tariff matters do not realize the importance of the other side of the picture, namely, the ways and means within our country whereby we can share the wealth we produce or gain by a wise trade policy.

I believe that the subamendment moved by this group expresses very well the views of the people of this country, particularly the workers and the farmers, with respect to the budget: first of all that there should be the nationalization of our banking system. We are able to follow the arguments of the Minister of Finance concerning the necessity of borrowing from the chartered banks, under the set-up that now exists. But we see no reason why this government, since it has supreme control over banking and monetary policy, should not nationalize the banks and then see to it that the amount of money we have to borrow to supplement savings and taxation is borrowed from our own banking system without mortgaging the future of this country in terms of heavy interest payments.

Second, our subamendment proposes—and I am sure it represents very clearly the views of our people—that there should have been provided increases in our social services, particularly larger payments to old age and blind pensioners and the other group I have talked about to-night, the widows of veterans of the last war, as well as the veterans themselves, of the last war and the present war.

Finally, with respect to the third part of our subamendment, evidence in support of which has already been given so well by other speakers of this group, we feel that the time has come to reverse the present trend in the direction of monopolistic control. We believe it is time we moved in the direction of more cooperative control, in the direction of the sharing by the people in the control of the economy of this country. In fact in conclusion, Mr. Speaker, I would say that we shall not have security in this land; we shall not play our part in making possible the century of the common man; we shall not achieve the things for which our people are fighting, until the control of the economy of this country is where it ought to be, in the hands of the common people, so that it may be made to serve their interests.

Hon. W. EARL ROWE (Dufferin-Simcoe): Mr. Speaker, it is not my intention to follow closely the speech delivered by the hon. member for Winnipeg North Centre (Mr. Knowles), but I could not help thinking that his remarks were rather far removed from the facts when he said the people of this country individually were not sharing in the general wealth and prosperity of Canada more than at any other period in our history.

It has been my privilege to sit in this house for many years, but never have I heard a budget speech presented during a period more difficult than that through which we are now passing. As I listen to the socialistic speeches of hon. members to my left, and those of the hon. members to my right who form the right wing of the government of the day, when they speak about the things that are to come after the war and the problems we may have to face when our boys return, I wonder if we sometimes forget that we are a nation at war; that we are struggling with our backs to the wall to save not only our own country but all civilization and freedom. We talk about the four freedoms that will flourish when peace returns; yet we hesitate and hazard the main freedom that is at stake in time of war. I

listened to the Minister of National Defence for Naval Services (Mr. Macdonald) give his side of the controversy with the premier of Quebec or the members of the legislature of that province as to the number of boats sunk in the St. Lawrence.

Mr. MACDONALD (Kingston City): It was not a controversy with the premier of Quebec.

Mr. ROWE: The hon. gentleman need not rise to interrupt me. The minister did not hesitate to deal with what was said by one who disagrees with him politically, but he was very careful not to repeat what was said by the premier of Quebec, who was absolutely in accord with the statements made in that province.

Mr. MACDONALD (Kingston City): I must correct my hon. friend. The premier of Quebec was not in accord with most of the remarks made by Mr. Gagnon.

Mr. ROWE: He may not be in accord with most of the words that were uttered, but he was in accord with the kernel of what was said, that in the province of Quebec and along the St. Lawrence river there were all sorts of trouble of which the people were not aware.

Mr. MACDONALD (Brantford City): Did he say so?

Mr. ROWE: Yes, he said so in the Quebec legislature, as my hon. friend well knows.

Mr. MACDONALD (Brantford City): I do not know that.

Mr. ROWE: I do not want to get into any controversy, but we might as well face the facts. We have been playing politics in this country all along the line.

Some hon. MEMBERS: Hear, hear.

Mr. ROWE: The hon. member for Vancouver Centre (Mr. Mackenzie), who applauds, should know better than anyone else, because no one plays politics more viciously than he does.

Some hon. MEMBERS: Oh, oh.

Mr. ROWE: I have the floor, Mr. Speaker. I do not interrupt my hon. friends when they make their political speeches; I do not interrupt the hon. member for Vancouver Centre who, though a minister of the crown, makes political speeches for the sake of the people of Vancouver. I am not trying to emphasize the number of boats that have been sunk in the St. Lawrence. The navy minister knows very well that I have not taken advantage of any information I may have obtained, that I have observed the etiquette which I believe an hon. member should observe in time of war. I have not been in agreement with all that has been said, nor have I agreed with all the criticism in regard to boats sunk here or boats sunk there. I do not propose to tell Hitler anything if I can avoid doing so; I do not want to say that this boat was sunk at my back-door, or anything like that, but I do not intend to sit idly by and listen to a minister shield those of his own political faith while he tries to place the responsibility for everything upon the shoulders of those who normally are of a different brand of politics.

Mr. MACDONALD (Kingston City): I am sure my hon. friend does not wish to be unfair, but the controversy between the Hon. Mr. Gagnon and myself arose as to the number of sinkings in the St. Lawrence. On that point the premier of Quebec made no statement whatever.

Mr. GRAYDON: But he did with regard to spies.

Mr. MACDONALD (Kingston City): He did not make any statement as to the number of ships sunk, but the Hon. Mr. Gagnon, a former colleague of my hon. friend, did, and my hon. friend cannot escape responsibiilty now—

Mr. ROWE: I am not trying to escape responsibility, nor am I going to let the minister escape responsibility.

Mr. MACDONALD (Kingston City): I am not trying to. If your former colleague has the courage to come forward, we shall place the responsibility where it belongs.

Mr. ROWE: I want to tell the minister that I have as much courage as he has; that I was here before he was, and that I may be here after he leaves. Knowing the astuteness of those in this house who are so careful of those who support them, I was rather amused at the way in which Mr. Godbout, premier of Quebec, was carefully protected in regard to anything he said concerning German spies being in the province of Quebec, telling the boats where to land and so on, while Mr Gagnon was chastised in this house because he said there were more than thirty boats sunk instead of twenty. I did not intend to mention this matter to-night. I am not saying how many boats were sunk, because I do not know and evidently the minister does not know either.

Mr. MACDONALD (Kingston City): Yes, I do.

Mr. ROWE: Perhaps Mr. Gagnon does not know; probably the premier of Quebec does not know. I mention this matter not to cause the minister any embarrassment but in order

to emphasize the fact that we are now passing through the most tragic, most difficult and most disastrous days Canada has ever experienced; yet during this debate we have heard hon. members to my left plead the cause of the fiddler at the Chateau Laurier and those to my right plead the cause of those who must have security without work when the war is over. All this time of war our boys are flying through dangerous mist and fog, fighting the battles to preserve our right to sit here. Surely it is time we stopped and looked at the signs which are apparent to us all. We are facing the most crucial days this nation has ever faced. This war has only begun. Why, Mr. Speaker, we have not won the battle of Africa; we have not concluded the battle of the Mediterranean; we have not started into Europe. We failed to get into Dieppe and we boasted about getting out of Dunkirk.

Mr. MACDONALD (Brantford City): We did not boast; we took justifiable pride in getting out.

Mr. ROWE: Oh, my hon. friend may take justifiable pride in being here representing Brantford City.

Mr. MACDONALD (Brantford City): I do indeed.

Mr. ROWE: He may take justifiable pride in the fact that we got out of Dunkirk, but let us get down to the task that lies before us, the winning of this war. Let us forget about post-war problems for a moment. Let us win the war before we plan the peace. Let us plan for the boys who are fighting for us, while we are talking about some happy new form of security, something that may be used as a political catchword to appeal to the man on the street, something a little better than anyone has mentioned before.

I listened to the budget address with great interest. I have great admiration for the Minister of Finance (Mr. Ilsley).

An hon. MEMBER: Why?

Mr. ROWE: "Why?" somebody asks. Because he is carrying a load my hon. friend may never carry; because he is trying to turn a people who are peace loving into a battling, fighting nation, to save this situation; because he is trying to raise five billions of dollars.

An hon. MEMBER: Five and a half.

Mr. ROWE: Yes, five and a half billions of dollars. Half a billion does not matter much, when you get into those figures. I remember when I came to this house first, the Right Hon. R. B. Bennett and the Hon. Hugh Guthrie were trying to carry out their duties, and at that time the Prime Minister (Mr. Mackenzie King), the late Mr. Lapointe and others stormed and fumed and worried when we got up to $400,000,000 in expenditures. But when we spend five and a half billion dollars, most of which is for fighting purposes, to save ourselves when we have our backs to the wall, not so much is said about it. In 1925 we would not have thought it possible.

I say the Minister of Finance has a gigantic problem. To him I give my utmost sympathy, and I give to him, as well, my co-operation; that is all he ever asks me for, and it is not a heavy burden on my part.

But, Mr. Speaker, I am amazed when I listen to the budget and realize the modesty with which the budget impositions strike the people of Canada, and the tenseness with which news strikes the mothers of the boys who fight overseas. Oh, it is all very well to wipe fifty per cent off your income tax. It is all very well to say, We are not raising your taxes. It is all very well to have a budget which is lighter on the people than the budget of last year, despite the intensity of the war, the obligations which face us, and the task which lies before us greater than it ever was before. I am wondering whether it is the beginning of the end of this government. Surely the government would not plan an election budget in a time like this. If they have, then I want to compliment them upon having planned a very good one. I do not think they would be indulging in any such light gymnastics in a time of crisis. But it would take the cabinet working day and night for some time to think up a finer election budget than we have at the present time.

I will not go into details of it. However, I am rather amazed to find that our expenditures on civil and ordinary accounts are higher than they have ever been before—and at a time when they should have been lower. I realize that probably much of that increase might be correlated with indirect effects of the war. But when the people of Canada are struggling; when our people from the labouring man to the highly paid salary man are paying more income tax than any other people in the world, when we are facing a task such as we never faced before, then surely it is time we curtailed ordinary expenditures. Surely it is time we faced the task which lies before us. That task is the winning of the war.

No wonder our people are restless. No wonder they are discontented. No wonder they are worried whether we shall or whether

we shall not have an election. No doubt my hon. friends to my left will worry if we are to have one. Some of them will worry if we are not to have an election, because no doubt they can see the public growing more restless every day. And why are the people growing more restless? They are restless because, as I have said, we have in Canada the greatest national task which was ever placed before a Canadian people—and that greatest national task with the least possible planning. We have no plan. We have no plan for our armed forces. If the hon. member for Brantford City (Mr. Macdonald) wishes to interrupt me I should like him to tell me if the government have sufficient reinforcements for this spearhead that they boast about, which will face the hun in Europe.

Mr. MACDONALD (Brantford City): I have no doubt we have sufficient reinforcements, and Canada will have no doubt about it.

Mr. ROWE: All I can say to my hon. friend is that he should be thankful to have such confidence with so little reason. Because surely my hon. friend, as a military man, knows that when there are not more than twelve per cent reinforcements in England for the Canadian corps to reinforce what will be the spearhead—surely there is nothing to boast about. The government have no military plan. They have no plan for production. The government know it, and so does every member of the cabinet. Probably that is why they are all out now, with the exception of one.

Mr. MACDONALD (Brantford City): My hon. friend has asked a question and he has answered it himself. He says that we have only twelve per cent reinforcements. All I will say is that he is incorrect, and that our reinforcements are ample, as he will soon learn.

Mr. ROWE: Mr. Speaker, if you will observe, that is a very vague answer. If I were not a farmer, and if I were a lawyer like him, I could make a better answer than that, because he does not give the number. I have found out from the very best military authority I can find, that we have less than ten per cent. I said twelve per cent so that I would not be lower.

Mr. McNIVEN: Would Hitler not like to know the truth?

Mr. ROWE: Yes, and the people want to know that, too.

Mr. McNIVEN: But Hitler—and I am not going to tell him.

Mr. ROWE: This is the type of interjection from people who evidently know less about the matter than I know myself. They are not very impressive in the house, and less impressive to the mothers of the boys over there who will fight this battle.

Mr. MACDONALD (Brantford City): Why break down confidence?

Mr. ROWE: I am not breaking down confidence. Why don't you build up confidence? Why don't you build up confidence, to have Canada know what you know as a military man, what is needed in this country, when we are facing the foe.

Mr. MACDONALD (Brantford City): They are building it up, in spite of what you are doing.

Mr. ROWE: They are building it up in spite of what you are doing. You are building it up by the most haphazard, piece-quilted, slap-dash methods any government ever approached a problem. I am asking you: Can you tell me now what your man-power policy is? You cannot say what your agricultural policy is, or your military policy. The world knows it is the most hypocritical expression of Canadian sentiment we have ever known. Your government has started—

Mr. MACDONALD (Brantford City): If my hon. friend is asking me these questions I should be allowed to answer them. I cannot answer unless I am given the opportunity. I can assure him these questions will all be answered, but it will take more than just a sentence to answer them.

Mr. ROWE: My hon. friend wants to answer them by telling me they will be answered in due course by someone who can answer them better than he can. In its war policy and on its war plan the government has started too late. Our farmers produce at less than cost, but our manufacturers of munitions and supply produce at cost plus ten per cent.

Mr. McLARTY: Not ten per cent.

Mr. ROWE: No. Some of them get twenty per cent; some get twenty-five per cent and some get more.

Mr. McLARTY: Let us keep the record straight.

Mr. ROWE: If this answer is not any better than I have heard before, I shall have to use my own judgment to see whether it helps the record.

Mr. McLARTY: Let us keep the record straight. My hon. friend does not suggest ten per cent, fifteen per cent, twenty per cent and twenty-five per cent? I know he does not

mean to suggest that. The profits on manufactured goods going into the war contracts are much less than that, and he knows it. There is no use in becoming hysterical about them. Let us deal with the facts, and deal with the fair facts. I think he will agree that his statement is a definite exaggeration.

Mr. ROWE: Well, I do not know that the minister has added a great deal. I assume the minister, realizing that I am a farmer, knows that no farmer in Canada has ten per cent. I was speaking on behalf of the farmers who have worked longer for less than any other class of people in this country. Nobody knows better than he that friends of his government have received not only ten per cent, but some have received one hundred per cent in the last year or two.

Mr. MACDONALD (Brantford City): Name one.

Mr. ROWE: You have not named anything yet to-night, so that you might as well keep your seat.

Mr. McLARTY: Just in case silence may be thought to indicate consent, I wish to say that I now contradict that statement that my hon. friend has made.

Mr. ROWE: Go ahead; you have lots of time.

Mr. MACDONALD (Brantford City): Go on; let us have your speech.

An hon. MEMBER: What about Churchill?

Mr. ROWE: I am not speaking for Churchill, and neither is Churchill speaking for Canada.

Mr. MACDONALD (Kingston City): He spoke a word for Canada the other day.

Mr. ROWE: That is the first time I have seen the government setting up Mr. Churchill to speak for them. Talk about the sovereignty and independence of Canada! I want to say that following this war it will not be Churchill who will be held responsible; it will be the minister and the government. They are the people who will be held responsible. After all, if we are thinking of this great Canada as an independent and sovereign state, we had better speak for ourselves and not rely on the haphazard complimentary laurels of Churchill or the facetiousness of Roosevelt. I realize that the government is quite glad at a time when they are a little doubtful about themselves to have a statement made such as the one Mr. Churchill made the other day. But I suggest that you cannot fight next year's battle with last year's requirements. We are facing the greatest battle that this country has ever faced.

[Mr. McLarty.]

My hon. friend talks about how much the people have made in this war. I can take him through the country which he has not had the time to go through; I can take him into parts of my own district, and I think I can take him into parts of his own district and show him farmers who are paying three times as much for their labour to-day as they paid before the war. I can show him farmers who are making less money to-day than they made before the war. I can show him farmers whose little sons of fifteen and sixteen years of age are earning more money, working for men who have war contracts on a cost plus ten per cent basis, than their fathers on 150 acres of land.

Yet we speak of equality of service when there are provinces where thirty-two to thirty-nine per cent of the population have enlisted in the services as compared with nine and five per cent in other districts. Then we pull out the old bogey of national unity. You had better put alongside its old stablemate of equality of service. Let us face the facts. Let us face them as they should be faced by the Canadian people. Have you some mysterious formula by which you can encourage the farmers by patting them on the back, by saying they have been the backbone of Canada since confederation? Are we to tell the farmer, you are the type of man who will fight; you are the type of man who will work; you are the type of man who will toil from the early hours of the morning to the last dark hours of the night; you do not need a profit because of your love of service to the empire; you will do it anyway. Then you go down the line and you find a munitions manufacturer who has been given a cost-plus profit. We tell the farmer that we will select the men who will fix his prices; that we will make sure that none of his representatives is on the board; that we will fix prices so that when cattle are highest he will be encouraged to buy them, and then when we know that they are ready for market we will say they have dropped three and a half cents a pound. We will play to the consumers' market and we will tell them, we will give you a cost-of-living bonus.

This has been the most muddled policy that has ever been used in connection with any problem. What does our agricultural policy consist of? It is simply a conglomeration of ceiling prices and ration cards. It is simply telling the consumer, We are trying to make you buy less; we want you to eat less, and then telling the producer, We want you to produce more even though at less profit. I doubt if there is a member within sound of my voice, even the more socialistic members

to my left, who would attempt to condemn too vigorously the price ceiling. There are many who believe that there is some mythical or mysterious way in which we can maintain the solvency of Canada for the years to come. I have grave doubts whether the panacea or the medical treatment we are being Gordonized with in this country is not worse than the disease itself. I cannot help thinking that the people whom this will help the most are those who will be clipping the most coupons in the years to come. I am not so sure but that the fear of inflation is causing more harm in this country than a degree of inflation itself. I see my hon. friend, the Minister of Agriculture, is here.

Mr. GARDINER: He has been here all the time.

Mr. ROWE: I knew he was here. I do not know whether he will agree with me. He seldom does—

Mr. DONNELLY: He is wise.

Mr. ROWE: He is wise, my hon. friend says. I would not like to say what I might say. The minister is an astute politician but a poor agriculturist in times like this. I remember his speech in 1939 when he told us we would have plenty of pork, and now I observe his speeches when he says that there must be rationing. I remember when he said that we would have so much production that we would not know what to do with it, and now we have rationing. I remember when he bonused the farmers of western Canada not to grow wheat, to grow mixed grains instead. I recall also how he bonused the western farmers eight cents a bushel over the farmers of eastern Canada in order to enable them to produce mixed farm products at a profit in competition. Probably in the over-all performance it will serve a good end.

We talk about national unity; yet we practise all sorts of sectional policies. I am holding no brief against the farmers of western Canada because they have not as much as they might have, but I urge the Minister of Agriculture not to forget entirely that there are some farmers in eastern Canada, in Quebec and Ontario. The minister is two years behind with his agricultural policy. I remember saying to him when he was sitting in his own seat—I notice he is moving further back all the time—that this country would be faced with a food crisis before many years. I well recall when he came into this house first he laughed at me and said that western Canada would be the grain basket, the flour basket, or the bread basket of the world for years to come.

Mr. GARDINER: He is still laughing at you.

Mr. ROWE: Yes; he is still laughing at me, but he who laughs last laughs best. And your particular basket is so full it is running over, and now you have become accustomed to it running over, but you do not know what to do with the surplus wheat. You have produced more wheat, it is true, than we did in those years, but the fiasco of price ceilings as far as agriculture is concerned has been the joke of the North American continent. My hon. friends who sit to my left have talked since 1911 on the theme of dollar market prospects. I remember it coming up in 1911, at the first political meeting I ever attended. I drove a number of people to the meeting for my father, who saw a chance to defeat the Liberal government.

Mr. WOOD: Just go back to 1932 and tell us about that.

Mr. ROWE: Probably my hon. friend cannot go any further back than that, but I remember the speeches which were made in 1911, and how they pleaded with the farmers of Canada.

Mr. MACKENZIE (Vancouver Centre): "No truck or trade with the Yankees."

Mr. ROWE: The hon. member for York North (Mr. Mulock) was young at that time, and he is young yet. I remember how they talked at that time about what the farmers of Canada would be able to do if the great markets of the United States of America were opened up to them.

Mr. BERTRAND (Laurier): They were.

Mr. ROWE: They were, and they were closed to you so fast that it made you dizzy. They were closed in 1922, and again in 1928, and in 1929. My hon. friends pictured to the farmers all over this dominion what a great haven of possibilities the United States market would be, how you could sell your fat cattle from western Canada over there.

Mr. DONNELLY: Hear, hear.

Mr. ROWE: My hon. friend says "hear, hear". Yet you named a corporation recently when you had the market open to you, and under this policy, even though they want our stock, our feeding cattle and fat cattle will sell for three cents a pound less on Canadian markets than in the United States. Rather than let the farmer get that extra price, you establish a stabilization fund and buy the stock yourselves. What is the idea? Is the farmer of Canada the forgotten man?

Mr. GARDINER: A year ago the hon. member was shouting about there being no beef in Toronto.

Mr. ROWE: Yes, I was, and since then there was no beef in Toronto.

Mr. GARDINER: That was because it was going to the States.

Mr. ROWE: And you sent your representatives to buy beef, and I should like you to tell this house how much money they made on the beef they bought and how much they kept from the farmers of this country.

Mr. HANSON (York-Sunbury): And what class of beef they bought.

Mr. ROWE: Yes, what type of beef they bought. There are scores of obvious reasons why the farmers of Canada are dissatisfied. There are scores of reasons which lead them to believe they are not only the forgotten men but the persecuted men of this war economy. I have heard a great deal of talk to the effect that farmers' sons are not engaging in this struggle, but I will venture to say that there is as great a percentage of farmers' sons fighting our battle overseas as any other class of the Canadian people.

Mr. MACDONALD (Brantford City): Whoever said that farmers' sons were not taking part in the war?

Mr. ROWE: My hon. friend is neither a farmer nor the son of a farmer, and I do not know why I should charge him with making a statement like that. He makes so many other statements which are inconsequential that I would not charge that one to him.

But our man-power planning has been a fiasco. It has been the monument of error of this government. Nobody knows that better than the Minister of Labour (Mr. Mitchell) whom I see across the floor. No wonder that Mr. Elliott Little, ex-chief of the selective service of this country, has quit. Who would not quit? I was amazed he stayed on as long as he did. Why should he be expected to stay to direct the man-power of Canada when the government for which he was working had no man-power policy? If they had a man-power policy would they have let ten thousand men go over to the United States to find employment in the same kind of work in which our labour force was thirty per cent short in Canada?

Mr. MITCHELL: I should like to ask the hon. member where those ten thousand men went.

Mr. ROWE: The hon. gentleman knows the answer so well that it would needlessly take up my time and the time of the house to tell him. He has admitted that 3,500 went over, and he admitted there were others whom he did not know anything about.

Mr. MITCHELL: If all the remarks of my hon. friend are as correct as that, there is not much to be said for his figures.

Mr. ROWE: If my remarks are no better than the adequacy of the minister's labour policy, the house would be foolish to listen to me very long. The government have no labour policy. They have no man-power policy. There is a policy which says in effect, in one district we will call all the farmers up, but not in another district; if your boys are loyal and courageous enough to enlist and volunteer, we will take them whether the farmer is crippled or not. I have in my mail to-day—there is no use in handing it to the government because they must be swamped with such letters from all over the dominion—a letter from a man seventy years of age, with 200 acres of land. The hon. member for York North (Mr. Mulock) laughs, but I can tell the Postmaster General from what I know of the people of his constituency that he had better get back to York North and talk to the farmers if he expects ever to be returned to this house, because he knows very well that nobody has neglected their interests more than he has. They know that old farmers, tottering almost to the grave, have no other help than that of their wives and daughters. As a farmer wrote to me to-day, "I am seventy years of age; I was in bed for six months; my two sons are overseas; I have got a little girl thirteen years of age and my wife milking fourteen cows. Is there any chance of getting one of these boys back?" If we had a man-power policy; if we were facing this war courageously, facing it as a national problem, do you mean to tell me that we would not be able to let these boys know not only where they could not go but where they should go? I can tell my hon. friends of farmers in my own district who have four sons on 100 acres of land and none of the boys are in the war. What type of haphazard policy is this? How are you going to meet this crisis? We shall meet it if Russia stands for a while, and if old Britain and the United States of America, who have not hesitated, who have not rested on the laurels of a great production of guns and tanks and material things, but who have paid with their life-blood for our glory, will continue to do so—we shall meet it then. But I shudder to think of what will happen if my right hon. friend the Prime Minister (Mr. Mackenzie King) and my hon. friend the Minister of

National Defence (Mr. Ralston) are right in telling us that we are about to face the greatest battles which we have ever faced, and that our brave boys in Europe are to be the spearhead of this great and gallant task. If that is so, I say that the responsibility of having these boys assured before they go over the top that we have reinforcements behind them does not rest with the Churchill statement; it rests with the government of Canada; it rests with us, the parliament of Canada. Do not make any mistake about that. If, as the military people tell us, we are going to suffer casualties as high as seventy per cent, we shall hang our heads in shame if we find that we can replace them only to the extent of ten or twelve per cent. The hon. member for Brantford City says he knows the provision is ample, but he will not tell us the percentage.

An hon. MEMBER: He does not know.

Mr. ROWE: If he says it is more than ten per cent, I should like him to rise. If he says that it is twenty per cent, I should like him to rise. He will rise and nod his head in doubtful consent, but he does not know, for I have often seen him rise before when he did not know.

We have heard a great deal about all our post-war policies. I do not intend to deal further at this time with our agricultural problems. I should know something about agriculture. I do not know as much about it as I should, but even that is more than the hon. member for Brantford City professes to know except at election time.

Mr. MACDONALD (Brantford City): I have never set myself up as an agricultural expert.

Mr. ROWE: I should hope not from now on.

We have listened to a great deal of talk on post-war planning. As I listened, I thought of the farmers in my own district, and the same is true of many other districts in Canada, who are struggling to make a living and paying three times as much in wages as they were paying before the war, who are making no profits and have mortgages still hanging darkly over their heads, whose wives are working on the farm and wrecking their health, who themselves have to work so hard and long that many of them have to go to bed with a heart condition while their sons are fighting overseas. It is difficult for them to understand why the government places a ceiling price on what they have to sell and charges them three times as much for what they have to buy.

We have heard a great deal about post-war planning and a lot of social security dreaming. It is about time that we paused and started to study present-war planning rather than post-war security. It is about time that we hesitated to dream of security at a moment when this nation is on fire. There are plenty of post-war possibilities. Hon. gentlemen to my left say that the old order must go. Perhaps. But many brighter men than they are, thought that long ago. As I read history —I do not get much time to read it—

Some hon. MEMBERS: Oh, oh.

Mr. ROWE: Perhaps the Minister of National Defence for Naval Services (Mr. Macdonald) has had more time to read history because he has left a lot of other things undone, but as I read history I recall that in 1782 William Pitt said that he saw nothing but ruin and depression in front of him. A little later on, Wilberforce said that he had met a girl whom he loved and would like to marry, but he never would while the future was so dark and uncertain. I recall that in 1839 Lord Elgin said that everything tended toward revolution and that in 1846 Disraeli saw no hope ahead for industry, commerce or agriculture. I recall that when Wellington was dying in 1852 he said that he was glad he was passing on before the ruin of depression gathered around him.

My hon. friends to my left have new ideas, but let me say to them that if we would only face the task that lies before us the future is not quite so dark. They have new plans. They want security so that those who are healthy will never be sick and those who are sick will be made well again, security for the people whether they want to work or not, security for those who even want to play as well as work. But let me say to them that under our present system of democracy, which is to disappear when their regime comes in—

Mr. DOUGLAS (Weyburn): Oh, no.

Mr. ROWE: I have read your booklets and I realize that under your plans the whole present system must be changed. I even might expect to be working for some of those fellows in agriculture if their dreams came true. But I say, Mr. Speaker, that under our present system we have not done so badly. Let us look back to 1900. I do not give all the credit for what has happened since, to the Liberal party. After all, in their policies there has been some sense and soundness mingled with a lot of errors. Under our democratic form of government on the North American continent we have made progress

since 1900, greater progress than has been made anywhere else. In 1900 only one out of a hundred on the North American continent had a buggy to drive. When this war started one out of five had an automobile.

An hon. MEMBER: They haven't now.

Mr. ROWE: In 1900 our people had only eighty-six dollars per capita invested in life insurance; to-day they have $600 per capita, almost eight times as much. Therefore, I say to my hon. friends to the left, set about to improve the old system, or in better words of another, lop the mouldered branch away, before you attempt to cut down the tree that has sheltered you and under which you have prospered enough to be here, happy but discontented.

Mr. PIERRE GAUTHIER (Portneuf): Mr. Speaker, having just heard a speech in the language of Shakespeare, you will have no objection, I am sure, to my using for a few minutes Racine's idiom and affording thereby some rest to your ears.

Mr. Speaker, I have noticed in the speech from the throne that was read in the house—a speech on which we should have liked a vote to be taken although for one reason or another that has been impossible—that the government have taken election precautions probably to lessen the impact from the budget which the Minister of Finance (Mr. Ilsley) has recently introduced with such a high degree of courage. We note in the speech from the throne many precautionary measures intended for the electors not only of the dominion but especially of certain provinces, such as the appointment of a committee on post-war reconstruction and re-establishment, a national social security programme, including social insurance and even health insurance, which matters will all be investigated by committees whose work may not have been completed before the end of the session. Just the same, appearances shall have been kept up and if I may borrow a phrase from the hon. member for Témiscouata (Mr. Pouliot), a twig from the Christmas tree has even been included, as a scrap of comfort, when the 1938 dish was rehashed and the appointment of parliamentary secretaries was mentioned again. I realize that in order to make us swallow the budget recently introduced some kind of a sop was necessary and I also realize that, in view of the stand of certain provinces with Liberal leanings such as Saskatchewan and Ontario, which will soon have reached the end of the term of office, a chance had to be given to provincial followers, where, should the occasion arise, an election would probably be held. As regards the province of Quebec, those who have read the speech from the throne know where they stand and in all probability the Liberal party in Quebec will sacrifice itself and will be the first to take the plunge in order to show to the dominion Liberal government how risky it is at this time to face the electors.

Much has been said about farmers' sons since the beginning of this session, and indeed since the outbreak of war. I remember that motions calling for the exemption of farmers' sons have either been ruled out of order or voted down by the majority.

I do not doubt for a moment the sincerity of the hon. members who derived great satisfaction from these motions being declared out of order nor their sincerity in voting against the motion calling for exemption in favour of farmers' sons, nevertheless, one may well wonder if at the present time, had the government given more consideration to these requests in favour of farmers' sons, we would be facing such distressing problems concerning farm labour in Canada generally. Only last night, I heard the hon. member for Bow River (Mr. Johnston) showing how the Minister of Agriculture (Mr. Gardiner) and the Minister of Labour (Mr. Mitchell) made contradictory statements, one to the effect that there need be no fear of any farm labour shortage while the other worried about this same shortage. One thing stands out, however, and that is a lack of cohesion, a lack of cooperation between the departments of government and I recall the speech made on March 24, 1942, in this house by the Prime Minister (Mr. Mackenzie King), which appears on page 1562 of *Hansard,* which I quote:

> The production of food in war time is one of the most essential tasks. To the extent that food is produced for Britain or other allied countries, or for Canada's own fighting men, it is a direct war service. If this aspect of Canada's total effort is not to suffer, the man-power required for food production must be kept available.

And I find on page 1567 that the Prime Minister also stated:

> One of the man-power problems with which the country is faced is the growing shortage of agricultural labour.

What must we think, Mr. Speaker, of such statements? Everybody admits that thousands of farmers' sons are still in the army, that thousands of others had to remain there two, three, four and even six months, before being released. And during all that time farm work remained undone; those who did not have the money required for the hiring

of hands had to leave their crops on the fields to spoil under the snow. A certain amount of wheat remained under the snow, as the hon. member for Bow River stated last night. An appropriate policy regarding farmers' sons would have prevented such a shortage of labour. I do not deny, Mr. Speaker, that it is honourable and praiseworthy to show as much courage and intrepidity as the farmers' sons who have enlisted voluntarily for Overseas service. On March 24, 1942, the Right Hon. Prime Minister stated, as reported on *Hansard*, page 1657:

Voluntary enlistment of farmers and agricultural workers in the army, the navy and air forces will continue to be encouraged. It is felt that the privilege of serving voluntarily in the armed forces should not be completely denied to a whole class of the community, however important may be the service its members are at present performing.

At different times, the government has announced, both in this house and in party newspapers, that farmers' sons would be exempted from military service, and the Prime Minister stated that voluntary enlistment of farmers' sons must be encouraged. I wonder, —and everyone is entitled to wonder—whether the government policy calls for leaving on the farms all the help needed. If agriculture ceases to produce, our soldiers overseas will have to go hungry. It is all very well to say that farmers' sons who have enlisted will be replaced by women, prisoners of war, Japanese or invalids. Even students have been put to work; such was the case last summer and such it will be again. But, Mr. Speaker, the farms need trained hands and nimble brains to accomplish the tasks necessary to produce all we need in a time of war not only for civilian consumers, but for the armed forces as well. In my opinion, the government's farm policy has proven wholly inadequate, completely lacking in both cooperation and coordination.

It may be thought that we too often dwell on this matter. Yet, we have every right to do so, indeed it is our duty to do so, since our repeated warnings to the government both inside and outside this house have ostensibly given them time to consider and adopt an adequate policy with respect to the people and the war effort.

Mr. Speaker, when a member of the Bloc Populaire or of any other opposition group from the province of Quebec rises to address this chamber, I understand how one might become fidgety and hark back to the example of France that owed her tragic fate to the large number of her political parties. I do not claim, neither have I the right to do so under the rules of this house, that when the Prime Minister referred to the unduly large number of political parties in this country, he was merely trying to advance his own fortunes. I do not claim either that the Prime Minister views with alarm the establishment of opposition parties through which his personal desire to remain at the helm might find its Waterloo. The rules of the house prevent me from saying so. Anyone who asserts, giving France as an example, that the establishing of a large number of parties would be detrimental to the country, seems to be unfamiliar with history. Or could it be that the rise of too great a number of opposition groups from the province of Quebec is particularly irritating in certain quarters?

Anyone familiar with the causes of the downfall of France knows that her fate was not due to the multiplicity of her political parties but rather to the manifold international interests which weakened her and prevented Germany from paying off the full amount of the reparations due; which allowed the demilitarization of the Ruhr and subsidized the electoral campaigns of certain French politicians. These, and not the unduly large number of her political parties really brought about the downfall of France. Any comparison between France and Canada must needs be unsatisfactory. I repeat there is a pretense at being unfamiliar with international history.

The hon. member for Gaspé (Mr. Roy) made an inquiry regarding a resolution which came to me from the city of Three Rivers. If I may refer to the subject, without incurring the hon. member's displeasure, the resolution reads as follows:

To the Right Honourable William Lyon Mackenzie King,
Prime Minister of Canada,
Ottawa, Ontario.

Whereas the present butter ration is wholly inadequate to the war worker who takes his lunch to the factory; and

Whereas such ration, in addition to being inadequate, is calculated to cause serious prejudice to the worker's war effort; and

Whereas so harsh a measure obviously discriminates between those who are in a position to abide by it and others which it too severely affects;

Be it therefore resolved that the dominion government be respectfully requested to do everything in its power to improve the untenable situation in which the Canadian worker now finds himself through the action of the wartime prices and trade board, and to impress upon the board the urgency of giving full priority to the needs of our workers engaged in this country's war production by requesting that they increase the ration of essential commodities granted these men, particularly their butter ration.

This resolution, Mr. Speaker, is self-explanatory. And notwithstanding the reply given this afternoon to the hon. member for Gaspé, I cannot understand that the workers, whether employed in our war plants or in our mines, at any rate, all those who must carry their meals with them, who have no time to return to their homes either at noon or in the evening, these need a more substantial butter ration than office workers who take their meals at home or in a restaurant.

I hope that the provincial treasurer and the government will reconsider this decision and that employees of all classes will be allowed more butter for their meals.

The sinking of ships in both the river and the gulf of St. Lawrence has been the cause of quite a controversy. It is neither my duty nor my intention to stand in this house for the member for Matane, the hon. Mr. Gagnon nor is it my intention to take the defence of the provincial government; far from it. It does seem to me, however, that this government should have listened to the claims and the warnings, though mild they may have been, that we have expressed in this house and elsewhere since 1937. They should also have devoted their attention primarily to the defence of this country. I admit that different theories have been expounded in this house to the effect that we should go to meet the enemy wherever he may be rather than have him attack our shores. To this I have replied recently that the same principle applies to all countries and not only to Canada. I understand also that the government only acted under pressure from total-war men since the start of the war. I also fully realize that they may have somewhat forgotten to give the St. Lawrence gulf and even the river the appropriate defence they deserved. It was, however, most important that they send soldiers overseas. That was urgent. Food had also to be sent. I have shown, a few moments ago, that not only had they forgotten steps to defend the country and the St. Lawrence shores, but they had ignored agriculture as well. This controversy had originated from statements made by two members of the Quebec legislature which had been referred to in this house. I am not concerned with the number of ships sunk either in the gulf or St. Lawrence river, but one thing is certain—I say it without any intention of giving out information that may be helpful to the enemy—if adequate defence works had been provided, if the government had been interested first of all in the defence of our country, we would not have to announce sinkings in the gulf and St. Lawrence river. Indeed, those who are conversant with existing conditions, who know where enemy ships and submarines enter, also know that protection against the entry of these enemy ships would be a relatively easy matter.

Mr. Speaker, while discussing the increase in military appropriations, in 1937—

Mr. DUPUIS: Has the hon. member voted in favour of these appropriations?

Mr. GAUTHIER: I have voted in favour of a part of them, but I was the first to propose an amendment, with the support of another hon. member representing a Quebec constituency. We requested that a certain appropriation be decreased. Three other similar amendments were also proposed.

Mr. DUPUIS: The hon. member's friends, for their part, cast their votes for the national defence appropriations.

Mr. GAUTHIER: We have voted in favour of a number of appropriations, while insisting that others be decreased, because, as we stated, the government policy was not merely concerned with the defence of Canada, but with that of the empire at large. In support of our claims we referred to a statement of Hore-Belisha who, at a banquet held in London, at that time had said that a colonial defence policy could not be considered within the empire, but that the defence of the empire should come first. The hon. member must remember this.

Mr. DUPUIS: And since that time he has been out of the cabinet.

Mr. GAUTHIER: It does not matter whether he has left the cabinet or not. There are so many who wish to enter it.

Mr. DUPUIS: That is why my hon. friend now sits on the other side of the house.

Mr. GAUTHIER: I never asked or expected it. I am here because I am not like my hon. friend who has broken his pledges and his word.

Mr. DUPUIS: That is impossible!

Mr. GAUTHIER: Mr. Speaker, I hope my hon. friend will keep quiet.

In 1938 and 1939 we have raised the same objections, always urging the government to give particular attention to the defence of our country. We were then against participation in outside wars. On account of that stand, we were well supported by our electors in the by-elections of 1937 and 1938, and we have enjoyed such support for twenty years, as my hon. friend from Chambly-Rouville no doubt remembers. We were not campaigning alone, we had the help of men who were eloquent

speakers, we were helped by outstanding men whose views were similar to our own. Conditions have changed, we were told, when we spoke against participation. We are told, in this house one year after: How can we participate in a war and do it on a moderate scale? That is the only consideration we have received for having believed what we were told. Mr. Speaker, we have to a certain extent accepted participation in outside wars but under the solemn pledge that conscription would never be enforced in this country. However, the government had a conscription act passed last year.

Mr. DUPUIS: It has not yet been enforced.

Mr. GAUTHIER: Let my hon. friend be patient.

Mr. DUPUIS: I say that it has not been enforced.

Mr. GAUTHIER: If my hon. friend were willing to look into the situation he would find that a 25-year-old physician, who is a married man has been called for military service under the National Resources Mobilization Act; the only thing this young physician can do is either to serve as a private within the country under the Mobilization Act or to volunteer for overseas service. That is a splendid voluntary system. I could mention, as I have already done in this house, some of the means to which the government have resorted in order to obtain the men they need to bring the army up to strength.

I am glad my honourable friend interrupted me. He has reminded me of something. When I voted for the National Resources Mobilization Act, I thought that the government intended to use it merely to call up men for service within this country, but I found out the other day, during the debate on the subamendment moved by the honourable member for Richelieu-Verchères that the government had another objective and another intention. In reply to the hon. member for Richelieu-Verchères the Prime Minister had this to say in connection with the suspension of the Mobilization Act. I quote from page 558 of *Hansard*, February 19, 1943:

> Those men who are a long distance from home, who are helping to protect this country and to save it from disaster, would be asking themselves: Is this the kind of support we are getting from our country and from our government? Is our parliament going to support that kind of action? Does it mean that while we are fighting here we are not going to get the reinforcements that we had hoped would be ready to come, if they were necessary?

In what manner would suspension of the Mobilization Act hinder reinforcements going to our active army if that act had applied to service in this country only?

Mr. DUPUIS: Will my hon. friend allow me—

Mr. GAUTHIER: Let my hon. friend not interrupt.

Mr. DUPUIS: If my hon. friend will allow me, I will answer him immediately.

Mr. GAUTHIER: I ask my hon. friend—

Mr. DUPUIS: Is the hon. member afraid?

Mr. GAUTHIER: When the Prime Minister in reply to the hon. member for Richelieu-Verchères (Mr. Cardin) said: "Where will those men get reinforcements if we suspend the operation of the National Resources Mobilization Act?"

Mr. DUPUIS: My hon. friend does not wish me to answer?

Mr. GAUTHIER: One minute. What impatience! How can you say that the Mobilization Act was for service only in this country when it was the intention of the government to reinforce the depleted ranks abroad. A mobilization act for this country, for this country only, and intended to fill the gaps in an army overseas. Such is the measure of voluntary enlistment favoured by the government according to the Prime Minister's own words in this house.

Mr. DUPUIS: Draftees allow those who have voluntarily enlisted to go overseas. They take their place. That is the situation.

Mr. GAUTHIER: Is that all that the hon. member has to offer for an answer?

Mr. DUPUIS: Certainly.

Mr. GAUTHIER: I put a case to the hon. member just now. He made no reply. I will give you another method, besides that of the Mobilization Act as adopted by this house, used for compelling our citizens into overseas service. The heads of families seeking employment in the different departments must obtain a release from the army. Such is the voluntary system. What does the hon. member think when he says: Wait, the measure is not yet in force? My hon. friend comes from Montreal and I see other hon. members who also come from Montreal. I have yet to hear any protest voiced regarding the port of Montreal, but last year that port and the St. Lawrence river were almost empty of ships.

I humbly submit that an adequate coastal defence would have facilitated traffic up the St. Lawrence and the bringing up of supplies to the port of Montreal, whereas part of that

harbour's business is being carried by rail to eastern ports. I am waiting to hear any protests from the hon. member on this point.

Mr. DUPUIS: Had the Bloc Populaire voted for that in 1937, the harbour of Montreal would be better protected.

Mr. GAUTHIER: Let my hon. friend possess his soul in patience. He will feel the Bloc sooner than he expects.

I enquired the other day, Mr. Speaker, about broadcasts and put the following question to the government:

Is the dominion government responsible for, or author of the sketch "Our Canada" broadcast over the French network of the Canadian Broadcasting Corporation?

And the government replied:

"Our Canada" is a programme of the national war finance committee broadcast over a French network.

While listening to that programme one evening, I realized that the government, as stated in the fourth answer, besides giving a translation of Colin Ross' book, had seized the opportunity to advertise the speeches of the Prime Minister. The sponsor said before the opening of the programme: "It is an absolute truth which we must swallow if we are to be immune from dangerous suggestions, as our Prime Minister (Mr. Mackenzie King) stated last week in the House of Commons when he said that he did not think that we can too strongly dwell on the gravity of the present situation and on the effort we shall be called upon to make. He wished to caution the people of Canada and the members of parliament against such a thought, and added that it would be dangerous to believe that the war can be won this year as no attempt had yet been made at invasion of the continent."

And a few minutes later, in the programme "Notre Canada", some noted and talented actors were reporting that the continent had been invaded and that the Germans were having trouble with the people of a certain village.

Mr. DUPUIS: My hon. friend is himself making propaganda in favour of the government.

Mr. GAUTHIER: Mr. Speaker, I would like hon. members to be a little more polite.

The ACTING SPEAKER (Mr. Bradette): Order! Order! If the hon. member for Chambly-Rouville (Mr. Dupuis) wishes to ask questions of the hon. member who has the floor, he must ask his permission and if that permission is not granted he should let him speak without interruption.

Mr. GAUTHIER: My hon. friend from Chambly-Rouville is annoying me. Not that his questions are dangerous. Nor is he himself for that matter.

The ACTING SPEAKER (Mr. Bradette): Order! I would ask the hon. member for Portneuf to restrain his language.

Mr. GAUTHIER: Then let him tone down his own.

Mr. DUPUIS: The hon. member is making propaganda in favour of the Liberal government.

Mr. GAUTHIER: Mr. Speaker, I would ask the government to use a little more tact in outlining its policies and to refrain from spending public funds on government propaganda, although I do not mean to object to war propaganda as part of the government's policy.

In closing, Mr. Speaker, I again refer to the creation and existence of several political parties in Canada and I know that our people, not only in the province of Quebec but in the whole of Canada will, at the proper time and place, recognize on the one hand those who have been frank, who kept their word, showed themselves honourable men, honourable statesmen and kept their pledges to the taxpayers and, on the other hand, those who miserably and woefully failed to do so.

On motion of Mr. Gray the debate was adjourned.

On motion of Mr. Mackenzie (Vancouver Centre) the house adjourned at 10.55 p.m.

Friday, March 12, 1943

The house met at three o'clock.

NATIONAL WAR LABOUR BOARD

PRESS REPORT AS TO ENLARGEMENT OF MEMBERSHIP

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, items appearing in certain newspapers indicate that the government has under consideration an enlargement of the membership of the national war labour board. Is the Prime Minister in a position to make any announcement to the house with respect to these additional memberships?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am not in a position to make any statement at the present time.

Mr. GRAYDON: Does the Prime Minister expect to be able to make a statement shortly?

Mr. MACKENZIE KING: I was asked a similar question some days ago and I replied that I had made "a very full statement in the house with respect to the organization of the board, and if there are to be any changes or additions the house will be informed in due course." I am afraid I cannot go beyond that at the present time.

SELECTIVE SERVICE

INQUIRY AS TO REPRESENTATION OF AGRICULTURE AND WAR VETERANS ON ADVISORY BOARD

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): The press to-day carries the announcement of the Minister of Labour that the national selective service advisory board has been reconstituted by order in council. The board appears to have a membership of some nineteen persons, but there seems to be only one representative of agriculture and one representative of war veterans. Will the minister explain why these two important sections of our people are not more fully represented on the board in relation to others?

Hon. HUMPHREY MITCHELL (Minister of Labour): My hon. friend is correct in saying that there are nineteen members of the advisory committee of the national selective service. I think he will agree with me that the soundest thing to do in setting up such a committee is to keep it as small as possible, having due regard to the interests that should be represented. That, by the very nature of things, when you are dealing with man-power, involves government departments. If the hon. gentleman reads the order in council he will find that the Department of Agriculture is represented, the deputy minister being on that committee, and that defence, finance, and the prices board, are also represented, because they necessarily come into the picture. What we try to do is to get a broad crystallization of opinion, representing what may be called the dominant vocations and interests of the country. Practically all of these are represented — the construction industry, the railroads, industry in general, general stores, the big departmental stores, and the banks, also, as my hon. friend says, the organized veterans. The veterans did not ask for representation, but we felt that they should be represented. If you go through the list you will find among the representatives of other callings many ex-service men of the last war. What we have tried to do, and I believe the soundness of our position will be apparent if it is examined, is to get as broad an opinion as possible in an advisory capacity on the question of man-power.

Mr. GRAYDON: One of the great industries which is suffering with respect to lack of man-power is agriculture. The minister may be right when he says that the deputy minister of agriculture is one of the nominees—I see here the name of Doctor Barton—but he is grouped with a number of government employees who are working together in regard to this matter. The minister should give further consideration to the appointment on behalf of agriculture of another representative with practical experience. It seems to me that one representative only of agriculture is an underestimate of the situation in respect of agriculture and man-power at the present time.

Mr. MITCHELL: Doctor Barton has a wealth of practical advice behind him. My hon. friend's complaint is not fair. Coming as my hon. friend does from a partly rural constituency he knows Doctor Barton has expert advice in his own department and opportunity to obtain advice on every matter that may come up affecting agriculture. With respect to the appointment of a representative of agriculture, of course we went to the agricultural organizations for that nomination.

Mr. ROSS (Souris): Will the minister consider immediately the appointment of a representative of western agriculture? The only practical agricultural representative on the board is from the province of Quebec. Following what my leader (Mr. Graydon) has said, it seems to me that western agriculture should be represented by a practical representative. Labour has five representatives.

Mr. MITCHELL: I think my hon. friend will agree that twenty-three members is a large number for an advisory council. What we have endeavoured to do is to go to the national organizations. It so happens that the farmers' organization that was consulted was a national organization, and they made that appointment. If all these industries were given representation on a reasonable basis you would probably have an advisory council bigger than this House of Commons, which would make its functioning almost impossible.

MILITARY SERVICE

QUESTION AS TO TRACING OF DRAFT EVADERS BY ASSOCIATED CREDIT BUREAUS

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I should like to address a question to the Minister of Labour. In a news service issued to-day the following appears:

> Task of tracing evaders is to be carried on by Associated Credit Bureaus of Canada Limited, an organization with some fifty-eight offices across the country.

Has any arrangement been made under which Associated Credit Bureaus are to be connected in any way with the location of defaulters?

Hon. HUMPHREY MITCHELL (Minister of Labour): Might I ask my hon. friend a question first? Would he give me the source of his information?

Mr. DIEFENBAKER: Yes; it is a weekly news letter.

Mr. MITCHELL: I should like to have the name of the source of information. I think that is a fair question.

Mr. DIEFENBAKER: Surely, if it will help the minister. It is "Trend." Now, what is the answer?

Mr. MITCHELL: My friend should take it in the light of whence it comes. There is no truth in the statement printed in "Trend."

AIR TRANSPORT

REQUEST FOR EARLY STATEMENT OF POST-WAR POLICY

On the orders of the day:

Mr. H. R. JACKMAN (Rosedale): I should like to ask the government a question based on an item in to-day's *Globe and Mail*:

> Sweden To Take Hand in Broad After-War Air Route Expansion
>
> Stockholm, March 11.—A new Swedish company, known for short as Sila, has been formed to develop Sweden's intercontinental air routes after the war—especially those to the United States. Backed by Swedish shipping companies, industries and banks, a minimum capital of 30,000,000 kroner (about $7,500,000 at par) has been guaranteed. Agreement has been reached between Sila and the existing government-owned Aero Transport which was organized in 1924. Before the war Aero Transport had air routes in Scandinavia as well as to European points. Sila's aim is to build up intercontinental air traffic in collaboration with Aero Transport which has put its technical organization and experienced management at Sila's disposal.

In view of the importance of air transportation and the fact that many of our men in the Royal Canadian Air Force are applying to privately owned air transportation companies for positions after the war, would the government undertake at an early day to announce its policy in regard to post-war civil air transportation?

Mr. SPEAKER: I have allowed the hon. member to state his question and read the information on which he bases it, which was rather long. It certainly is a question which should be placed upon the order paper. The hon. gentleman has asked for a declaration of policy. In this connection I should like hon. members to observe the rulings I have already given in regard to asking such questions on the orders of the day. Such questions must conform to the rules of the house as they have been laid down and practised from year to year.

ROYAL CANADIAN NAVY

REPORTED CLOSING OF TRAINING SHIP ESTABLISHMENT AT SAINT JOHN, N.B.

On the orders of the day:

Mr. D. K. HAZEN (St. John-Albert): I should like to address a question to the Minister of National Defence for Naval Services (Mr. Macdonald). It arises out of an article that appeared in the *Telegraph-Journal* of Saint John, New Brunswick, on March 9 last. This article reported that Saint John is to lose the Royal Canadian Volunteer Reserve training centre that has been established there for about two decades and is now known as His Majesty's Ship—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. I have listened to the hon. gentleman's question and I think I know what it contains. I suggest that it should be placed upon the order paper.

Mr. GORDON GRAYDON (Leader of the Opposition): I think, Mr. Speaker, you are taking a pretty severe attitude—

Some hon. MEMBERS: Order.

Mr. GRAYDON: After all we have not asked very many questions before the orders of the day are called. I think they are all on matters of urgent importance, at least in the minds of the hon. members who ask them. I would ask you, sir, to grant at least a little more latitude and leniency in reference to the few questions that are being asked from time to time.

Mr. SPEAKER: The question asked by the hon. member deals, as I understood, with the closing of a naval establishment. That surely

is a matter not requiring an immediate answer, and certainly such an answer could not be given by the minister without some consultation with his advisers. It is a question which I think ought to be placed on the order paper. When matters are of immediate urgency and a reply is necessary because otherwise the incident to which the question relates would evaporate over a period of forty-eight hours and hon. members wish to know what the position of the government is in regard to such matters, I think it is proper to ask such questions on the orders of the day. But when hon. members ask questions which must necessarily be referred to the departments in order that a reply may be given, the position is different. I have every desire to give as wide latitude as possible to hon. members; nevertheless I am bound by the rules, and therefore I must ask that these questions be considered in the light I have indicated and be placed on the order paper.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Thursday, March 11, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Coldwell.

Mr. ROSS W. GRAY (Lambton West): Mr. Speaker, reading the speeches that have been delivered by hon. members this session one is struck by the fact that up to the present—and we have now been in session for some six weeks—in the main the speeches have been devoted to the new and very broad subjects of social security and post-war reconstruction, while man-power, the most important subject of all, has been given scant attention. I do not suggest that the problems of social security and post-war reconstruction are not important, but I do say that a committee is the proper place for their study, before we become too enthusiastic in our attempts to outdo each other and thus forget that almost everything in connection with the winning of this war still remains to be done.

I do not propose to discuss the financial side of the budget, except to say that I join with others in this house in congratulating the Minister of Finance (Mr. Ilsley) upon being able to present to a nation of eleven and a half million people these astounding figures of revenue and expenditure for the present and the coming fiscal year. I said I did not propose to discuss the financial side of the budget, but any full discussion of the man-power problems of this country would entail an investigation into the ability of the man-power of Canada to raise more revenue, and a further survey of the allotment of such man-power and the money required to maintain it either in production or on the firing line. Speaking from my place in this chamber last year I urged the government then and there to bring into operation a compulsory selective service unrestricted by geographical limits with regard to the army, combined with a scientific allocation of the man-power of this country as between industry, agriculture and the armed forces. I have never had occasion to change that opinion; in fact as the months went by and we witnessed the terrific toll of casualties at Dieppe, I am sure more than one of us stopped to consider gravely whether or not we had sufficient trained volunteers should this be the beginning of the real drive against Hitler. In those intervening months we have witnessed labour disputes and strikes of major proportions; we have watched the farms losing their man-power, while louder and louder became the cry for still more production.

Let us for a moment consider where our failure to adopt an all-out selective service, applied to all alike, has led us with respect to farming. Hon. members may ask what a lawyer knows about farming. I know very little about it, I admit, but I do know a great deal about the man-power distress of the farmers of western Ontario, particularly of those of my own riding, and it is concerning that distress that I now propose to speak. Let us review the situation. Under order in council P.C. 2252, dated March 21, 1942, all persons who on the 23rd day of March, 1942, were wholly or mainly engaged in agriculture were to be granted a postponement order until further notice. But what happened? The divisional registrars under the war services department continued to send out notices, either of their own accord or on instructions; and knowing the very fine and fair registrar we have in our district, Mr. W. A. Martin, I must take it that this was done upon instructions. I want to give this house an exact copy of a notice, leaving out only the name and the call number. It is as follows:

Department of National War Services,
London, Ontario, September 21, 1942.

To . . . Call Number . . .

Dear Sir:

Kindly be advised that the commencement of your further training period has been deferred until approximately December 31st, 1942. A notice to report specifying the date and military training centre will be forwarded to you in due course.

Yours truly,

Is there anything indefinite about the date of postponement? Is there anything indefinite about what is to be expected at the expiration of the three months' period? Is there anything in that notice suggesting to this young farmer that at the end of that period he has a right to apply for a further postponement? There is not a word to that effect. That young man as others like him did, believed that on the expiration of that period he was headed for the army. What was the result? Sell the stock; sell the farm; leave the father alone. There appeared to be no option. Thus we continued the back door method of obtaining so-called volunteers for the army.

About the same time there appeared another form of notice, differing only in its length. Shortly after—and all within one month—there appeared still another form, this time containing a clause advising the applicant that any further request for postponement should reach the registrar about thirty days before the expiration date. So that within one month three different forms of notices were sent out to different farmers. Is it any wonder there was confusion? Is it any wonder that these notices led to uncertainty and unrest, and, in my opinion, definitely hampered production? What about the fall work? What about the purchasing of winter stock? What about the renewing of fall leases? These were the matters that disturbed the farmers of western Ontario, and no doubt farmers elsewhere.

When this matter was called to the attention of the then Minister of National War Services in October, 1942, I received in reply a long-winded press release issued by the former minister in April of 1942; only that and nothing more. In all fairness to the Minister of Labour (Mr. Mitchell), who these days is receiving more brickbats than bouquets, I am bound to say that since national war services came under his department the form of notice has improved, and in my district at least applicants are given a term of postponement sufficiently definite to enable them to complete one full season's work.

That, however, is only one phase of the farm man-power problem. Men are still being encouraged to leave the farm and join the army; and are doing so, I am afraid, without any definite policy on the part of the Department of Labour in regard to remedying the situation. Read the nine points with regard to farm labour presented to this house on February 26. All through that memorandum you will find the word "will", not the "will" denoting determination but the "will" signifying future consideration. I cannot do more in connection with this phase of the man-power problem than reiterate that it is not a matter for surveys; it is a matter for action now. Let me repeat that until you have in Canada an over-all compulsory selective service, you cannot properly assign men and women to their tasks and thus bring about a measure of total war.

I come now to deal with man-power and labour, and I make this assertion. Until we are prepared to put into effect unrestricted compulsory service we shall have labour unwilling or refusing to move from one industry to another; we shall have delays in industrial war construction, and we might just as well face the fact that we shall continue to have absenteeism, which is all too prevalent to-day. Make no mistake about this; too many men and women are staying away from vital war jobs. We cannot quarrel with the man or the woman who stays away from his or her work by reason of sickness or accident. Nothing less should keep one from his job. Nothing else would suffice on the parade ground or on the firing line. I know that this is a subject matter which is giving much concern to the Minister of Munitions and Supply and the Minister of Labour, and I simply call attention to the fact that as matters now stand national selective service officers are without power to deal with a situation which, to put it in its mildest terms, is deplorable. I would further urge that there be repeated checks made by the Department of Labour in industry and on construction in order to stamp out as far as possible the draft evasion all too prevalent at this time.

Turning finally to man-power and the armed forces, I believe with those who have declared that in a free society the obligations and privileges of military training should be shared generally in accordance with a fair and just system of selective compulsory training, and that such service should be without geographical restriction.

I anticipate that the house may be told we are obtaining sufficient men for the army through the volunteer method. I ask this question: How can we say that we have sufficient man-power enlisting when our soldiers have met only one real test, Dieppe? Last year I gave some figures of battle casualties suffered by Canadians in world war No. 1. On the Somme, in round figures the Canadians suffered 23,000 casualties; at Vimy, 13,000; at Passchendaele, 24,000; and at Dieppe, according to reports, we lost some 67 per cent of our effectives. Before we say we have sufficient men we would do well once again to pause and study these figures. It is imperative that we should have trained and equipped

for service anywhere a sufficient number of men to support the Canadian corps in any emergency. It is only by being ready to take that stand in the house that those of us who were members of parliament when war clouds were gathering, and did not prepare, can in part atone for the great responsibilities which lie upon our shoulders.

I listened a short time ago to the hon. member for Weyburn (Mr. Douglas) asking for an investigation into the attack made by the Canadians against Dieppe. I do not for a moment doubt the hon. member's sincerity, but as I listened to him talk glibly on military matters I could not help recalling that not very long ago the party in which the hon. member is one of the chief lieutenants was opposed to sending any men from Canada for military service overseas. I am prepared to assume my share of responsibility for having failed to urge greater preparedness. I have a right, therefore, to place on the shoulders of the Cooperative Commonwealth Federation a part of the responsibility for the failure to have at the very outbreak of this war an unrestricted selective service programme. Why do I say that? For the reason that I read from page 55 of *Hansard* for the war session of 1939 this declaration of policy by the present leader of the Cooperative Commonwealth Federation:

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

I repeat the words, "and must not include conscription of man-power or the sending of any expeditionary force." That sentiment is unfortunately not confined to the Cooperative Commonwealth Federation. There are adherents on this side of the house. And, apart from the former leader of the opposition, the hon. member for York-Sunbury (Mr. Hanson), who has remained true to his convictions, I am bound to say that in their zeal for a new leader, a new name, and a new platform, the man-power issue has become a good deal more cloudy on the opposition side than it was last year under the leadership of the hon. member.

Be that as it may, I speak to-day with sincerity and from personal observation. I rejoice with others in what Canada has accomplished. I regret with others that there is not an equality of sacrifice among us. In this respect I make no exception of the member of parliament; and yet there is not a member of this house who is not prepared to do more, provided that he is given direction. Members are helpless without it. They would be included in any all-embracing plan.

The crucial months, Mr. Speaker, are at hand. Can we say that we are ready? Are we to continue to sidestep this issue until we are in an emergency? Time has been on our side; it has been good to us. But soon the starter's gun will be raised. The men are on their marks. Are we ready to take the baton at the end of the first lap? Are we ready to take it at the end of the second lap? Are we ready to marshal our forces and to carry it over the finish line? That is the question which must be faced, not in the heat of battle but now, before it is too late.

Mr. G. K. FRASER (Peterborough West): Mr. Speaker, first of all I wish to say I feel that the Minister of Finance (Mr. Ilsley) deserves a great deal of credit for the budget he has brought down this year. I believe his is the hardest job of any minister of the crown, because unless his department functions with hundred-per-cent efficiency the other departments will not function.

The minister has been extremely—I was going to say "hard", but I will say "tough"—if one may judge from his manner in the house when hon. members in the opposition have asked pertinent questions with respect to his department, and requested that this or that be changed so as to help the taxpayers. But I often wonder if this tough or hard front is not only a bluff, and that really at heart the minister is rather soft, especially when some other minister of the crown comes to him and says, "I am going to put in supplementary estimates this year for such-and-such an amount."

Each year after the budget is brought down supplementary estimates are tabled, and each year they become greater and greater. Last year, including the amounts in the supplementary estimates, the budget called for $3,592,000,000. Before the session was over the Minister of Finance asked for another $858,000,000. The ministers in their respective departments like to show, in the estimates, that their departments are spending less money than they spent in earlier years, but when one adds the supplementary estimates he generally finds that departmental expenditures exceed those of the preceding year. Last year the supplementary estimates looked like the national debt of 1914. I said last year, and I say it again this year, if as much care was taken in the spending of these billions of dollars we are being asked for as

is taken in collecting them, the country would be much better off financially and the taxpayers would be greatly benefited.

The Minister of Finance is the keeper of the government's purse and it is up to him to check the departments as much as possible to see where savings can be made. He must remember that the taxpayer has only one earning power. The worker can work only so long. At the present time the industrial and other workers must work so many weeks in the year to pay their income taxes. They are not working for themselves during those weeks; they are working for the government. I do not believe the taxpayer feels hurt because his employer deducts his income tax before he really has his fingers on his wages, but he feels that every cent he gives should be spent with as much economy as possible and that value should be received for every dollar. The $1, $2 or $3 that the worker pays out each week in the form of income tax may not seem to be much, but to him it may mean an extra pair of socks—or a pair of stockings if it is a woman; an extra shirt or perhaps a pair of shoes for the baby. Many workers have had to go without an extra sandwich in their lunch boxes because of this tax. They are not kicking; they are satisfied as long as this country is doing what is right.

The worker in the plant has had to do without much of the food that he really needs. Bread is called the staff of life, but it is hard to eat dry. He is rationed to less than half a pound of butter per week. Jam and marmalade is practically off the market, so that there is no substitute for butter. Two weeks ago I tried several different stores in Ottawa but I was unable to find even one small jar of jam or marmalade. This is true, in spite of all the ballyhoo the wartime prices and trade board are sending out in their press releases. I received a press release just the other day headed, "Lenten menus, for release to evening papers, Monday, March 8, 1943." It reads:

> Shrove Tuesday comes on March 9, this year, with Lent commencing on the following day, and pancake Tuesday can still be observed, wartime restrictions notwithstanding. There'll be plenty of pancake flour in Canadian grocery stores this month, and tasty sausages for that favourite waffle supper.
>
> There'll be some frozen salmon on the Lenten markets, and lots of fowl. Some of the 1941 pack of canned salmon is still being released, and can be found for Lenten meals, together with frozen halibut, cod and haddock and Canadian freshwater fish.
>
> Salad items will play an important part in any wartime menu this year, with a good supply of lettuce, celery, green onions, radishes, cabbage, oranges, grapefruit, and other fruits and vegetables featured in grocery stores across the dominion.

[Mr. G. K. Fraser]

Most of our fruits and vegetables come from the United States. This press release is absolutely wrong. Frozen salmon can be had only in certain stores throughout the country; the supply is limited. It states that there is plenty of fowl available, but two weeks ago I could not get a decent hen or a chicken, although I tried a dozen different stores. I doubt if any member of this house can find a tin of sockeye salmon on the shelves of any store across the country. Pink salmon is soft and is not much good as food for a working man. Freshwater fish are few and far between and only certain stores carry them. Pancake flour may be plentiful, but the workingman will not take pancakes to-day because there is nothing he can put on them. He is limited in his supply of butter, and needs every ounce to put on sandwiches for his lunch box. Corn syrup is curtailed, and there is no honey to be had.

The budget this year was not the shock to the people of Canada and the taxpayers that the budget of last year was, although the Minister of Finance has asked for a billion more than he asked for last year. The budget and the supplementary estimates last year totalled $3,592,000,000, and with $858,000,000 added to that we have a total of $4,450,000,000, which is a fraction under a billion dollars less than is being asked for this year. The $5½ billion we are being asked for this year is ten times what the national debt was in 1914. Some day, Mr. Speaker, ask the Minister of Finance to lend you $5½ billion in one dollar bills. If you lay them out in a straight line end to end you will find that they will reach around the world, taking the world as being 25,000 miles in circumference. The minister is not asking for chicken feed this year; he is asking for real, hard, cold cash. I do not think he cares how he is going to get it; he is going to get it, come what may, and out of a population of just a little over 11,000,000.

We have not the resources to-day that we had some few years ago. They have shrunk, especially our forset resources. During the last hundred years our forest reserves have dwindled until to-day one wonders how long they will last. The forest reserves in the United States have shrunk from 900,000,000 acres down to 200,000,000 acres. The $5½ billion that the Minister of Finance is asking for means this year $500 from every man, woman and child in Canada. Of course some do not pay taxes, and you generally find that

those who do the most kicking about taxes and about the running of the country are those who do not pay taxes, sometimes those who are not even naturalized.

As I said, the budget this year was not the shock to the people that the budget last year was. Speaking to a joint meeting of the Rotary and Lions clubs in Peterborough, on October 5 of last year, I said that in 1942-43 I expected that the government would spend at least $4 billion, although they were asking for only $3,592 million. I also said that the people of Canada would be much better satisfied if the government would spend five billion dollars because they would know then that we were turning out that much more production. We cannot expect production unless we pay for it. When I mention production I think we should page the Minister of Agriculture (Mr. Gardiner), because food production is just as important as, if not more important than the production of ammunitions, guns and tanks.

Speaking of munitions, I hope the Minister of Munitions and Supply (Mr. Howe) is having a strict check kept on all the munitions and supplies that are being stored in fields along our railway lines. Acres and acres of munitions are stored along our railway lines. I wonder if Canada has reached the saturation point in certain munitions, as Britain has, and whether the minister should not slow down the production of some lines and speed up others.

I have a letter here from a man who thoroughly understands the boat-building industry. He has just returned from an inspection trip in the United States, and he puts this P.S. at the bottom of his letter:

> My trip to the U.S.A. both amazed and annoyed me—I found more actual war effort by far over there in real sincerity. I see orders being placed in common sense looking away ahead whereas here they dribble out in a few and make production impossible. I see a co-operative principle between their different departments that makes our shipbuilding division look like a cocked hat in a ten-cent circus parade—I am too disgusted to write any further.

That man understands thoroughly shipbuilding as it should be done.

Last year when I spoke in the budget debate I likened the Minister of Finance to King Midas. This year the Minister of Finance makes King Midas look like a piker, because Midas could only turn into gold whatever he touched, while the Minister of Finance brings down a budget that touches every taxpayer throughout Canada.

I wish to say a word on behalf of the men who are working long hours, hours they should not work because of their state of health—

An hon. MEMBER: You must mean farmers.

Mr. FRASER (Peterborough West): I mean not only farmers, but those who are engaged in business and drawing salaries. These men are working long hours in order to do away with Schickelgruber as soon as possible. They are working extra hours for that purpose but they are not allowed to have their salaries raised. But men working for the government are allowed to have their salaries raised. One commissioner had his salary raised from $6,600 to $10,000. It does not matter whether that commissioner is doing extra work or not, because these other men are also doing extra work, perhaps more work than this commissioner, but the commissioner happens to be paid with the taxpayers' money and so perhaps the government feels that is all right. Perhaps they feel that the taxpayers' money can go out in any way. The man I refer to is John Grierson, and he gets a big salary too. I have here a newspaper clipping about his salary increase:

> Film commissioner John Grierson has come in for a whacking salary boost, from $6,600 to $10,000.

Mr. MARTIN: He got an additional job.

Mr. FRASER (Peterborough West): Yes, and throughout this country there are thousands of men doing additional jobs and working fourteen and sixteen hours a day, and doing more work than this man is doing. But they are not allowed to have their salaries raised five cents. In the other case, though, it is the taxpayers' money that is being spent; therefore the difference. I know men handling their own business who are not allowed to take one extra cent out of their own till, although they might be doing twenty times more business this year than they did in 1940.

Mr. ILSLEY: That is true of civil servants unless they are promoted. They get no increase in pay unless there is a bona fide and true promotion.

Mr. HANSON (York-Sunbury): And they get a cost-of-living bonus if they are in the lower brackets.

Mr. ILSLEY: So do employees of private industry.

Mr. FRASER (Peterborough West): This is only one commissioner. It is likely that a lot of other commissioners are in the same boat. This man evidently is a civil servant. There is something wrong here, and I feel that it should be corrected.

There are many phases of the budget with which I do not agree, but which I can take up when we are in committee of ways and means.

I wish to say a word or two about women and girls who are working in different war plants. Many of these girls started to work last August or during the summer months. They do not understand at all the income tax set-up. All they know is that money is being taken out of their wages every week; they do not know what for. There are many women and girls in munitions plants receiving the cost of living bonus who believe the government is giving it to them, not the employer. I know that is a fact. That may be Liberal propaganda; I am not sure. These girls did not make $660 last year, 1942, and they have to wait for a year for a refund of excess income tax deducted from their wages. This year they will have to pay the additional income tax, and it is going to be mighty hard on them. I think the government should send to every wage earner a form showing how these deductions are made and how the employees can get a refund. I have mentioned in the house before that one girl had waited eleven months and had not yet received a refund, and she needed it because she was in the hospital. There are others in the same position.

The Minister of Finance in his budget speech tried to make the taxpayers throughout Canada believe that he was handing out a lollypop to everyone when he said that half the 1942 income tax would be forgiven. That is all right as far as earned income goes. Investment income is exempt up to $3,000, and that is all right. But take the case of a man who in 1942 had a fairly large investment income. Under the proposal of the Minister of Finance, half of his 1942 income tax liability has to be paid out of his estate when he dies. He might die in 1945 or 1950, and then, instead of having any capital, he might have only a small income. His estate would be burdened with the payment of half his 1942 income tax liability, and succession duties, which of course would not amount to much if the estate dwindled; but you would have current taxes, and in many cases the widow would have this ball of 1942 taxes around her neck, and would be left holding the bag and perhaps have to go on charity.

Mr. ILSLEY: Oh, no.

Mr. FRASER (Peterborough West): I know that is right; for it does not follow, because your income was so much last year, that it will be the same next year or the following year. Your income last year might be $10,000, but in 1945 it might fall to $1,000, making it impossible for you to pay your income tax of 1942, or even half of it.

Mr. ILSLEY: It is investment income, though.

Mr. FRASER (Peterborough West): I know; but we have had slumps before and we shall have them again. Investments might be entirely wiped out. I know of properties for which $10,000 could have been obtained ten years ago which the owners would be glad to sell to-day for $2,000. Twenty years ago that property might have been bringing in an income of a thousand dollars a year; to-day it may bring in only a hundred dollars, or not enough to pay taxes. So that deferring the half of the investment income until a man dies is not handing the taxpayer anything; it is just that much worse for the widow. In this regard, if the minister does not intend to clean the claim off the books, I think he should make arrangements whereby the taxpayer can pay it off during this year or next year, at a time when the government needs the money. It might be paid either in a lump sum or in small instalments. Under some such plan, which I believe is feasible, the taxpayer might be able to furnish the money, although I have some doubts. At any rate it would not hurt to try it. The minister should give a discount for payment of that income tax, and it could be worked out on the expectancy of life principle as used by insurance companies.

Mr. ILSLEY: I will try to meet the hon. member on that.

Mr. FRASER (Peterborough West): I thank the minister.

Mr. HANSON (York-Sunbury): It would be far better if the minister would forgive it.

Mr. FRASER (Peterborough West): The reason I believe there is no more than a chance of a taxpayer being able to pay it is that this year, operating on the quarterly plan basis, he had to meet his taxes on January 15. He then paid one-quarter of the 1942 taxes, which brought his payments on last year's taxes to one-half. But on March 31 he has to pay twenty per cent of the 1943 taxes, on June 30, twenty-five per cent, on September 30, twenty-five per cent, and on December 31, a few days after Christmas, thirty per cent of the 1943 taxes is loaded upon him. In other words the Minister of Finance says, "Look, taxpayer, I want taxes; whether there are toys for your child or not is up to you, but I want the money first." And he will get it, there is no doubt about that. The taxpayer

this year is paying, therefore, 125 per cent, or a year and a quarter's income tax. That is the way I figure it out; I may be wrong, but I do not think so.

I have spoken about the working man and the working girl and the effects upon them of this income tax. I know of young people of both sexes who have taken jobs in munitions plants. They moved from their homes so as to be near their place of work, and figured that they were going to have so much to spend; they were told they would have so much. But when they got their pay envelopes they found there were deductions for this, that and the next thing, and on top of that came this income tax. I have a letter to-day on this matter. In one boarding house which has only four bedrooms there are sixteen boarders, or four people to a bedroom. They are sleeping in shifts; that is why they call it "shift sleeping". The reason they are doing it is not that they like to do it, but that it is the cheapest way, and they are trying to save an extra dollar. I believe it is the income tax which compels them to resort to this kind of thing. In the case I have mentioned they said that the beds did not even have a chance to get cool. That may be all right in zero weather, but certainly it is not healthy. It is the amount of income tax these people are paying which puts them in that position. They do not mind that; they want to win the war and they will do anything possible to win it.

While on the subject of boarding houses, I wonder how these places are going to be heated next year. I know that in the city of Peterborough last Monday there was hardly a shovelful of anthracite coal. While I was in one fuel office a lady came in and asked for a cord of wood. The manager of the office said, "We have some wood, but we have no man to run the machine to cut it, nor have we a man to put on the truck to deliver it." Shortly after that, another woman came in on a similar errand and received the same answer.

Part of the trouble with our fuel situation, especially as regards wood, is that the subsidy of one dollar a cord which is now in force should have been granted last September. The operations of selective service are not allowing men to go into the woods; at any rate it did not allow them to do so. The snowfall this winter, of course, has been exceptional; also the farmers have not had their sons at home and one man cannot cut wood. I believe the dollar subsidy applies up to the end of June, but I do not believe we shall find men going into the woods now to cut wood. Spring is coming on, and the snow in the woods is in some places three and four feet deep—I know that because I was in the woods last Saturday—and it will be wet, and men will not cut wood all day long when they are wet from head to toe. The situation is extremely serious, and I fear that next winter many a home will be without wood. The dollar subsidy will not attract men to go into the woods this summer to cut wood, because the black flies and mosquitoes will be at their worst in the spring and early summer, and the subsidy will not be in force after June 30. In my opinion mighty little wood would be cut even if the subsidy were increased to two dollars a cord. The only way that I know of to help the situation would be for the Minister of Labour (Mr. Mitchell) to have his selective service board arrange for gangs of men to go into the woods to cut as soon as possible, or alternatively, after the season of flies and mosquitoes is over. I will quote from a letter:

> Regarding being unable to get labour to haul wood in our yard, we believe it is because of the severe weather conditions which have existed during the past two or three months, also because the average labourer refuses to do outside work when there are so many jobs available in different local factories, therefore we are not the only firm suffering accordingly.

In the *Farmer's Advocate* of February 11, 1943, the editor remarks:

> The woodlot is taking on a new significance this year, but owing to deep snow and ice in many districts it is a frozen asset.

That is perfectly true because the farmer has not been able to cut wood in his woodlot. There is another thing which I think is wrong. In the release of March 8 from the office of the Minister of Munitions and Supply (Mr. Howe) it is said:

> The staffs of the coal administration and of the dominion fuel board have been transferred to the munitions and supply department. James McGregor Stewart, K.C. is now coal controller and will retain his title and powers as coal administrator, under which he will continue to regulate prices of coal, coke, and wood fuel.

I think the government would have been a lot better off if they had secured a practical man for that position instead of a lawyer. I have much respect for lawyers, but in this instance a man who knows the woods and the cutting of wood and the handling of coal should have been secured instead of an office man. This is a case where a controller will be needed to control the controller.

The Minister of Finance in his budget is relieving those who have government annuities and allowing them to deduct from their compulsory savings the premiums on those annuities. This I know will meet with the approval of many annuity holders in Canada; in fact I have received a dozen or more letters already this session in regard to it.

I had a letter the other day from a farmer—in fact I have many; they are all frightened about the income tax. They are afraid they will not get the returns in in time; they do not know whether they should deduct for the food they grow and consume on the farm; they are all muddled up. The sooner the minister gets out a booklet instructing these farmers how to make out their income tax returns the better it will be. Just this morning I heard a gentleman say he thought the Minister of Finance had gone into the clothing business—I should say, designing clothes; because, he said, this year the Minister of Finance is making sure that there will be no change in the taxpayers' pocket. No, not a cent.

This war is being carried on on a tremendous scale; therefore the taxpayer has to expect to pay a tremendous amount of money for carrying on the war. The British navy is fighting at the present time on a front of sixty million square miles on the seas. I notice in a booklet I have here that his majesty's ship *Cumberland,* for example, was at sea for 206 days out of 215. The men on those ships are not shirking, and I know the people of Canada will not shirk.

Mr. C. R. EVANS (Maple Creek): In rising to speak at this time on the Ilsley pay-as-you go budget, I should like to add my word of congratulation to the minister for forgiving at least half of the 1942 income tax on earned income. This goes a long way to relieve the minds of many persons in the lower paid brackets so that they can budget and be at least even or practically so at the end of 1943.

We are living to-day in a world of rapidly changing events. Governments which are responsible for the administration of affairs either civil or in connection with the war have to try to foresee what may happen within twelve to twenty-four hours, or a week, or a month. I doubt if many governments to-day under existing conditions foresee much beyond one year.

From time to time we have heard considerable criticism in this house of the government's agricultural policy. Last evening we had that bombastic bombardment from the hon. member for Dufferin-Simcoe (Mr. Rowe), and prior to that we had many criticisms of the Minister of Agriculture (Mr. Gardiner) and his agricultural policy. Coming from an agricultural constituency and having been connected with agriculture more or less all my life I believe I can speak with some degree of assurance on agricultural matters. Therefore in this debate I shall direct my remarks closely to agriculture and agricultural problems.

[Mr. G. K. Fraser.]

Let me take hon. members back to 1939, the first year of the war. I well remember that, in December, 1939, the Minister of Agriculture, speaking in Winnipeg before an agricultural organization, outlined what he recommended to the farmers as the agricultural programme they should follow, at least for 1940, in food production. In 1941 and 1942 the minister has followed that policy very closely, enlarging upon it to some extent as the demand for certain food products increased.

The main feature of that 1939 broadcast was production of live stock, dairy and poultry products. He told farmers that these would be needed in great quantities in both Canada and Great Britain. If we review the three war years, 1940, 1941 and 1942, we find that our cash income from agricultural products in Canada has increased each year until 1942 was possibly one of the highest years in our history, with the possible exception of the boom years 1928-29. We find that in 1940 Canada's cash income from agricultural products totalled $753 million. In 1941 it increased to $898·9 million, while in 1942 it reached $1,083 million. So that none will question that the agricultural cash income for the whole dominion has shown a substantial rise over the three war years. Included in that income is the bonus paid on dairy products, I believe, but not other assistance given to the prairie farmers. Therefore, if we include last year, 1942, we find that the income of the prairie farmers was increased by almost another $100,000,000.

This afternoon I intend to direct my remarks more particularly to agriculture in the province from which I come. In the main, Saskatchewan was a cereal producing province prior to the outbreak of war and for at least one year after. When the Minister of Agriculture advocated a change-over from the growing of wheat to an increased production of coarse grains, live stock and dairy products, the Saskatchewan farmer answered that call. I should like to place upon *Hansard* a few figures indicating to what extent the farmers of my province have increased food production in response to the minister's request. First let us look at the live stock programme. In 1939 we had in Saskatchewan 1,170,200 head of cattle. In 1940 this number increased to 1,249,200, and by 1942 it had increased to 1,395,200. Our marketings increased also. In 1939 we marketed 172,865 head, while in 1942 that figure had jumped to 252,186, an increase of about 70 per cent. I believe these figures will indicate that our income from live stock products has greatly increased. The same can be said about hogs. In 1939 we had only 470,000 hogs in Saskatchewan, as a

result of the drought years we had prior to 1939, but between 1939 and 1942 the farmers of Saskatchewan increased the hog population of that province by about 400 per cent, which I think is a very good showing. We also increased our marketing of hogs during the same period by about the same percentage, and it is estimated that in 1943, the year we have just entered, our hog marketings will be increased by another 150 or 200 per cent. The same thing is true of dairy products. In 1939 Saskatchewan produced only about 25,000,000 pounds of butter, but this increased in 1942 to 41,306,000 pounds. In 1939 we produced 35,550,000 dozen eggs, while in 1942 our egg production amounted to almost 47,000,000 dozen. In 1939 we produced about 212,000,000 pounds of poultry, while in 1942 we produced almost 259,000,000 pounds. This was all done as a result of the appeal by the Minister of Agriculture that the production of essential food products be increased.

I have given the figures showing the cash income from agricultural products for the whole of Canada. I wish to deal now with the figures concerning my own province, for after all that is what I am mainly concerned with, and I know the house will bear with me if I deal with provincial matters for a few moments. I should like to give the figures for the three full years we have been at war, and during which the policy of the Minister of Agriculture has been in operation. In 1940 our cash income from grain was only $109,343,000, and from other field crops, $326,000; from live stock products, $27,255,000; from dairy products, $7,375,000, and from all other sources, including eggs, wool, honey and miscellaneous products, about $8,000,000, making a total cash income from all sources of $149,429,000. I am informed that this figure includes the subsidies paid on butter and dairy products but does not include the various bonuses paid to the farmers of western Canada, so that to that figure we must add something like $27,000,000, which would bring the total cash income of the farmers of Saskatchewan for 1940 to about $170,000,000.

Let us now look at the picture for 1941, to see how our income has increased as step by step the farmers have diversified their farming operations. In that year our income from grain was practically the same, $101,288,000; from other field crops, $350,000; from live stock, $38,235,000; from dairy products, $12,934,000, and the income from all other farm products increased in about the same proportion. Therefore we find that our total cash income for 1941, as a result of the policy that has been so much criticized by some of our hon. friends from Saskatchewan, amounted to almost $159,000,000. Again this does not include the bonuses paid to the prairie farmers, and estimated in that year at about $35,000,000, which means that the cash income of the farmers of Saskatchewan increased in 1941 to about $197,000,000.

Let us now look at 1942; and when we compare these figures with those for 1939 who will say that we have no definite agricultural policy in this country? In 1942 our cash income from grain was about the same, $110,421,000, and there was a slight increase in the income from all other field crops, to $356,000. Just in passing let me say that we have heard a great deal about Saskatchewan not being able to produce certain commodities, but part of this amount was realized from home grown fruits and vegetables. Live-stock production income in 1942 jumped considerably. We find that our income from this source was $53,327,000. Income from dairy products increased to the sum of $16,556,000. Then we must take all other income from agriculutral products such as eggs, wool, honey and miscellaneous items. We find that in respect of these items there is an increase to $8,898,000, making a total income for 1942 of $189,558,000. This figure does not include bonuses paid to the prairie farmers. In 1942 it is estimated that bonuses paid to Saskatchewan farmers amounted to about $40,000,000, making a cash income of $229,558,000, or practically 60 per cent higher than it was in 1939, at the outbreak of the war.

Mr. WOOD: What is the number of farms in Saskatchewan?

Mr. EVANS: I think it is about 140,000.

Mr. DOUGLAS (Weyburn): Would the hon. member explain the figure of $40,000,000 for bonuses in 1942. I know of only the wheat acreage bonuses. Is he including subsidies as well?

Mr. EVANS: There was a carryover from 1941. That was not included in the bonuses I added to 1941 income. We have had it broken down to show what was paid in 1941, and the amount paid in 1942. There is still some bonus money standing on account of wheat acreage reduction. This is a carryover for 1942, and is not included in the items I have mentioned.

Mr. DOUGLAS (Weyburn): Where did the hon. member get the $40,000,000?

Mr. EVANS: It was given to me by the Department of Agriculture, and I believe their figures are fairly accurate. As announced by the minister in Saskatoon, in January of 1943, we are carrying on our 1943 crop production

programme along the same lines as were followed in 1941 and 1942, although extensions have been made where necessities have arisen for greater production.

I believe the Minister of Agriculture is faced with the greatest production task faced by any minister of agriculture in any country of the world. He is asked to produce in quantity and quality, and must produce his quantities under a price ceiling regulating the prices of food. That is a difficult task for any minister, but I must say the present one has made a wonderful job of it so far. I believe that in 1943 the farmers of Canada will answer the appeal by producing more and more foods in the quantity and quality required successfully to carry on our war effort.

For a few moments I should like to outline what is being done in Saskatchewan in 1943. I believe this outline is important on account of certain criticisms and statements which have been made respecting conditions of agriculture in that province. I hold in my hand an issue of the Regina *Leader-Post* of March 5, and I wish to place on *Hansard* a short extract from it. This is a press dispatch respecting a statement issued by the former food controller in Canada, the present minister of agriculture of Saskatchewan, Hon. J. G. Taggart. The statement was made before the annual convention of the Saskatchewan association of rural municipalities. The article states:

The agricultural minister said it was imperative that the farmers of the province comply with the dominion government's agricultural policy for 1943, to produce more cattle and hogs, because they were going to be needed to win the war.

"If they are needed to win the war, that's surely reason enough," Mr. Taggart told the convention, "but there is another reason. It will be to our advantage to follow this programme. Price of dairy products, meats, poultry, are above parity approximately 20 per cent, while wheat, oats, rye and barley are as much as 40 per cent below. Therefore the demand is for products with higher parity prices and the figures show the advantage in producing materials that are demanded."

The transformation of Saskatchewan farms from wheat-growing into stock-raising would not be such a large job, Mr. Taggart said, because figures proved that Saskatchewan had been swinging that way gradually for the past four years. He said that in 1938, 211,000 head of cattle, valued at nearly $6,000,000 was marketed in inspected slaughter houses, while last year the number had been increased to 328,000 head, and the value had reached $22,000,000. Hogs valued at sale a total of nearly $4,000,000 in 1938 and four times that price last year.

That is in 1942.

[Mr. Evans.]

Mr. WOOD: This is a most informative address. In view of increased production on the farms of Saskatchewan, is there any indication that the farmers are liquidating their debts and mortgages?

Mr. EVANS: Yes. Without doubt I believe the last survey indicated that that was so. I was talking to an official of one of the large implement companies who told me that in the district from which I come every account contracted in 1941 and 1942 had been paid. Those are, of course, only implement accounts. It was pointed out that substantial payments are being made on mortgage indebtedness. I do not wish it to be understood that we are liquidating our back debts, because I think anyone in business must know that under existing price conditions with respect to agricultural products, particularly those products produced in large quantities in western Canada, and concerning which quota marketing arrangements have been made, it is difficult to liquidate debts accumulated prior to the outbreak of war. Under the Farmers' Creditors Arrangement Act there has been a general reduction of debts. I am sorry I have not the figures here, and I should not like to quote them unless I could be fairly accurate. I believe, however, that the average adjusted debts in Saskatchewan would amount to about forty-four per cent. If my memory serves me correctly the exact figure is 43 point something or 45 point something.

I understand the agricultural programme is the same in all the provinces, because the programme outlined by the federal minister has been passed on to the provincial departments in each province, for coordination and cooperation. In Saskatchewan I believe our position is unique. In the last two years we have heard criticisms of our organization for the production of agricultural products throughout Canada. References have been made to organizations in the United States, and possibly I might be permitted to tell what we are doing in Saskatchewan. I do so because I believe ours is one of the first moves in Canada to get in direct contact with the individual farmer. In that province we have organized every municipality, so that in each we have a win-the-war committee consisting of members of municipal councils and other outstanding farmers. The duty of that committee is to interview every farmer in the municipality and to make a record of the man-power, the machine power, the number of cattle and other live stock held on the farm and to find out how we can assist, through the department of agriculture representatives and through the federal Department

of Agriculture, the farmers to produce more in 1943 of the required food products. That is the first step we have taken.

But we have extended that. As I pointed out, our sales of hogs in Saskatchewan have increased 400 per cent over the 1938 figure. We have gone a step further to increase that production. I said that we might produce from 150 to 200 per cent more in 1943. Every municipality is taking an active interest in this production campaign. From information I have received from my own constituency I know that the municipalities and the agricultural improvement associations have organized. Brood sows are being shipped into the municipalities and the local improvement districts. These are bred and sold at market value, the average price being around $25 to $30 apiece. You can imagine what it will mean in income next fall to the average wheat farmer in Saskatchewan if he has one, two or three of these sows on his farm.

I happen to have in my constituency an area which in normal crop years produces possibly as much wheat as any other area in Saskatchewan. I refer generally to the area surrounding Shaunavon and running down into Aneroid and into the Kincaid district, represented by the hon. member for Wood Mountain (Mr. Donnelly). I went to Shaunavon during the recess of 1941 and talked with the wheat farmers there and the municipal authorities and others about the possibility of changing from wheat production to the production of other agricultural products. I think all members will realize that it is hard work to get a wheat farmer to adopt any other viewpoint than that of higher prices for wheat and the production of more and more of that commodity. I happened to be in the reading room the other day and on reading the Shaunavon *Standard* I noticed that in one month the farmers of the Shaunavon area had shipped out 1,868 cans of cream. They have organized themselves and are going into hog production. The editor had a good write-up on the programme that they intended to follow in that wheat growing area. The leadership being given by the Minister of Agriculture to farmers, not only of western Canada but all over Canada, will produce this year the greatest quantities of food that we require in Canada and to feed the peoples of Great Britain and any other united nation that may need food. We are going to do more than we ever did in the past.

There has been another extension of our production programme in Saskatchewan. It will be recalled that in the winter of 1941-42 the farmers of Canada were asked to produce more wool. In my constituency there is a large ranching area along the southwest and western side. This area produces vast numbers of sheep and cattle. Last year I think we produced something over a million pounds of wool from the flocks we have there. But that was not enough for the superintendent of the experimental farm at Swift Current. He undertook to increase sheep production in that southwest corner of the province and in the constituency represented by the hon. member for Swift Current (Mr. Graham). In that area there are great natural resources which lend themselves to an increased production of sheep.

In my own constituency there are three major irrigation projects where vast quantities of alfalfa, coarse grains and other winter feeds are grown. Mr. Thompson set out to organize the farmers around each of these irrigation projects. Sheep cooperatives were formed at Valmarie, Eastend and Maple Creek. He has increased the holdings of sheep by ten thousand head. Taking an average of seven to eight pounds a fleece for a range sheep, this means an increase of something like 80,000 pounds of wool. But he was not satisfied even with that. He went out among the farmers all through Swift Current constituency and through my own, in fact all the way west from the third meridian to the Alberta border and north to the Saskatchewan river. He encouraged the farmers to raise small numbers of sheep, anywhere from ten to a hundred head. The result was that the sheep holdings in that area increased by about 40,000 head, which means a greater production of wool for 1943.

I shall not take up any more time in discussing these matters, but I wish to make it perfectly clear that the farmers of Saskatchewan will produce this year more and more of the food products that are required for the winning of this war. The testing time for Canada is about to come. This year we shall be asked to work, to save and to lend. I am sure that the people and the farmers of Saskatchewan will do their utmost to be true Canadians and be ready to serve their country by working and saving and lending any spare money they may have.

Mr. R. W. GLADSTONE (Wellington South): Mr. Speaker, I intend to preface my remarks to-day by reading the message of March 6 from Prime Minister Churchill to the Prime Minister of this country (Mr. Mackenzie King). He said:

I am deeply touched by your very generous message and I send to you and to all members of the parliament of Canada my heartfelt thanks.

I recall with gratitude the warmth of the reception which you all gave me when I visited Canada in December, 1941.

In the darkest days, Canada, under your leadership, remained confident and true. Now the days are brighter and when victory is won you will be able to look back with just pride upon a record surpassed by none.

He pays a tribute to the tremendous contribution that Canada is making to the great struggle in which the world is now engaged. I should like to apply Mr. Churchill's statement as a direct and highly deserved tribute to the Minister of Finance (Mr. Ilsley) by using these words:

> In the most difficult days of financing Canada's war effort under the leadership of our Minister of Finance, the people of Canada have maintained utmost confidence. After the war we will look with pride upon a record in finance surpassed by none.

I have one suggestion to make in connection with budget speeches, that is, that each year this speech should be broadcast. It seems to me that this is the one speech delivered in parliament to which the people of Canada from coast to coast look forward. While it might be an innovation in parliamentary procedure, I believe that great value would accrue if it were possible for the people to hear these budget speeches. The speech of the Minister of Finance, if broadcast over the radio, would have convinced all Canadians of the magnitude of our task and would have been an inspiration to a red-blooded effort on their part. The position of the Minister of Finance is extremely difficult. He is the balance wheel in our national economy. People are not critical about the money he takes from them, but they are critical about the way in which the various departments expend their money. On this point I shall have more to say later, especially in the discussion on the war expenditures committee.

This war eflort, Mr. Speaker, is entirely different from the experience of Canada in the last war. I should like to discuss it briefly under three headings: (a) the fighting forces; (b) equipment; and (c) civilian participation.

The fighting forces must be highly trained in the use of all the new implements of war which science has devised. Armoured tanks ignore fortifications and terrorize fleeing civilians. Bombers rain deadly explosives on charted targets. Fighters dive at 550 miles an hour to rout the enemy. Battleships to-day must lurk in secluded bays while speedy long-range submarines prey on ocean traffic. Protection for this ocean traffic comes from aircraft carriers, and from small speedy warships of various designs. Our fighting forces on the land and sea and in the air must undergo special training in order to handle the modern implements of war with which they are equipped.

The equipment demands have been almost completely revolutionized since the last war. In the last war we placed the emphasis on guns and shells and trenches. In this war we have modern implements of every description designed by skilled scientists and technicians. In the last war our munitions board occupied a few rooms above stores on Sparks street. In this war we have buildings galore all over the city of Ottawa and also in the cities of Montreal and Toronto. We have scientists, technicians and specialists designing and producing these modern implements. The whole country has been harnessed to their production so that perhaps upwards of a million workers are engaged in our war factories. Of necessity boards have had to be set up in order to handle this great programme and direct these huge organizations. These boards have come under criticism, as is always the case where the human element is involved.

Civilian participation in this war is entirely different from that in the last war. I am sure the people of Canada quite generally are satisfied with our munitions programme. I am sure also that they are delighted that our prices have not soared as they did in the last war. I am sure that they are pleased that our whole economy has been kept well balanced and on a fairly even keel. But the people are often irritated over some of the seemingly senseless orders of these boards. They are irritated also by the expenditures of these boards, expenditures which so often appear to be wasteful and unnecessary. The very fact that values have not soared as they did in the last war will be a decidedly favourable factor at the conclusion of this war, when we shall not have the disastrous effects of large depreciations. Those soaring values in the last war brought trouble to many people during the intervening years.

I wish to devote a little time to considering to-day and to-morrow. We have prosperity to-day to a very large degree. It is true that in places some adjustments should be made. It is true that in places adjustments have come rather too late. It should be our endeavour to stabilize this prosperity if at all possible for the future days. It should be our endeavour to get away from these cycles of prosperity and depression so often recurring.

The great mass of our people, generally speaking, may be divided into two classes, agriculture and labour. My home is in the

good county of Wellington, which generally is favoured with good crops. Years ago fine houses and good barns were built in the county. I often wonder how, under present conditions and methods of operating, those fine houses and good barns could be replaced. Many of them are going into disrepair. It seems as though something may be wrong if we cannot to-day build as our grandfathers were able to do years ago. Is it a matter of buying prices and selling prices? Are there some other reasons why the farming community is not in as prosperous a condition as it was years ago? Possibly it is due to too much overhead, to high labour costs. Recently a study has been made in the British isles pertaining to agriculture. The farmers were classified in three types, A, B, and C. The A class included those who were making a success of farming, the B class those who could be helped, and the C class those who should be removed to some other vocation. It does seem to me that our institutions of science and agriculture through the instruments of our departments of agriculture, federal and provincial, should lend more direct assistance to the farmer. A more intensive survey and study of the operations of individual farmers might be made in order to give to the individual farmer directly the benefit of the findings of these institutions of agriculture through study and research.

Western Canada is a great producer of wheat, but one wonders whether we can continue to produce in such enormous quantities, since other countries are likely to endeavour to become, in the largest possible measure, self-contained. One wonders also if something cannot be done to equalize the spread between prices in Canada and in the United States, as illustrated by a differential of fifty cents per bushel of wheat. One wonders if a little scaling up of farm prices would be a serious handicap to the consumers in our towns and cities; because if by some such system we can give the Canadian farmer greater prosperity, it must be remembered that when he makes a profit he spends it in the purchase of goods produced in our factories. We should encourage diversification of our products—a proceeding which happily is going on now in western Canada. We should develop to the utmost our resources of every description, in order that those employed in connection therewith may become purchasers and consumers of the products of the farm.

We should encourage agriculture for another reason. Very fine citizens are produced on the farm. Boys and girls grow up with good habits of right living. They learn how to work. They learn how to save money. They learn much of life through contact with nature. It often seems to me that some means should be undertaken by which every boy in the cities and the larger towns would be given an opportunity to spend six months continuously on the farm. His education could very well be interrupted at some point, say between the ages of fifteen and seventeen, to enable him to do that.

Employment in our factories is contingent on the need for goods. If we give the farmer prosperity it will result, through his greater purchasing power, in larger demand for the goods of our factories. Likewise as regards the development of our other resources: there will be a consequent demand for goods from our factories; and these all together, will produce a cycle of continuous demand for the products of the farm.

Another large group to be considered is that which is made up of the white collar workers; clerks, teachers, executives, scientists and all the professional class. Their position will improve and can only improve with the development of markets and fair prices for our farm products and the further development of our varied resources. The depression which affects the farmer producer hits everybody in the city.

I can think of another scattered group, the schemers and filchers and near-shylocks; I mean those who live by their wits and their scheming at the expense of others. May I suggest that we devote some of our attention to correctives which will give a fair opportunity to the great mass of the people, and take from those who have now, in one way and another, unfair advantages. We need not destroy the desirable things that have been accomplished in the past to get rid of the barnacles that are a handicap to the higher development of the great mass of the people.

When the war is over, half a million or more soldiers will return for other work. We shall release from our munitions plants upwards of a million people who have been diverted to new work during the war. All these people, soldiers and munitions workers alike, will have acquired new training, and will be better fitted to take on larger duties than any they performed before they entered various aspects of war service and production. It seems to me that there will be an opportunity of utilizing their services in cooperating with science in the development of our resources. But of course there will be those who are sick and maimed and who must receive our generous consideration in the matter of homes and pensions.

Finally, there is another class, the aged and the needy, those who have reached a stage when they are no longer able to find work. To them we should extend the utmost generosity, in order that they may enjoy during their latter years a decent standard of living. In view of our enormous expenditures, and the apparent readiness with which we can provide money for destructive purposes, I believe the government should pay heed to the insistence from every quarter of this house that some means be speedily found to recognize and recompense the older people who at present have not enough to give them the essentials of a decent life.

Another challenge has come to Canada. It comes to us in the increasing ratio of marriages in this country during recent years. I am sure every Canadian will feel delighted that our young people believe their outlook to be such that they can take upon themselves the responsibilities of supporting a home. This should be encouraged, through our efforts to give them assurance of income and prosperity for the future. Looking over the days past, I consider it regrettable that so many young people have never felt the assurance that would justify them in taking on the responsibility of maintaining a home. I cannot but recall in this connection a little poem we had in one of our school readers entitled "The Hanging of the Crane":

> O fortunate, O happy day,
> When a new household finds its place
> Among the myriad homes of earth,
> Like a new star just sprung to birth,
> And rolled on its harmonious way
> Into the boundless realms of space!

What is the basis for greater and steadier employment for labour and for the white-collar people I have mentioned? It seems to me it is vision as to the possibilities, and statesmanship in organizing for the development of those possibilities. Other countries I am sure will not be short-sighted in developing their resources and doing their utmost to create conditions favourable to their own people. Therefore, it is up to us as Canadians to make an extraordinary effort to develop the great resources of this land. We must bring science to bear on that development in many fields; in agriculture, of which I have already spoken, in connection with our forests, which we ought to conserve and protect and which we should assure for the future by modern methods of reforestation, and in the development of our mines. Encouragement should be given not only to prospecting but also to development on a sound basis. The same is true with respect to our great oil resources. Surely here we have a field of great opportunity. Various speakers have mentioned our power resources. Almost all across Canada we have water powers that can be harnessed for the benefit of the people. And with the extended use of electric power in our homes there will be demands for various articles operated by electric power, creating a demand for these electrical goods and work for our factories.

The building of necessary highways should be and no doubt will be encouraged. These should be encouraged along channels that will attract tourist traffic. Our efforts in regard to tourist traffic should go far beyond merely advertising for people to come. Facilities should be provided on a large scale for these tourists who will come from the great country to the south. I do not know what is to be done with many of the temporary types of houses that have been built during the war, but, if it is feasible, I suggest that in a large way many of these houses should be taken down carefully and re-erected in localities where tourists visit. Communities of such houses could be established in pretty summer resorts under careful government supervision, and possibly it could be made a source of livelihood for one of our returned men who could take over the management and perhaps a small store operation.

One thing we should guard against is abuses in one way and another, too high prices and unreasonable charges and inadequate service that would tend to discourage tourists and cause them to send unfavourable word back to their friends at home.

Can we not have constructive vision as to the possibilities of our country? We are faced by a threat of destruction; we should be branded as criminals if we slumber amidst our great undeveloped resources. Wherein lies the risk of failure in the development of this dominion? It will be, I contend, through lack of vision. We have the resources and we have the talent. Let not those who have selfish designs discourage us or defeat us.

I intended to have a word to-day relative to an item that should properly have come in the debate on the address in reply to the speech from the throne, but it may not be out of place to refer briefly to it; that is to comment favourably on the proposal of the government to appoint parliamentary assistants. This is a matter that I have advocated in parliament for some years. I came to parliament with an idea of assisting in promoting business methods in government, and in this connection I have advocated various measures from time to time. At one time I proposed a ministry of economy; in another case I had the pleasure of introducing a resolution to revise

the rules of the house, and more recently I have had on the order paper a resolution relative to greater participation by members of parliament in our war effort and post-war planning. Now that parliamentary assistants are to be appointed, I trust these will not be made mere chore boys for the ministers, but that they will be given opportunity for some really constructive work in the department in two directions—in the direction of curtailing unnecessary expenses and also in the direction of planning greater usefulness of the departments in the interests of the development of our country.

Objection has been taken to the use of parliamentary assistants on two scores. The first is that our conditions are not similar to those in the British isles where parliamentary secretaries and undersecretaries are employed. I may point out that we have some nineteen ministers engaged in the supervision of our war effort in Canada, whereas in the British cabinet there are in all about eighty ministers, parliamentary secretaries and undersecretaries. Speaking in this house on February 12, 1942, the hon. member for Parry Sound (Mr Slaght) urging the appointment of undersecretaries, used these words, as reported in *Hansard* at page 539:

> My recent visit to England has confirmed me tenfold in that view, and I will mention one incident. We were privileged to visit eleven cabinet ministers, including every member of the war cabinet, for half an hour privately in their rooms.
>
> I was in Mr. Herbert Morrison's room, and there was with him, a young gentleman, a member of the house, whom he introduced as his parliamentary secretary. Mr. Morrison turned to him at times for verification of certain figures, and this young gentleman was very helpful. I said to Mr. Morrison, "I don't suppose you could carry on without your parliamentary secretary." He answered, "Carry on? I could not possibly. I have three parliamentary secretaries, and with them I find it difficult to do all the work I have to do."

Another objection taken in this house to the appointment of parliamentary assistants was that they would be as a fifth wheel to a coach. Well, I would remind the hon. member who took that objection that in the transportation of passengers to-day, safety and speed require that coaches have six wheels. It may be said also that in some departments, on account of illness or for one reason or another, officials have been distinctly handicapped and prevented from giving the best possible service because they have had to wait for instructions and directions. I could enlarge upon this point, but I do not propose to do so at this time; perhaps the question will come up at a later date.

When I attended a little red school there was another boy in our group who was the winner in most of the fights. We were happy when he was removed. The star player in a hockey game is often sent spinning to the boards. The winning horse is frequently crowded to the rail. We are envious of our rivals; we like to get rid of them, because they are obstacles to us. This is true in politics also. Particularly will the monopoly controls and selfish interests endeavour to destroy those who stand in their way. Our Prime Minister has been a great obstacle to rival parties, and certainly they would like to get rid of him. Is there an hon. member who would not like to change some item in some policy to suit particular conditions in his own riding? I do not hesitate to say that some features of our man-power policy are not to my liking, that I have disapproved various regulations issued by some of the boards which have been set up and which have incurred not a little criticism in many parts of Canada on the grounds of waste and extravagance. But some hon. members would acclaim the very thing which I would disapprove, and so it goes all the way across the country. Taking Canada's war effort as a whole, I say the sum total of that effort as represented by the armed services, our munition production, our food production, our financing and so on, is a most creditable record. We shall be judged not by individual items, not by those little things that may irritate our people back home, but by the sum total of the contribution of Canada at this time to the support of our allies. I stand to support any policy of progress looking to the broad development of the resources of our country.

Mr. P. E. WRIGHT (Melfort): Mr. Speaker, I should like to compliment the hon. member who has just taken his seat (Mr. Gladstone) upon the subject matter of his address, which was very much to the point.

While listening to the budget speech of the Minister of Finance (Mr. Ilsley) I found it very difficult to picture in my mind what these tremendous sums of money really meant, and I believe an ordinary citizen of this country would find the same difficulty. Most of us are accustomed to speaking of money in terms of ten dollars or a hundred dollars, and when we get into the millions and billions we are rather at a loss. I point out, Mr. Speaker, that if you had been born in the year one and had spent a thousand dollars a day, every day, up to the present time, you would have to live another 790 years, spending a thousand dollars a day, before you would have spent a

billion dollars. When you think of it in that way it seems like a lot of money; and we in Canada are spending five and a half billion this year, an amount equal to the value of all our agricultural land together with the stock and equipment on it. We are going to raise that money in Canada this year, I think without too much difficulty.

A few moments ago the hon. member for Maple Creek (Mr. Evans) called ours a pay-as-you-go budget. I would hardly call it that, when we shall have to borrow at least fifty per cent of the total, if not more. Nevertheless this amount of money represents the physical effort that we are to put forth in carrying on this war during the coming year, and looked at in that way it does not seem so bad. It means that we shall have to do without some of the things to which we have become accustomed, but I think the people of Canada are prepared to do that provided the government will use the money to the best advantage. When we see certain reports in the newspapers, however, and read certain findings of committees set up by this house in regard to the expenditure of public money, a certain amount of doubt is created as to whether this money is being spent in the best way. During the war we have had more prosperity than we had for several years prior to the war. We have also had more equality of sacrifice than we had for a considerable period before the war, and I think the minister is to be congratulated in that his budgets have tended to bring about that equality of sacrifice, because we cannot have a complete war effort in this country without it.

My chief criticism of this budget is that it has not gone just one step further in that direction. Apparently the minister is satisfied that we have in Canada to-day equality of service, but before I am through I hope to point out a few of the ways in which I believe we can have even greater equality. I believe this equality of service is the reason why Great Britain has been able to make such a great war effort. There has been an increased recognition of the value of the common man, which has greatly stimulated the war effort in that country.

A story is told of the Hon. Mr. Bevin. Shortly after he was taken into the cabinet he was called into conference with a group of bankers. Apparently they were trying to impress upon him their importance in the war economy of the country. His answer is reported to have been this: "Gentlemen, if a bomb were to drop here this minute and you were annihilated, it would not make a particle of difference to the war effort of Great Britain; but if a bomb were to drop in one of our factories and were to kill one of my workmen who is making a ship, a plane, a tank or a gun, that would make a difference to our war effort." I believe it is the realization of that principle in Great Britain which has placed them where they are to-day. We must recognize the same principle in this country.

Speaking yesterday, the hon. member for Winnipeg North Centre (Mr. Knowles) said that this war was being fought by the common man, that the materials were being produced by the common man, and that after it is over it will be paid for by the common man. I believe that is right. An editorial which appeared yesterday in the Ottawa *Journal* made me feel rather sick, particularly when I thought back to the late war, its mud and filth, the sacrifices made in the trenches of France; when I thought of our young men in this war who are going over Germany every night in bombers; when I thought of Dieppe, and when I thought of the battles still to be fought. That editorial criticized the Cooperative Commonwealth Federation for certain criticisms it had made respecting dollar-a-year men brought to Ottawa to assist the government. The editorial pointed out that these men, in leaving their homes and coming to the crowded city of Ottawa to live at the Chateau Laurier, with from $10 to $30 a day expenses, as well as their regular salaries at home, were making tremendous sacrifices. To my mind, it just did not seem to make sense.

I should like to point out three ways in which I believe we could have more equality of service, without in any way detracting from our war effort. It is my belief that my suggestions would have the effect of adding to our effort. My first suggestion is that we should have more equitable prices for certain primary products produced by our farms. Apparently the Minister of Finance thinks that parity prices on agricultural products would tend to bring about inflation. I cannot agree with him in that respect. Despite the very fine picture painted this afternoon by the hon. member for Maple Creek with regard to conditions in Saskatchewan, I know a large share of the money received in that province from increases in prices of agricultural products would go toward paying off past debts. Ninety per cent of the farms in Saskatchewan carry encumbrances, and the paying of that debt would certainly not have any inflationary effect. Therefore I say if we are to obtain maximum production from our

farms we must give prices which will meet the cost of production, and leave something over for the people who are producing.

My second suggestion to bring about a more equitable effort and a more equitable sacrifice is that we should have a higher minimum wage than is being paid in many of the provinces. Certainly many of our working people to-day are not receiving sufficient to give them the minimum nutritional standard of living they should have to maintain health. We find that condition right in Ottawa, among government employees. No girl getting $60 a month, plus a cost of living bonus which is exhausted almost entirely by deductions from her salary, can possibly have the standard of living she should have. If she must pay any additional expenses, such as medical operations, dental care, or other exceptional expenses she would be in debt for years to come, if she has no other income or if her parents are unable to meet those expenses. In several provinces minimum wages are so low—from twenty to thirty cents an hour—that those in receipt of them are not receiving the remuneration they should have for the service they are rendering the state.

My third suggestion for a more united war effort is the payment of higher old age pensions, widows' allowances and veterans' allowances than are now being paid. We should also have health insurance provisions. Many hon. members, from all sides of the house, have spoken concerning old-age pensions. I have not yet heard one who has advocated our present scale of payments in this connection. It is ridiculous to think that in a civilized country we give such miserable pittances as we are giving to-day. It has been said that the treatment of old people, and the sick and helpless is a mark of civilization. If $20 a month is Canada's degree of civilization I am not very proud of it, and I am sure many hon. members will feel as I do.

We learn it is a custom among some of the African tribes that when a person becomes too old he is wrapped in a skin, taken out and left in the bush for the jackals to eat. At least their suffering is over in one night. In Canada we give this miserable pittance to our old age pensioners, just enough to prevent their dying, but not enough to live on. It is slow starvation, and a system which reflects no credit upon us. Surely this is one of the things about which our social security committee should do something—and do it at once, not a year from now or two years from now.

In his speech yesterday the hon. member for Swift Current (Mr. Graham) tried to tell us what the Cooperative Commonwealth Federation platform is. Well, when I want to know the tenets of the Presbyterian faith I do not go to a Hindu. When I want to know the principles upon which the Cooperative Commonwealth Federation is founded I certainly will not take the word of the hon. member for Swift Current. Apparently he thought I did not understand the platform of this party. Well, for his information I would point out that I have been a member of the Cooperative Commonwealth Federation since its inception, and that I believed in the principles incorporated in our platform for many years before the political organization was formed. Apparently he does not realize just how our platform is formed. The Cooperative Commonwealth Federation platform is formed by the small committees which meet in the constituencies throughout Canada. These local committees meet and draft resolutions; every year there is a constituency convention to which the resolutions are sent, and from there they go to the provincial conventions which are held each year. I know of no more democratic way than that of forming a political platform.

He made reference also to the fiscal policy of the present government, but I wish to point out to him that the growth of monopolistic control in this country has been greater during the last twenty-two years than in any other period in Canada's history. Of those twenty-two years his party were in power for seventeen years and the party to my right were in power for five years. It is the result of their policies and their encouragement of monopolistic control in this country that brought about the formation of the Cooperative Commonwealth Federation by the people of Canada for the purpose of overcoming these very evils. He gave us certain ideas with regard to the fiscal policy of this country, but I should like to read what the platform of his party was in 1919 with regard to tariffs. This is the report of the national Liberal convention held in Ottawa in August, 1919.

Mr. GILLIS: The last one held.

Mr. WRIGHT: Yes, I believe it was the last one held. The resolution on tariffs reads:

> 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.

That, to these ends, wheat, wheat flour and all products of wheat; the principal articles of food; farm implements and machinery; farm tractors, mining, flour and saw-mill machinery and repair parts thereof; rough and partly dressed lumber; gasoline, illuminating, lubricating and fuel oils; nets, net twines and fishermen's equipments; cement and fertilizers, should be free from customs duties, as well as the raw material entering into the same.

That a revision downwards of the tariff should be made whereby substantial reductions should be effected in the duties on wearing apparel and footwear, and on other articles of general consumption (other than luxuries), as well as on the raw material entering into the manufacture of the same.

That the British preference be increased to fifty per cent of the general tariff.

And the Liberal party hereby pledges itself to implement by legislation the provision of this resolution when returned to power.

That is some twenty-three or twenty-four years ago. Before going any further, I should like to point out that the tariff is not the only means by which protection is given industry in this country. Protection is given also by the manipulation of exchange. During the last ten or twelve years industry has received as much protection from the manipulation of exchange as it has from the tariff. Having said that, I wish to point out what our position is to-day with regard to the tariff on some of the farm machinery which the Liberal party said in 1919 would be removed as soon as they were returned to power.

Take tractors, for instance. There is no duty on tractors coming into this country, but there is an eleven per cent exchange on the Canadian dollar and there is a ten per cent war exchange tax, or a total of twenty-one per cent protection on tractors entering this country. The farmers of Canada pay twenty-one per cent more for their tractors than they would have to pay if that exchange were not there. Combines are being used more and more in this country. There is a seven and a half per cent duty on these, a ten per cent war exchange tax and an eleven per cent exchange, or a total of twenty-eight and a half per cent protection.

Milking machines are needed to obtain the required increased dairy production. There is a 10 per cent duty on these, a 10 per cent war exchange tax and an 11 per cent United States exchange or a total of 31 per cent protection. Small gasoline engines are used on nearly every farm for pumping water, for running the milking machine, for running the separator and for a hundred and one other duties. The duty on these is 25 per cent; there is a 10 per cent war exchange tax and an 11 per cent United States exchange. I give a tabulation of these figures as follows:

	Duty	Sales tax	Excise tax	War tax
Tractors	Free	None	None	10%
Combines	7½%	None	None	10%
Engines (washing machines)	25 %	8%	None	10%
Milking machines	10 %	None	None	10%
Cream separators	12½%			10%

On the washing machine that is used on nearly every farm, the machine operated with a small gas engine, the duty is 25 per cent; there is a 10 per cent war exchange tax and an 11 per cent exchange, or 46 per cent protection in all. Let us see just what is the accumulative effect of all this upon the price of a washing machine. In the first place, a machine which would cost $100 in the United States, with a duty of $25 would cost in Canada $125. The war exchange tax of 10 per cent would increase this to $137.50, and the regular exchange would bring it up to $151.25. So far it has cost $51 more for this machine in Canada than would be paid for it in the United States, but let us carry on a stage further. There is an 8 per cent sales tax on this machine which increases the cost to $163.45. The wholesaler or importer who brings in the machine will want a commission of 10 per cent, which would bring the cost to $179.34. The retailer's commission on this type of machine is at least 30 per cent, which brings the cost to $233.72. That is the total cost to the farm home in Canada. I do not know just how my hon. friend can justify the policy which has been followed by his government which has been in power in Canada during seventeen of the last twenty-two years. It seems to me that it is time something was done with regard to these additional costs which are placed on the agricultural industry of this country.

My hon. friends to my right know that from 1932 to 1935 the difference in exchange between the British pound and the Canadian dollar was something over 18 per cent; the British pound was worth only $3.86. At that time we were selling practically all our exports on the British market; we were not selling any beef on the United States market. Our beef, our pork and our exports of wheat and coarse grains were all going to Great Britain and we were getting only $3.86 to the pound.

We were losing fifteen cents a bushel on every bushel of wheat we sold from 1932 to 1937, when wheat in western Canada dropped to as low as twenty-three cents a bushel. We were losing three cents a pound on every pound of beef we exported and losing two

cents a pound on our hogs when we were selling them for three cents a pound. Is it any wonder, then, that agriculture in western Canada is in the position in which it is to-day? What is taking place to-day? That is the basis on which we are doing our purchasing. Then, when we go to sell our agricultural products what happens? When we attempt to sell our beef to the United States we find that that market is closed to us and that our price is based on the ceiling price that has been set on beef in this country. When we try to sell our flax to the United States—again, the ceiling price; when we attempt to sell our coarse grains—again, the ceiling price. We do not get the advantage we would have if we could sell in the United States market, and in addition we lose the advantage of the exchange. To sum it up, on everything we purchase we pay the toll. When we sell, we sell on the basis of a fixed price at home. Agriculture cannot get into any better position than it is in to-day as long as those conditions continue, and I urge my hon. friend the member for Swift Current (Mr. Graham) to continue to bring pressure on the government for the next twenty years and perhaps then something might be done about it.

I should like to say a word or two about the loans which we shall have to float during the coming year. We have to raise $2,750,000,000. That is a lot of money. It would not make so much difference, in my opinion, if all the people of Canada were able to subscribe equally to these loans because then we would simply owe the money to ourselves. But that is not the case and has never been the case. In the first victory loan floated the quota for Saskatchewan was set at $8,000,000 by some of the best financial experts we have in this dominion. It was their opinion that that was the amount of money which could be raised in that province. In the last loan, if the reports that came over the radio were correct, one mining company in Canada, International Nickel, subscribed $10,000,000. I ask hon. members, do they consider that we have a balanced economy in Canada when one mining company can subscribe more to a victory loan than the quota allotted to 870,000 people in the finest agricultural province of this dominion? It just does not make sense, and unless more of the people are able to subscribe to these loans, unless we can have a more equitable distribution of them, we shall have a very serious condition in Canada after this war.

I would point out that a very small proportion of these loans is being taken by our soldiers. How much are the 650,000 men who are in our armed forces able to subscribe to our war loans? A very small proportion. How much are the people engaged in agriculture able to subscribe? Again a very small proportion. How much are the men in the income groups below, say $1,500 a year able to subscribe to our war loans? They are able to buy war savings certificates and take the odd $50 or $100 bond, and that is about their limit. Yet the three groups I have just mentioned comprise approximately seventy per cent of the population of Canada. In other words, Mr. Speaker, the remaining thirty per cent of our population are buying seventy per cent of our loans; after this war is over, that thirty per cent, through their holdings of these loans and the interest which will have to be paid on them, will be able to command the services of the other seventy per cent of the population of Canada, and that seventy per cent will have to continue to pay tribute not only for one generation but for generation after generation. That is not a healthy condition in any country. It is not a healthy condition for our soldiers when they come back to have to find that for generations they will be paying interest on the loans for the war which they fought and won. These loans should be placed on a different basis. We should have interest-free compulsory loans levied according to the ability to subscribe of the great corporations and holders of wealth. That is the only way in which we shall obtain an all-out war effort in this country with equality of sacrifice.

Mr. WOOD: Does the hon. member realize that some of these large financial companies, like insurance companies, which have subscribed to the war loans, are simply investing the collective savings of the ordinary common people of this country?

Mr. MacINNIS: The widows and orphans again!

Mr. WRIGHT: I cannot see that the $10,000,000 which International Nickel subscribed has anything to do with the accumulated savings of the ordinary people of this country.

Mr. WOOD: There is nothing to prevent anybody from holding stock in International Nickel.

Mr. WRIGHT: The funds of some of our insurance companies represent the accumulated savings of our people, but that is not necessarily true of all of them.

Mr. COLDWELL: They get a lot of money from mortgages.

Mr. WRIGHT: If you look into the affairs of insurance companies you will find that the small policyholder is very often wiped out

before he ever gets any benefit from his insurance. As a matter of fact, in Saskatchewan during the depression years I am sure that well over sixty per cent of the policyholders—

An hon. MEMBER: Ninety per cent.

Mr. WRIGHT: I am putting it conservatively when I say that sixty per cent of the small policyholders in Saskatchewan were wiped out. If we are to achieve the all-out war effort that we should have in Canada and that we can make, we shall certainly have to do something about some of these inequalities which exist in our system to-day.

On motion of Mr. Perley the debate was adjourned.

On motion of Mr. Mackenzie (Vancouver Centre) the house adjourned at 6 p.m.

Monday, March 15, 1943

The house met at three o'clock.

ANGLO-AMERICAN CONSULTATIONS

CANADIAN REPRESENTATION—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I ask for leave to move the adjournment of this house for the purpose of discussing a matter of urgent public importance. I refer to the matter of Canada's participation or non-participation in the present talks being carried on by representatives of the British government and the President and other officials of the United States.

Mr. SPEAKER: Under standing order 31 an hon. member desiring to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance rises in his place and gives notice and sends to the Speaker a statement of the reasons for his motion. The matter must be one of urgent public importance. If the matter is not in the opinion of the Speaker of such urgent public importance he may not put the motion to the house. In the suggestion made by the hon. member now I do not think there is such urgency as to justify the motion he has made; therefore I do not present it to the house.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SELECTIVE SERVICE—SINGLE MEN ON FARMS

Mr. LACOMBE:

1. Did the government authorize the director of selective service to announce that single men eligible for military training would be taken away from their farms in order to undergo military training?

2. If so, was this announcement broadcast by the C.B.C., and when?

3. Has the government authorized the same official to announce that single men as above mentioned, will be replaced on farms by unmarried men not qualified for military service?

4. If so, was this statement, (a) broadcast, (b) when, (c) over what network?

Mr. MITCHELL:

1. No.

2. Not to the knowledge of the government and certainly not with the authority of the government.

3. No.

4. No.

PRAIRIE FARM INCOME BONUS—HOEY, SASK.

Mr. DOUGLAS (Weyburn):

1. Was the prairie farm income bonus paid to either Dr. F. P. Moreau or W. A. Boucher, of Hoey, Saskatchewan, or any member of their immediate family?

2. If so, what is the amount of the bonus paid?

Mr. GARDINER:

1. No.

2. Answered by No. 1.

CANADIAN COLLIERIES LIMITED

Mr. O'NEILL:

1. Is any monetary assistance being given by the government to Canadian Collieries Limited, Dunsmuir, B.C.?

2. If so, on what basis and what amount has been paid to this company to date?

Mr. HOWE:

1. Yes.

2. (1) Assistance paid to Canadian Collieries (Dunsmuir) Limited in recovery of the cost of living bonus not covered by surcharge Sept. 1, 1941-Dec. 31, 1942, $74,373.88.

(2) Assistance under Order in Council P.C. 3971 of December 5, 1939 in respect to coal sold for ships' bunkers calendar year 1942, $103,950.96.

(3) Payment by emergency coal production board as an accountable advance for production subsidy for November and December 1942, $62,850. This covers losses incurred due to increased costs and increased wage scales.

CANADIAN ARMY (RESERVE)—MARRIED MEN UNDER THIRTY

Mr. GREEN:

1. Are married men under the age of thirty years eligible for enlistment in the reserve army?

2. If so, when was the change made which enables them to enlist?
3. Have there been any other changes since July 1, 1942, in the qualifications for enlistment in the reserve army?

Mr. RALSTON:

1. Yes, provided they are not within the age classes designated by proclamation for military training under the national selective service mobilization regulations. Married men under the age of thirty years are therefore eligible for enlistment in the reserve army if

(a) they are between the ages of 17 and 19;

(b) born during the years 1917 to 1924, provided those born in 1924 have attained their nineteenth birthday and (1) they have been granted postponement of military training; or (2) they have been called but are found to be in a medical category below that prescribed as acceptable for military training under regulations made pursuant to the National Resources Mobilization Act, 1940.

(c) they were born prior to the year 1917;

(d) they belong to the classes of persons to whom the national selective service mobilization regulations do not apply, such as judges, clergymen, members of municipal police forces or fire brigades, etc.

(e) students undergoing approved military training under the national selective service mobilization regulations.

2. February 17, 1943—Canadian army order No. 86.

3. No. The only change made by Canadian order No. 86 was to provide that all married men born prior to 1917 are now permitted to join the reserve army, whereas previously those under the age of thirty were required to be in a medical category lower than "B".

INVENTIONS BOARD

Mr. SHAW:

1. When was the inventions board established?
2. Was this board established by act of parliament or by order in council?
3. Who are the members of the board?
4. What is the procedure with respect to the handling of proposals, suggestions, etc., submitted to the board?
5. How many have been submitted to the board since it was established?
6. How many have been accepted in whole or in part?
7. What is the usual procedure with respect to the compensating of persons whose inventions have been accepted?
8. Who are the members of the examining committee of the inventions board?

Mr. MacKINNON (Edmonton West):

1. January 24, 1940.

2. Order in council, P.C. 239.

3. The acting president, National Research Council, Chairman; acting deputy minister, Department of National Defence (Navy); deputy minister, Department of National Defence (Army); deputy minister, Department of National Defence (Air).

4. Proposals relating to inventions that are received directly by the board or referred to it by government departments, are submitted to an examining committee for investigation. The committee endeavours to ascertain if the invention contains any feature of practical utility not already known to those responsible for the prosecution of the war and is empowered to seek the advice of appropriate scientific or military consultants. The consultants include members of the scientific staff of the National Research Council and specially qualified officers of the armed services. Inventions considered to be worthy of development are referred to appropriate government departments or other organizations. Inventions are rejected on the grounds of impracticability or lack of novelty, or because the invention, though sound, is not needed, is already in use, or would require too long a time to develop to the effective stage.

5. To December 31, 1942 the total number of inventions received was 10,424.

6. The inventions board is not empowered to accept inventions. Its functions are to examine inventions, reject impracticable and unsound proposals and to assess the value of promising ideas and place them before the appropriate government officers. From 10 to 15 per cent of the proposals received are of such evident merit that they must be referred to the appropriate panel of consultants before a decision can be reached regarding them. About four-fifths of the proposals now being received deal with ideas which have been previously considered by the board or that are of slight technical interest but of no immediate military value.

7. The department which accepts the proposal is responsible for making all necessary agreements.

8. The secretary of the board, Mr. H. V. Haight, Mr. P. L. Pouliot.

GORDON MURCHESON

Mr. CARDIFF:

1. Is Mr. Gordon Murcheson an employee of the government?
2. If so, what is his position?
3. When was he appointed to this position?
4. What is his salary and allowances?
5. What was his former occupation and where?

Mr. MacKINNON (Edmonton West):

1. Yes.

2. Director of soldier settlement, and director, Veterans' Land Act, 1942.

3. Appointed director of soldier settlement on March 1, 1938. Appointed director, Veterans' Land Act, with effect November 25, 1942.

4. $8,000 per annum for the combined positions. No allowances other than travelling expenses.

5. Chief executive officer of the Canadian Farm Loan Board for the province of Alberta at Edmonton.

WAR SAVINGS STAMPS AND CERTIFICATES—VICTORY BONDS—SALESMEN ON SALARY

Mr. GREEN:

1. How many persons in each province are in receipt of a monthly salary from the national war finance committee for the sale of war savings certificates, war savings stamps and/or victory loan bonds?

2. Are such persons engaged on a full time basis or are they at liberty to carry on some additional business or occupation?

Mr. ILSLEY:

1.

Province	Total personnel as at January 31, 1943
British Columbia	46
Alberta	27
Saskatchewan	43
Manitoba	22
Ontario	192
Quebec	112
New Brunswick	5
Nova Scotia	6
Prince Edward Island	2
Total	455

2. Of the above number, 78 persons are engaged on a part-time basis and are at liberty to carry on some additional business or occupation.

MOBILIZATION ACT—POSTPONEMENTS OR DEFERMENTS OF CALL

Mr. DIEFENBAKER:

1. How many men of call-up age, by provinces and/or military districts, who are serving in the reserve army, have thereby secured deferment from call under the National Resources Mobilization Act, or have not been required to report for medical examination, or have been granted postponement?

2. Of these, how many hold, (a) commissioned rank, (b) non-commissioned rank, in the reserve army?

Mr. MITCHELL: To obtain the information to answer this question would involve an examination of the individual files in each mobilization administrative division which would necessitate a special staff and additional office space, neither of which is available. It is not considered in the national interest to undertake the work which would be involved in answering this question.

WARTIME PRICES AND TRADE BOARD—PRICES AND SIZE OF NEWSPAPERS

Mr. TUSTIN:

Does the control of the price and size of newspapers come under the wartime prices and trade board?

Mr. ILSLEY: Yes; however newspapers have been exempted from section 7 of the maximum prices regulations since in general it is not possible to arrive at a common measurement of value for publications, nor to establish for the publishing business any general principle to determine what price increases should be permitted and what the extent of such increases should be.

The size of newspapers is not directly limited by the board but the supply of newsprint to publishers of newspapers is controlled by the wartime prices and trade board through the administrator of publishing, printing and allied industries.

SHACKLING OF WAR PRISONERS

Mr. DIEFENBAKER:

1. Are there at present any Canadians in shackles in German prison camps? If so, how many?

2. Have protests against this practice been made through neutral sources by the Canadian government?

3. If so, have any assurances been received that this practice will be discontinued?

Mr. MACKENZIE KING: The indications are that some prisoners of war are still shackled in German camps and those shackled include Canadian prisoners. Exact figures of the numbers involved are not available. Representations have been made through the Swiss government acting as protecting power, but it would not be in the interest of the prisoners themselves to indicate at this time the status of the negotiations.

TIMBER CONTROL—A. S. NICHOLSON

Mr. REID:

1. On what date did Mr. A. S. Nicholson become associated with the Department of Munitions and Supply?

2. On what date was he made timber controller?

3. What was the total amount paid him by way of salaries, expense account and living allowances?

4. On what date did he tender his resignation?

5. During the period of his association with the Department of Munitions and Supply, what amount of purchases were made through or by the Department of Munitions and Supply from Nicholson and Cates, Burlington, Ontario?

Mr. HOWE:

1. July 16, 1940.

2. Appointed assistant timber controller, July 16, 1940; appointed timber controller, June 15, 1941; appointed associate timber controller, Nov. 2, 1942.

3. No salary or allowance was paid to A. S. Nicholson but actual expenses from the date of his appointment, July 16, 1940 to January 19, 1943 to the amount of $17,072.76, were paid.

4. His resignation was tendered verbally and went into effect on January 19, 1943.

5. $87,259.47.

WOMEN'S LAND ARMY

Mr. FRASER (Peterborough West):

1. Has Canada a women's land army?

2. If not, does the government contemplate the organization of one?

Mr. MITCHELL:

1. In Ontario during the last three years the dominion and provincial governments, under the terms of a joint agreement, have organized various groups of women, including the women's land brigade; the farmerette brigade; the farm girls' brigade; the farm commando brigade; and the canning industries. This type of organization has proved most effective and is considered a more satisfactory and practicable method of organizing women farm workers, particularly in those provinces where the seasonal requirements fluctuate very extensively. A uniformed women's land army as such has not been organized.

2. Yes, in any province where this type of organization seems advantageous and is recommended by the provincial government.

DECENNIAL CENSUS—FAMILIES AND CHILDREN

Mr. DORION:

According to 1941 census, what is for each of the provinces, (a) the number of families, (b) the number of children, (c) the number of children of every family?

Mr. MacKINNON (Edmonton West):

Preliminary figures from the 1941 Census based on a 10 per cent sample

(a)

Province	Total families
Canada	2,486,920
Prince Edward Island	21,370
Nova Scotia	128,730
New Brunswick	91,140
Quebec	617,990
Ontario	903,380
Manitoba	158,320
Saskatchewan	187,840
Alberta	181,820
British Columbia	196,330

(b)

Province	Total number of children at home, 24 years of age and under
Canada	4,628,000
Prince Edward Island	40,730
Nova Scotia	246,900
New Brunswick	207,040
Quebec	1,498,360
Ontario	1,372,660
Manitoba	271,430
Saskatchewan	386,600
Alberta	341,730
British Columbia	262,550

(c)

Province	Families by children per family								
	0	1	2	3	4	5	6	7-9	10+
Canada	782,000	583,200	432,790	261,160	160,220	98,500	63,240	84,920	20,890
Prince Edward Island	7,030	4,750	3,340	2,250	1,340	950	660	930	120
Nova Scotia	38,690	30,800	21,600	13,600	9,040	6,010	3,540	4,390	1,060
New Brunswick	25,700	19,340	13,930	9,950	6,750	5,050	3,810	5,460	1,150
Quebec	174,330	123,030	92,020	64,630	47,490	34,340	25,760	43,170	13,220
Ontario	315,430	228,760	163,610	89,910	48,330	26,130	13,950	14,800	2,460
Manitoba	48,740	38,550	30,900	17,620	10,270	5,080	3,160	3,310	690
Saskatchewan	49,440	42,200	34,850	23,800	14,750	9,510	5,510	6,510	1,270
Alberta	49,200	44,680	35,690	21,570	13,370	7,240	4,760	4,570	740
British Columbia	73,440	51,090	36,850	17,830	8,880	4,190	2,090	1,780	180

PRICE CEILING—MILK

Mr. ROY:

What were the price ceilings per hundred pounds, of milk purchased in 1942 from producers by the distributors in the different zones in Quebec and Ontario?

Mr. ILSLEY: There are no price ceilings on milk or butterfat sold by the primary producer to manufacturers or distributors. A producer is only affected by price ceilings when he sells milk or butterfat directly to the consumer.

NEWSPRINT PRODUCTION—SHORTAGE OF ELECTRIC HORSE-POWER

Mr. BRUNELLE:

What was the shortage of electricity in h.p. which caused the federal government to reduce newsprint production, in 1942, (a) in Ontario, (b) in Quebec, (c) in other provinces?

Mr. HOWE: To insure against shortages of power required for war production it was decided that power use would be required to be reduced:

(a) 200,000 h.p. in Ontario (Niagara system).

(b) 200,000 h.p. in Quebec.

(c) Nothing (not in shortage area).

SELECTIVE SERVICE—TRAINED PERSONNEL EMPLOYED BY DISTILLERS

Mr. NOSEWORTHY:

1. Has the selective service department taken any steps to ascertain whether any of the distilleries in Canada are retaining more chemists and other trained personnel than are absolutely essential?

2. Have any steps been taken by selective service to ensure that such surplus personnel is being transferred to essential war industries?

Mr. MITCHELL: Yes, and it has been ascertained that there is no surplus. At the moment the distilling industry has asked for nineteen chemists or chemical engineers who have not been supplied.

STEEL CONTROL—SALE OF IRON FENCING

Mr. NOSEWORTHY:

1. Did any officer of the salvage department of the air force receive permission from the steel controller's office to sell by tender, or otherwise, any quantity of iron fencing on or about October or November, 1942?

2. From what office did this iron fencing come into possession of the air force?

3. To whom and for what price was the fencing sold?

4. Was this fencing shipped to Toronto?

5. Was the cartage paid by the seller or the purchaser?

6. What was the amount of cartage paid?

7. How many pounds of such material were sold?

Mr. RALSTON:

1. No. There was, however, a quantity of iron fencing accruing from the construction of the building on Cartier square which was referred to the scrap disposal branch, Department of Munitions and Supply, by the engineer in charge of the job for disposal. This was in accordance with procedure promulgated by the Department of Munitions and Supply as received by air force headquarters under cover of letter from the treasury office (salvage division) letter S.3592-A F.D.83 dated 3rd September.

[Mr. Ilsley.]

2. This iron fencing was authorized to be disposed of as indicated previously, by the deputy minister, Department of Public Works, province of Ontario.

3. To Louis Rubin, Esq., 42 Beatrice street, Toronto, under salvage minute 20913 for $167.50, later corrected by salvage minute 21409 and the addition of $44.89, making the final selling price $212.39.

4. Yes.

5. By the purchaser.

6. $58.33.

7. 12,680 pounds.

FOREIGN EXCHANGE CONTROL—PROPERTY INVESTMENTS AND BANK DEPOSITS IN FOREIGN COUNTRIES

Mr. HATFIELD:

1. Did the foreign exchange control board require every person, firm or corporation to report property investments and bank deposits held in foreign countries?

2. If so, what is the total amount of investments held by Canadian banks in Cuba?

3. What is the total amount of investments, held by Canadians, other than banks, in Cuba?

Mr. ILSLEY:

1. The foreign exchange control order, which was passed on September 15, 1939, required that all foreign exchange and foreign securities in the possession, ownership or control of any resident of Canada (including Canadian firms and corporations) on that date be declared to the foreign exchange control board unless the board otherwise provided. For the purposes of the order, "foreign exchange" included any foreign currency and any bank balance or other deposit payable in any foreign currency; "foreign securities" included stock, shares, bonds, debentures, etc., issued by or on behalf of any government, municipal or other authority outside Canada or by any society, company or corporation whose head office is outside Canada.

By regulation the board provided that foreign exchange or foreign securities in the possession, ownership or control of any Canadian resident having a value not exceeding, in either case, $1,000 in Canadian currency need not be declared. No reports were required under the foreign exchange control order of property other than foreign exchange and foreign securities.

2. In the case of Canadian banks and insurance companies doing business outside of Canada, reports required by the foreign exchange control board related to the total assets and liabilities of such corporations in terms of each foreign currency, with a view to establishing the net capital investment, if any,

outside of Canada. Details of their holdings of foreign securities by issues or countries were not obtained.

3. The returns made to the board disclose that on September 15, 1939, residents of Canada (other than Canadian banks and life insurance companies) held bonds of Cuban companies having a par value of $31,000 in U.S. funds and £18,667 and a relatively small amount of shares in Cuban companies. No information is available as to the value of these holdings.

REPORTS ON COBALT, LORRAINE AND GOWGANDA ARSENICAL ORES

Mr. NOSEWORTHY:

What are the essential differences between the report on arsenical ores at Cobalt, Lorraine, and Gowganda, submitted by Mr. John A. Reid, M.E., to the metal controller within the last month and that submitted by Mr. Reid to the metal controller on or about the end of October, 1942?

Mr. HOWE: There is no essential difference in the two reports.

RADIO BROADCASTING—NEWS

Mr. GAUTHIER:

1. What were the names of the news broadcasters over C.B.C. from November 1, 1942, to January 20, 1943, on the French and English networks, stations CBF, CBM, and CBV?
2. What was the salary of each?

Mr. LaFLECHE:

1. (a) Roger Baulu, Miville Couture, Georges Lambin, Marcel Ouimet, Marcel Paré, Marcel Sylvain—over stations CBF and CBV of the French network.

(b) Clarence Grant, Douglas Monk, Guy Vaughan, Lamont Tilden—over station CBM of the English network.

2. The Canadian Broadcasting Corporation advises that it would not be in the interest of the corporation to give this information.

RADIO BROADCASTING—SKETCHES

Mr. GAUTHIER:

1. What number of programmes (sketches) are broadcast by authority of the federal government over the English network of the CBC?
2. What is the name of each programme or sketch and the name of the commentator?
3. How many times weekly are these programmes broadcast?

Mr. LaFLECHE:

1 and 2. The national war finance committee, Department of Finance, has requested the services of the CBC's network to broadcast the following programmes:

"Highlights for Today";
"They Tell Me";
"Soldier's Wife".

At the request of the Department of National Defence (Air), the R.C.A.F. is broadcasting over the CBC a "Quiz Show".

No commentators are attached to the above programmes.

2. (a) "Highlights for Today" is broadcast once weekly;

(b) "They Tell Me" is broadcast five times weekly;

(c) "Soldier's Wife" is broadcast five times weekly;

(d) "Quiz Show" is broadcast once weekly.

Mr. GAUTHIER:

1. How many programmes or sketches are broadcast by government authority over the French network of the CBC?
2. What is the name of each programme or sketch and the name of the commentator?
3. How many times weekly are each of these programmes broadcast?

Mr. LaFLECHE:

1 and 2. The following programmes are given by arrangement with the department indicated:

(a) "Le Courrier du Jour"—Wartime Prices and Trade Board, Department of Munitions and Supply;

(b) "La Métairie Rancourt" and "Notre Canada"—National War Finance Committee, Department of Finance;

(c) No commentators are attached to these programmes.

3. (a) "Le Courrier du Jour" is broadcast five times weekly.

(b) "La Métairie Rancourt" is broadcast five times weekly.

(c) "Notre Canada" is broadcast twice weekly.

GANARASKA RIVER WATERSHED

Mr. NOSEWORTHY:

1. Was a survey made recently of the Ganaraska river watershed?
2. If so, what are the findings and to what extent is the flooding of that river in springtime caused by the dams built and owned by private individuals and industrial corporations?

Mr. MACKENZIE (Vancouver Centre): The survey of the Ganaraska river watershed is still in progress, and only an interim report will be available at the end of the present fiscal year. The final report will include chapters on all the physical features of the area, and on all aspects of conservation and employment projects. At least one of these chapters will assemble such information as is

available on the flooding of the river, both in the past and at present; but this chapter has not yet been written.

The survey is a cooperative project in which staff of the provincial government and of the dominion government are each making contributions; but the direction of the actual field survey, and the preparation of the final report, are in the charge of the chairman of the interdepartmental committee on conservation and rehabilitation of the Ontario government.

The objectives of the survey are referred to in P.C. 97/8097, September 9, 1942, which authorizes the dominion share of the financing, as follows:

(i) To ascertain in detail the measures and techniques needed for the rehabilitation of this deteriorated area.

(ii) To evaluate the amount of employment which can be provided by the conservation projects required to rehabilitate this area.

(iii) In general, to serve as a demonstration study and a yardstick by which other areas in Canada could be appraised for similar purposes.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CONTRACTS WITH PRINTING FIRMS IN MANITOBA

Mr. KNOWLES:

1. To what printing firms in the province of Manitoba has the king's printer, or any department of the government, let contracts, between April 1, 1941, and the present?

2. What are the amounts and the dates of such contracts?

Mr. McLARTY: Return tabled.

OFFICE ECONOMIES CONTROL

Mr. DIEFENBAKER:

1. On what date was Colonel John Thompson appointed director of government office economies control?

2. Do his powers extend to all departments of government? If not, what departments are excepted from his jurisdiction?

3. What is the value of, (a) furniture, (b) rugs, (c) other supplies, which have been purchased for use in government offices in the city of Ottawa since his appointment?

4. What is the value of purchases or expenditures made for, (a) furniture, (b) rugs, (c) other supplies, that did not receive the approval of the said director, or were purchased without requisitions having been first submitted to him for approval?

[Mr. Ian A. Mackenzie.]

FARM WORKERS IN WAR PLANTS

Mr. SHAW:

1. How many farmers and farm workers have been authorized to take work in war factories since October 31, 1942?

2. How many who have received such authorization have actually taken work in war factories?

3. Will any of those who have been granted such authorization be permitted to continue in factory work after April 1, 1943?

4. Who will have the final say as to whether or not a farmer or farm worker who has been authorized to engage in work other than farm work is essential to the work in the war plant?

5. How many applications have been received from such employees asking that they be permitted to remain in war plants?

6. How many applications have been received from employers of such persons asking that the employees be left in war plants?

7. How many farmers or farm workers who have taken work in war plants since October 31, 1942, have been authorized to remain in such war plants after April 1, 1943?

DUTY ON PARCELS RECEIVED BY CANADIAN FORCES OUTSIDE CANADA

Mr. McCULLOCH:

Do soldiers, sailors and air force personnel in, (a) Great Britain, (b) Bermuda, (c) British West Indies, (d) Newfoundland, (e) Iceland, (f) or any place where they happen to be stationed outside of Canada, have to pay duty or any other charges on parcels forwarded them, post paid from Canada?

NATIONAL SEAMEN'S ASSOCIATION—H. N. MCMASTER—RIKER'S ISLAND INTERNMENTS

Mrs. NIELSEN:

1. Has the government any information regarding the activities of H. N. McMaster and the national seamen's association, of which he claims to be the governor?

2. How many Canadian seamen have been interned on Riker's island as a result of representations made by the above named association?

3. Will the government investigate the past activities of this man and this association?

COST-OF-LIVING BONUS IN INDUSTRY AND CIVIL SERVICE

Mr. BOUCHER:

1. What is the maximum salary in private industry upon which the payment of a cost-of-living bonus is compulsory?

2. What is the maximum salary in government employment on which the payment of a cost-of-living bonus is compulsory?

3. What is the maximum salary in the civil service upon which the payment of a cost-of-living bonus is compulsory?

4. What are the reasons for these differences, if any?

ELDORADO REFINERY, PORT HOPE, ONT., GUARDS

Mr. NOSEWORTHY:

1. By whom are the guards at the Eldorado refinery in Port Hope hired and paid?
2. How many of such guards are employed at that plant?
3. Are they all discharged soldiers?
4. Are any of these guards liable for present military service?
5. Has the government granted any loans, or given any financial assistance, to this company for building, or equipment, or any other purpose?

NAVAL SERVICES—DEEP BROOK, N.S., PROPERTY

Mr. BLACK (Cumberland):

1. Has property been acquired for the Department of National Defence for Naval Services near Deep Brook, Nova Scotia?
2. If so, for what purposes was it acquired?
3. From whom was property purchased stating the acreage of each lot and the prices paid or offered each owner?
4. Were contracts entered into for improvements and buildings, if so, state names of persons or firms tendering and amounts of different tenders?
5. To whom were contracts let, stating the bases of contracts, the amount of same and the nature of the work contracted for?
6. What is the total expenditure to March 1, 1943; also the total estimated cost of completed project for, (a) land, (b) buildings, (c) grading and roadways, (d) drainage and water supply, (e) electric services, (f) wharves, (g) dredging, (h) furnishings and equipment, (i) other expenditures, (j) total?
7. Were any persons in training March 1, 1943, at Deep Brook, Nova Scotia, and what number were on the operating staff?
8. What number of persons is it planned to train at one time when completed; also how many will be on the staff?
9. What is the estimated annual operating cost when completed?

WARTIME PRICES AND TRADE BOARD—ADMINISTRATOR OF SHIPS STORES

Mr. STOKES:

1. Is D. R. Townsend administrator of ships stores under the wartime prices and trade board?
2. Is D. R. Townsend an officer or owner of shares in Townsend Company Limited, dealers in ships supplies of Montreal?
3. Did Townsend Company Limited supply all stores (deck, engine room and steward's provisions) to six Swedish ships that were loaded at the port of Saint John with Red Cross supplies for Greece this year?
4. Were orders issued by the agent of these ships at Saint John, N.B., that no firms were to submit prices to the masters of these ships for necessary stores required for ship's maintenance and provisioning of the steward's department while at that port, and if so, on whose authority were the orders issued?
5. Were Townsend Company Limited the only company allowed to supply these ships on previous loadings at Montreal?
6. Have Townsend Company Limited the sole privilege under the metal controller of supplying zinc boiler plates for use in steam boilers, both industrial and marine, at Montreal?

CANADIAN FORCES—SUBSISTENCE ALLOWANCES

Mr. ROY:

1. What is the subsistence allowance of each branch of the army, the navy and the air force according to their respective rank, and where are their barracks in Ottawa?
2. Is the subsistence allowance the same in all parts of Canada?

(*See also page* 1325.)

JAPANESE FISHING VESSEL DISPOSAL COMMITTEE

Mr. NEILL:

1. Has the Japanese fishing vessel disposal committee spent or incurred the spending of any sums of money beyond the $80,000 authorized for that purpose by P.C. 3737, dated May 5, 1942, for the payment of claims made upon the government for damage to vessels owned by persons of Japanese racial origin?
2. If so, to what extent and how was it authorized?
3. Are there any claims still outstanding or anticipated, or has the matter been closed?
4. If it were necessary to spend such large sums to put these boats into position for resale, were the expenses of so doing allocated to each individual owner and charged to him when sale was made and, if not, why not?
5. Order in council 6787, dated July 31, 1942, providing for the payment for claims for skiffs, lifeboats, galley equipment and personal effects, why was it necessary to make payments for the loss of any of these articles if they were actually on the boat at the time of the seizure and the boat was kept under complete government control and guard from that time until sale?
6. What is the amount of claims authorized under P.C. 6787?

MOTIONS FOR PAPERS

ROAD BETWEEN TADOUSSAC AND LABRADOR MILITARY STATIONS

Mr. DORION:

For a copy of all letters, telegrams, correspondence and other documents in the possession of the government, dated during the past two years, relating to the building of a road on the north shore of the St. Lawrence river between Tadoussac and the Atlantic military stations situated on Labrador coast.

Mr. RALSTON: I have no objection to the motion passing, Mr. Speaker, with a reservation in regard to any correspondence which it may not be possible to produce for reasons of security. As a mater of fact I do not think there is anything which cannot be produced, but I just want to make that formal reservation.

Motion agreed to.

UNDERPAYMENT OF WAGES ON DOMINION GOVERNMENT CONTRACTS

Mr. KNOWLES:

For a copy of all letters, telegrams and memoranda, and other documents from November 1, 1941, to the present, exchanged between the Department of Labour, or any official of said department, and the Department of Labour of the province of Manitoba, Manitoba regional war labour board, the national war labour board, the Department of Justice, and any other departments or officials, relating to alleged underpayment of wages on dominion government contracts, as discovered and submitted by the Department of Labour of the province of Manitoba with respect to the following firms: Claydon Co., Ltd.; Rayner Construction Co., Ltd.; Tomlinson Construction Co., Ltd.; and Duff Construction Co., Ltd. Also for a copy of all correspondence and documents, dated from November 1, 1942, to the present, relating to any other cases of underpayment of wages on dominion government contracts which may have been reported to the government.

Mr. MITCHELL: I have no objection to this resolution passing, except in regard to the last four lines, which read:

Also for a copy of all correspondence and documents, dated from November 1, 1942, to the present, relating to any other cases of underpayment of wages on dominion government contracts which may have been reported to the government.

It does seem to me that if the hon. member has knowledge of any particular case, he might list that case as he listed the others. It does not seem practicable to go on a fishing expedition, if I may put it that way, into the large volume of correspondence we receive in the Department of Labour in connection with matters of this kind.

Motion agreed to.

COLONEL JOHN THOMPSON

Mr. POULIOT:

For a copy of all correspondence and requisitions of Colonel John Thompson with the Department of Public Works in his capacity (a) as chairman of the board of pension commissioners and also of the Canadian pension commission from 1919 to 1924, and (b) as dominion franchise commissioner, first, for his office and its personnel; second, for furniture and other accessories, stationery, etc., since 1919, as well as all correspondence and memoranda of the Department of Public Works on the same subject.

REGINA, SASK., BUILDINGS PURCHASED AND OFFICE SPACE RENTED BY DOMINION GOVERNMENT

Mr. BENCE:

1. For a list of all the buildings purchased by the government, or its agencies, in the city of Regina since the commencement of the war, together with the following information in each case, (a) the name of the vendor, (b) the selling price, (c) complete description of the property acquired, (d) the purpose for which the property was used immediately prior to purchase, (e) the assessed value placed thereon by the city of Regina, (f) the purpose for which each building is used.

2. A list of all the buildings and other space presently rented by the government, or its agencies, in the city of Regina with the following information, (a) the name of the landlord, (b) the purpose for which each building and other space is used, (c) the date of the first leasing by the government, or its agencies, (d) the yearly rental, (e) complete description of the property, (f) the value as placed thereon by the city of Regina, (g) the length of the lease and whether there is a termination clause.

Mr. BENCE: With the consent of the house I should like to have the word "assessed" inserted before the word "value" in clause (f) of paragraph 2.

Mr. FOURNIER (Hull): That is probably the only information we would not have in the department; that would originate in the city of Regina. I am not sure that we have the assessed values of those properties.

Mr. GRAYDON: If you have it you should give it.

Mr. FOURNIER (Hull): Yes.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion as amended?

Mr. BENCE: Subject to the change in wording.

Motion agreed to.

POWERS AND AUTHORITY OF E. M. LITTLE, FORMER DIRECTOR OF NATIONAL SERVICE

Mr. BENCE:

For a copy of all orders in council relating to the powers and authority of Mr. E. M. Little, former director of national selective service, at the time of his resignation from the government service.

AMNESTY TO FARMERS' SONS OF MILITARY AGE

Mr. POULIOT:

For a copy of all correspondence, reports, memoranda, and other documents, in the possession of, (a) all departments of war services, and (b) the Department of Labour, with reference to an amnesty project applicable to farmers' sons of military age.

Mr. MITCHELL: This will be subject to the usual reservation, that privileged documents, from officials to the minister, will be excepted.

Motion agreed to.

AMNESTY TO FARMERS' SONS OF MILITARY AGE—MEMORANDUM OF CLAUDE MELANÇON

Mr. POULIOT:

For a copy of memorandum of Mr. Claude Melançon, of the selective service, with reference to an amnesty project applicable to farmers, and sons of farmers of military age.

Mr. MITCHELL: I submit, Mr. Speaker, that this is a privileged document. It is a memorandum, if such exists, addressed to the minister from an official of the department.

Mr. HANSON (York-Sunbury): Is there such a memorandum?

Mr. MITCHELL: I do not know.

Motion dropped.

RIGHT HON. ANTHONY EDEN

VISIT TO THE UNITED STATES AND CANADA—QUESTION OF HIS ADDRESSING MEMBERS OF THE HOUSE

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Prime Minister. I note that an item appearing in the press indicates that the British Foreign Secretary, the Right Hon. Anthony Eden, may very shortly honour Canada with a visit. Is the Prime Minister in a position to tell the house when he may be expected in Ottawa, and whether or not it is the government's intention to invite him to speak to the members of the House of Commons?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I was advised some weeks ago that it was the intention of the Right Hon. Anthony Eden, Foreign Secretary of the United Kingdom, to visit the United States, and that at the time of his visit to the United States he would also visit Canada. Since Mr. Eden's arrival in Washington I have been in communication with him to ascertain just when we may expect the honour of his visit to our country. The Foreign Secretary is not in a position to say at once how long he may be in the United States before coming to Canada. I think the time may possibly be a fortnight. I have already extended an invitation to Mr. Eden to address the members of the House of Commons from the floor of the house, when he visits Ottawa, should he find it possible to do so.

QUESTION AS TO FOREIGN SECRETARY APPEARING BEFORE CERTAIN HOUSE COMMITTEES

Mr. E. G. HANSELL (Macleod): May I thank the leader of the official opposition (Mr. Graydon) for asking the question I was going to ask. Might there not be the possibility not only of Mr. Eden's addressing this honourable chamber but also of his appearing, either as a witness or otherwise, before the special committee on post-war reconstruction or the standing committee on international relations?

Mr. HANSON (York-Sunbury): Let us win the war first.

Mr. HANSELL: If we do not win the peace we certainly shall not have won the war.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I shall be pleased to bring the hon. member's question to the attention of the Foreign Secretary of the United Kingdom, and will let him know of the hon. member's desire to have him appear before a committee of this house. I imagine however that the Foreign Secretary will have many engagements, and I cannot say how much time he may have to spend in Ottawa. I know his desire will be to stay as long as his time will permit.

WHEAT

TAXING OF POOLS—STATEMENT OF MR. SPEAKER AS TO QUESTIONS ON THE ORDERS OF THE DAY

Mr. T. C. DOUGLAS (Weyburn): May I ask a question of the Minister of National Revenue (Mr. Gibson), of which I have given notice? Has the department reached a decision with reference to the matter of taxing the wheat pools of western Canada? If so, what decision has been reached?

Mr. SPEAKER: Order. The matter of asking questions on the orders of the day was discussed last week. The hon. member for Weyburn (Mr. Douglas) has now asked whether the Minister of National Revenue is in a position to make a statement respecting policy in his department. This is a question of the kind which I have said hitherto should be placed on the order paper. I should like to state more clearly what the position is respecting questions asked on the orders of the day.

The attention of the house ought to be drawn to the growing practice of asking, when the orders of the day are called, oral questions which should be placed on the order paper.

We must not forget that putting questions to the ministers at that phase of the day's proceedings is not allowed here by any rule, whilst in the United Kingdom house an hour is set aside for questions under a special standing order, which also requires that—

—notice of any such question must appear at latest on the notice paper circulated on the day before that on which an answer is desired.

On that point May, at page 243, says:

After private business has been disposed of, and not later than three o'clock on Mondays, Tuesdays, Wednesdays and Thursdays, the Speaker calls on the members who have given notices of questions to which oral answers are

desired, but no questions can be taken after a quarter to four o'clock, except questions which have not been answered in consequence of the absence of the minister to whom they are addressed, and questions which have not appeared on the paper, but which are of an urgent character and relate either to matters of public importance or to the arrangement of business. As each member is called, he rises to ask the question, standing in his name; but in case the member responsible for a question does not answer to the Speaker's call, a minister may rise and make such statement upon the question as the public interest demands.

As long as our standing orders are unchanged, the only questions permitted on the orders of the day being called must be confined to very urgent matters, personal explanations, inaccurate reports of speeches delivered in the house, denial of charges, dilatoriness in obtaining returns, or other similar matters closely connected with the routine business of the house. These questions must be brief and must not be prefaced by any argument. Standing order 44 gives members ample opportunity to place on the order paper any number of questions they desire with respect to public affairs. Reading telegrams, letters or extracts from newspapers as an opening to a question when the orders of the day are called is an abuse of the rules of the house. It is not good parliamentary practice to communicate written allegations to the house and then to ask ministers either to confirm or to deny them. It is the member's duty to ascertain the truth of any statement before he brings it to the attention of parliament. This has been decided long ago in the United Kingdom House of Commons. On June 14, 1882, Mr. Speaker Brand, in preventing a member from reading a telegram from a newspaper and founding a question on it, pointed out the extreme inconvenience of founding questions on every telegram in every newspaper. "I am bound to say," he added, "that it does appear to me that before questions of such gravity are put, an hon. member should take some measures to ascertain the truth of the telegram." This quotation is from Denison's and Brand's Decisions, page 230.

I feel it is my duty to explain to the house the procedure with regard to questions, and I hope that in applying it I shall have the cooperation of all members of the house.

Mr. DOUGLAS (Weyburn): On the point of order which has just been discussed, may I point out to Your Honour that I am not asking the minister for a statement of policy; I am asking him if a decision has been reached with reference to a matter of interpretation of law. I would point out to Your Honour also that the matter of urgency is present, because the question of issuing interim dividends is involved and the decision which has been reached by the Department of National Revenue and the Department of Justice is important.

Some hon. MEMBERS: Order.

Mr. SPEAKER: What I have stated already with regard to the question asked by the hon. member, and which I quoted at the beginning of my remarks as I had heard it, was that he was asking for a statement from the minister with regard to the assessment of cooperative elevators. Am I correct in that?

Mr .DOUGLAS (Weyburn): Yes.

Mr. SPEAKER: Prima facie there seems to be no doubt that a question such as this is a matter of perhaps anxious consideration, shall I say, on the part of the minister, but the minister should not be required to give a ruling on a question on the floor of the house at this stage of the proceedings. It is true that the hon. member has asked that a statement be made as to what the decision was, if such has been arrived at; yet that question could be included and placed on the order paper.

Mr. GRAYDON: May I just say a word on this point? My understanding of the question asked by the hon. member for Weyburn is a little at variance from that of Mr. Speaker. My understanding is that the hon. member for Weyburn simply asked the minister if he was in position to answer a question which previously had been propounded to the minister.

Mr. SPEAKER: No.

Mr. COLDWELL: That is right.

Mr. GRAYDON: Every hon. member has a perfect right to ask that.

Mr. SPEAKER: The leader of the opposition did not get the question as I obtained it from the hon. member for Weyburn. His question was: Is the minister in position to make a statement with regard to the assessment of cooperative elevators. I think he confirmed that when I asked him.

Mr. GRAYDON: I understand that that was predicated upon a question which had been asked previously.

Mr. SPEAKER: It was not so phrased. I have already given my ruling and the house will of course recognize it. As I said before, these questions are always difficult for the Chair to decide upon, but I have reason to believe that I shall receive the cooperation of all hon. members of the house in endeavouring to apply this procedure.

NORTH AFRICAN CAMPAIGN

PRESS REPORT OF REMARKS OF MEMBER FOR DUFFERIN-SIMCOE AT MEETING OF DOMINION PROGRESSIVE CONSERVATIVE ASSOCIATION

On the orders of the day.

Hon. J. L. RALSTON (Minister of National Defence): Mr. Speaker, I wanted to refer to a report in a Toronto paper of the speech made by the hon. member for Dufferin-Simcoe (Mr. Rowe) at the annual meeting of the Dominion Progressive Conservative association on Saturday. The portion of the report to which I should like to refer reads:

Canadian military officers wished to send a contingent to participate in the North African campaign but lack of reinforcements prevented it, Hon. W. Earl Rowe, M.P., hinted at the annual meeting of the Dominion Progressive Conservative association held here to-day.

"To-day we have the humiliation of listening to rumours that many military officers wanted our forces to enter the African battles but it was not possible because there were not sufficient reinforcements over there," said Mr. Rowe.

I just want to say that the statement or the rumour or the suggestion that it was not possible for Canadians to participate in North Africa because of insufficient reinforcements is without foundation in fact. The composition of the force for North Africa was determined by those who had the responsibility for allied strategy in Europe and who were in a position to judge what employment of allied troops, both for these and for other tasks, would best serve the common cause. From personal inquiries which I made when I was over there I am quite satisfied that their decision in respect to the composition of this force was based upon that principle.

Mr. GRAYDON: In view of Your Honour's ruling of a moment ago that anyone raising a question in the house shall first of all verify the truth of the statement involved, I was wondering if the minister had gone to that trouble.

Mr. RALSTON: I assumed at least that the newspaper was truthfully stating what the hon. member had said. I indicated that I had verified that the statement he made was not correct.

Mr. HANSON (York-Sunbury): I do not think he made the statement.

TRANSPORT SERVICES

INCONVENIENCE TO TRAVELLING PUBLIC IN GETTING SEATS ON DAY COACHES

On the orders of the day:

Hon. H. A. BRUCE (Parkdale): Mr. Speaker, I should like to bring to the attention of the Minister of Transport (Mr. Michaud) a matter which is causing a great deal of inconvenience to the travelling public at the moment. I sent him a notice that I would do so to-day. I do not wish any remarks I may make to be considered as criticism of the railways, whose task at the moment is a tremendous one,—

Some hon. MEMBERS: Question.

Mr. BRUCE —but the travelling public are experiencing a great deal of inconvenience.

Some hon. MEMBERS: Order.

Mr. BRUCE: I am coming to the question in a moment, Mr. Speaker.

Mr. SPEAKER: When the hon. member is asking a question he may not preface it with a statement of fact or anything that is argumentative. He should simply ask the question; and I expect him to follow this procedure.

Mr. BRUCE: I should like to know if some arrangement could not be made so that passengers travelling on the day coaches will have an opportunity of getting a seat when they get into those coaches. At the present time there is a mad scramble—

Some hon. MEMBERS: Order.

Mr. BRUCE: —to get to the entrance and on to the train, which is unseemly and dangerous to the public.

Hon. J. E. MICHAUD (Minister of Transport): I shall make it my duty to bring this matter to the attention of the Canadian National Railways and the Canadian Pacific Railway Company.

MILITARY SERVICE

QUESTION AS TO TRACING OF DRAFT EVADERS BY ASSOCIATED CREDIT BUREAUS

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): On Friday last the hon. member for Lake Centre (Mr. Diefenbaker) quoted the following paragraph from a weekly publication:

Tasks of tracing evaders is to be carried on by Associated Credit Bureaus of Canada Limited, an organization with some 58 offices across the country.

My comment on that was that there was no truth in it. Actually the answer I gave my hon. friend was correct, because we have not made any definite arrangements with the Associated Credit Bureaus of Canada or any similar organization to trace evaders under

the National Resources Mobilization Act. It is a fact, however, that consideration is being given to the possibility of using any organization there may be in Canada already established for tracing the addresses of people who cannot be found. The national selective service officials are studying the matter, and if a plan of this kind can be developed usefully and with less expense to the dominion government it certainly will be given careful consideration. It goes without saying that we are using every possible avenue to trace those who may be delinquent under the National Resources Mobilization Act. We are making use of the names compiled by credit agencies, street directories, telephone directories and in fact any other information available. Up to the present this work has been done by special staffs employed for this purpose. If we find that we can use existing agencies effectively and with less expense we will do so.

It is my desire at all times to give hon. members of this house all the information I can, and the correct information. Therefore in fairness to the hon. member for Lake Centre, I felt I should make this statement to the house.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Friday, March 12, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Coldwell.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, I do not think I can be charged with having taken up too much time of the house this session, but as you accorded me the adjournment of the debate on Friday last I should like to make a few observations and one or two constructive suggestions on the budget.

This is a war budget. We might be asked, what are we going to do about it? So far as the opposition is concerned I think the hon. member for Danforth (Mr. Harris) set out clearly what we are going to do about it. Since no amendment was moved by the opposition, this budget of course is going through so far as we are concerned. The hon. member for Danforth reviewed in detail and in a very moderate tone the proposals of the Minister of Finance (Mr. Ilsley) and offered some constructive suggestions. I commend his speech to every reader of *Hansard* in Canada. Since he covered the subject so well it remains for me only to refer to the budget in so far as it affects the province of Saskatchewan, one of the constituencies of which I have the honour to represent.

Like every other budget, this one contains some good features and others that are not so good. The minister budgeted for a deficit, not for a surplus. But we are at war, and that deficit will have to be met in some way. It may be taken up by the people in loans, and perhaps a supplementary estimate will also be brought down. But the winning of the war is the first and all-important thing for this house to consider. I am sure that the Canadian people are willing to pay any taxes that may be necessary and do anything within reason to win the war.

The Minister of Finance in presenting his budget said that his income tax proposals contained no very great changes. But when you come to dissect those proposals, Mr. Speaker, you find that we have to pay two and a half years' income taxes within two years and that $105,000,000 more is to be extracted from the people of Canada this year, at the same rate of taxation, than was taken from them last year. As I have said, the people of Canada are willing to pay any taxes that may be necessary, but certainly they want to be assured that in the expenditure of this money there will be no extravagance and no graft and that every cent will be expended carefully.

There are three main problems before the country. First there is labour; second, the soldier; and third, industry. Much has already been said and more will be said about labour; therefore I shall not dwell on that; suffice it to say that labour undoubtedly has the right of association and the right to organize. Labour has also the right, and the people of Canada expect it of them, to give a full day's work for a full day's pay, and to receive fair treatment. I shall refer to labour a little later in connection with the farm labour shortage.

Next is the problem of the soldier, not only the soldier in the armed forces here and overseas, and the question of reinforcements, but the question of taking care of the soldiers when they return from the war.

Industry is the third factor, and I refer to agriculture in particular because I think it plays the most important part in the industrial life of Canada to-day. The minister said that so far as taxes are concerned

the farmer does not fare too badly. I shall refer to that later. What I wish to say at the moment is that both during the war—and it is not ended by any means; nor is the end even in sight—and during the reconstruction period more will be expected of agriculture than of any other industry. Agriculture up to the present has met every demand made upon it and will continue to do so, but the most serious obstacle to the production programme which the Minister of Agriculture (Mr. Gardiner) has asked the farmers of Canada to carry out is the man-power shortage, which demands immediate consideration and a prompt solution. The price problem also looms large. If the lack of man-power shackles the farmer, unsatisfactory prices must weaken his desire to produce. So, Mr. Speaker, this is a very serious problem.

In this connection the Minister of Labour (Mr. Mitchell) referred to an order in council passed recently, P.C. 246. Hon. members will find his statement in *Hansard* of February 26. One would judge from that, that the Minister of Labour was going to follow the principle on which the Minister of Agriculture acted on March 23, a year ago, when by order in council he froze farm labour. The Minister of Labour is going along practically the same lines. I wish these two ministers would get together, because if the policy which the Minister of Labour enunciated the other day is not carried out any better than was the order in council of the Minister of Agriculture last year, we shall continue in the same mess we are in to-day.

Mr. GARDINER: If I may correct my hon. friend, the regulations of a year ago were brought in by the then minister of war services.

Mr. PERLEY: But the Minister of Agriculture took all the credit. There is one satisfaction I have in speaking to this house, that before very long I have the Minister of Agriculture rising to object.

Mr. GARDINER: Because you were wrong.

Mr. PERLEY: The farmer is working under serious difficulties. To no class has the war brought more production problems than it has to the farmer. At the present time, as we all know, he can get scarcely any new machinery. Even repairs are difficult to get. This may be on account of war production. Shortages of labour, gasoline and tires are some of his headaches. He cannot compete in the matter of wages with war industry. So I say there are many problems brought about by the war with which the farmer is confronted. Some hold that his difficulties would be solved by an increase in the price of farm products; but the situation to-day is such that the farmer does not know whether he will be able to continue in business.

Let me at this point make a brief comparison between the position of the Canadian farmer and that of his cousin across the line. I recently brought to the attention of the Minister of Trade and Commerce (Mr. MacKinnon) the fact that when the quota restrictions over there were lifted, wheat went to $1.50 and oats to the highest price in eighteen years. In the last three weeks under their new regulations they sold a hundred million bushels of wheat. The farmers over there have a storage allowance of one cent per bushel per month for seven months for grain stored on their farm, and advances have been made to them in respect of the grain stored there. What have we in Canada? Our farmers are still under the quota restrictions: wheat remains at 90 cents, and for oats 51½ cents is the limit. There is no farm storage allowance, and no advance against grain within the quota still undelivered, on the farm. This is not fair to our farmers. What has brought about the increase of price in the United States? In three days the United States houses and mills bought fifteen and a half million bushels of wheat on the Winnipeg market. The situation was so serious that the minister called an emergency meeting of the Canadian wheat board,—one of whose members, I regret to say, passed away on Friday last. I should like the minister to make a statement as to what is to be done. What are the circumstances under which the Americans are buying this wheat? Why is it going over there?

I come now to the debt burden of the western farmer. Under our quota delivery system, the creditor, whether a loan company or any land owner who has leased land to a tenant, gets one-third of the crop delivered under the quota; I refer to the undeliverable portion of one-third of the crop which is grown on the farm. But the loan company should not be allowed to charge the farmer interest on the amount or value of the undelivered portion. He would deliver it if he could; and I hope this grievance will be rectified as a result of the conference which is now being held in Ottawa. I hope too that the conference will result in some arrangement respecting the handling of farm debts in the west. I suggest, without going into detail regarding the situation in each of the prairie provinces, that a permanent board of review be established with power to adjust, either up or down, the payments which any

farmer has to make in a given year. I would give the board blanket power to cover the province—I speak now particularly of Saskatchewan—in any one year to meet circumstances such as a general crop failure, and I would recommend that their rulings apply to all farmers, not to individuals, as they generally do.

Another suggestion I would make with respect to debt adjustment is this. For years I have consistently urged in this house that if the government had written off the debt arising from soldier settlement in respect of the last war, the country would have saved money. I advocate that as part of the proposed debt adjustment the soldier settlers' debts be written off. I have a letter from one district in which, of the twelve original soldier settlers, only one remains, and he is making a great effort to carry on. After all, this concession would do no more than repay these men in some small measure for what they are doing in the present war. Their sons were the first to enlist and their daughters have followed—they are in the army too. Many of these settlers have left the farms to join the reserve forces or are members of the home guard. Their wives are carrying on with Red Cross work, preparing parcels for overseas, and engaging in other war activities in their districts. After all, the amount of the write-off would be comparatively small.

Mr. McNIVEN: What would you do for those who have already paid for their land?

Mr. PERLEY: That is one of the things which would remain to be considered—what we should do for the others.

Let me now refer briefly to the matter of parity prices. I believe this principle should be adopted at once. The hon. member for Haldimand (Mr. Senn) and I introduced a resolution two years ago calling for the enactment of this principle, and I have now on the order paper a resolution on the subject. I believe farm prices, particularly the prices of grains, should be adjusted in relation to the farmer's costs of production. I will not read my resolution, because time is short, but will simply say that because of the important part which wheat plays in our national economy, there should be taken into consideration the setting of an initial price of $1.10, as a step towards a parity price. I would then set the domestic price at $1.25, and I would pay storage for grain remaining on the farm which comes within the quota; also I would make an advance on grain still on the farm coming within the balance of the deliverable quota, up to seventy-five per cent of its value. That has been my stand for years.

[Mr. Perley.]

In 1938 I moved in this house a resolution calling for a thorough consideration of prices from the long-term point of view, and suggesting one dollar for wheat. I was right, and those in authority are beginning to see it now. It is a matter of satisfaction to me that the federation of agriculture has approved the figure of one dollar, with $1.35 for wheat required for domestic consumption, and has made representations accordingly to the government. The pools ask for that. The grain men go a little further. I contend that so far as the domestic price is concerned there is no sound argument against it. We have the principle adopted to a certain extent in the processing tax. It has to come.

In a copy I have before me of the *Leader Post*, reference is made to the *Votes and Proceedings* of the Saskatchewan legislature, and to the fact that a Liberal member there, Mr. Danielson, moved in the house a resolution of which this is part.

> That it is essential to the economic welfare of Saskatchewan that production of wheat be recognized as our major source of income and that the federal government be urged to accept through the Canadian Wheat Board no less than 280 million bushels of wheat at parity prices with an initial advance of not less than $1 a bushel.

It is with some satisfaction I see these men catching up, but they are several years late. I hope the Minister of Agriculture and the hon. member for Moose Jaw (Mr. Ross) and other western men will support my resolution when it comes up. They are closer to the government than I am and may be able to convince the cabinet. I know what some will say when we take up this resolution. The hon. member for Moose Jaw will say, what are you going to do with the surplus? I venture to say that before this debate closes there will be many pages of *Hansard* setting out figures with respect to our crop production and surpluses, how they have disappeared in other years, how they may disappear now. These figures are so much eyewash. The principle of parity prices is there and this surplus need not cause any worry. I am not a pessimist. If the war ended to-morrow this surplus would disappear inside of six months. If the war ends next year the surplus may prove a blessing, because it will be needed to feed nations who are fighting beside us. I am not worrying about the surplus.

Another important matter, that of reconstruction, has been pretty well discussed, so that I shall not go into it now.

As to social security, the best form of it is an opportunity to work and an incentive to save, so that people may make sure of their

own security. When the men come back from the war we shall have to be ready to give them employment, to reestablish them. Many of them were high school students or graduates of universities who never had a job. When they come back our economic system must be so managed that we can provide them with food, clothing and work. There must be no lapse of time between their discharge and their finding full employment at reasonable remuneration. Here again much will be expected of agriculture; it is one industry that can do much in absorbing these men. Many of the men will go back to their farms and take up farming as their life work. When we realize the contribution the farm makes every year to the national income it is something worth considering. Having regard to what has been done during the last two or three years in meeting the demands for increased production of animal products and other forms of food, and the contribution to the national income that the farmers have made, it is regrettable that they receive only about fifteen per cent of it in return.

I have a suggestion to make to meet this reconstruction period. It is that a thorough survey be made in Saskatchewan as to the possibilities of improving agriculture and farm as well as urban homes. The adoption or application of the housing scheme might be considered, as well as the question of power equipment for the farm home. Why should not every farm home, wherever it is possible, have electric light, refrigeration, and conveniences of the kind? There is also the possibility of developing power from our rivers and coal fields, as referred to by the hon. member for Davenport (Mr. MacNicol) in this house on many occasions. Such a survey could do much towards providing employment for these men when they come back. There is the development of our oil fields and tar sands. I venture to say that in five minutes I could name five men as a board to make such a survey, and they could put 200,000 men to work in two months after the war in that province. These would be practical men who would do a job. The farms could easily absorb 100,000 men. I could mention also reforestation and roadbuilding. It appears to me that the government is not very anxious to have some of our natural resources developed as they should be, some of our products processed as they should be. The other day I asked the Minister of Agriculture if he had received a report from a Mr. Roston, who was head of a large power alcohol plant in eastern Europe, with respect to the utilization of agricultural products in Canada. He said he had had a conversation with him and in a certain roundabout way had a report on this work from a Mr. Monahan. That report evidently might be of value to us.

I have in my hand a clipping from the Chicago *Tribune* of February 13, 1943, reporting a statement made by one William J. Hale, of Minneapolis, who is research consultant for the Dow Chemical Company, of Midland, Michigan. He charges that an unpublicized reciprocal trade treaty had been made with South American nations providing for the destruction of all United States synthetic rubber plants after the war, which was the real reason for the reluctance of many companies to start rubber production. He went on to say:

> We have signed an agreement in South America saying all plants built to make synthetic rubber will be wrecked after the war. . . .

He said that the rubber industry's birthright had been signed away. I am not going to read it all, but it is an interesting article. If such a thing is going on, does this government know anything about it? Does this government know of any agreement to destroy these synthetic rubber plants? Has it had any part in such agreements? I should like them to answer some of the questions put on the order paper with respect to the synthetic rubber plant that is proposed to be built at Sarnia. Under what conditions is that plant to be built? Is it receiving any government assistance, and do they know anything about this agreement I have just mentioned?

Now I come to the income tax as it applies to the farmer. During the course of his address the minister said the farmer's tax had been eased in that it was proposed to enable a loss to be carried forward two years, so that if a farmer suffered a loss in 1942 he could charge it against the 1943 or 1944 tax. This is a step forward, and I commend the minister for having taken it, but I suggest that he is a little late, since last year that concession was given other businesses but was not extended to agriculture. In a return tabled not long ago it was stated that only 1,488 farmers in Canada had paid income tax last year, to an amount of $150,000 or an average of practically $100 each. There are 750,000 farmers in Canada, of whom approximately 150,000 are in Saskatchewan. I am going to offer a suggestion with respect to these farm incomes, because the tax collected really does not make it worth while bothering 750,000 farmers. I am going to suggest that the farmer, especially the farmer of western Canada, be allowed to charge as part of his operating cost a fair

wage paid to his wife and daughters and young sons who help him on the farm. I am going to go even further. If the minister will not consider taking that action, I am going to ask that every farmer in Canada be given exemption from the payment of income tax unless he can show $2,000 of a net income. These are two points I should like the government to take into consideration. I have received many letters asking me to bring them forward. Why should not the farmer be exempt? Industry is working on a cost plus basis; and compare the lot of the farmer with that of the salaried civil servant here in Ottawa. Why should not the farmer be exempt up to $2,000? I would remind the house that in many cases industries are writing off their capital investments in three years, and I believe the farmer should be given greater consideration along this line than he is receiving at present.

I come now to a matter which has been mentioned already in the house, the question of taxing cooperative dividend payments, or what are called patronage dividends. I trust the government will not consider imposing a tax upon the cooperatives of western Canada. The attitude of the Saskatchewan pool, which is the largest cooperative organization in the west, is that these dividends should not be taxed until they have been distributed to the individuals, who then would have to consider them as part of their income. I could place on record the position taken by the representatives of the pools in this connection, but without doing that I trust the government will not consider the imposition of a tax of this kind.

Only a very small percentage of the revenue that will be raised through taxation will be returned to the farmer. The Minister of Agriculture has even reduced his estimates this year, and in some particulars I agree that this should be done. On the other hand, however, we had the announcement the other day of the setting up of a subsidies board, and it will be recalled that I asked the minister about this matter when it was first mentioned in the press, before he made his statement to the house. In the light of the statement of the Minister of Finance, however, in which it was estimated that nearly $60,000,000 will go to the producers this year, I venture to say that if they took only half that amount and added it to the price of grain in Canada, which on a 280,000,000 bushel quota would mean 10 cents a bushel, that would do more for agriculture generally than all the subsidies you could think of, having in mind all the boards and machinery that will have to be set up to carry out the administration of those subsidies. When the Minister of Agriculture provides for more boards to operate in western Canada, with priority on gasoline, tires and so on, it looks to me like an election year, and we think we know what we will be seeing out there this summer.

I should like to refer briefly to the subamendment, which asks that old age pensions be increased, that our banks be nationalized, and so on. I take off my hat to no hon. member of this house in my advocacy of adequate pensions for the old, for widows and for the dependents of soldiers now in the armed forces. I have been consistent in my attitude in this regard, and I still support these pensions. I might not vote for the subamendment, because it involves other matters as well, but in any case I have made my position clear on that point.

In conclusion, Mr. Speaker, all I am pleading for is a fair deal to agriculture, particularly in the prairie provinces. I hope the government will take some action in regard to the man-power mess that now confronts us. During the short time I have been speaking I have advanced seven constructive suggestions: (1) an increase in the price of wheat to bring it more nearly to parity level; (2) a domestic price; (3) a permanent board to review the debt of the province of Saskatchewan each year, with blanket authority to deal with the matter; (4) farmers to be allowed to charge to the cost of operation a wage allowance for their wives and daughters and young sons; (5) exemption of the farmer from the income tax; (6) the debt of soldier settlers to be written off; (7) bonuses and subsidies and boards to be discontinued and half the amounts set aside in the estimates for such purposes to be added to the price of our farm commodities. One or two of these suggestions are new, and I hope they will receive consideration. I could take some considerable time to deal with matters such as price spreads, and so on, but they have been dealt with already this year.

Let me say in closing that no matter what may be our political differences we should now get down to work and devote every possible effort to the winning of this war. Let us do everything we can to see to it that when the time comes our men fighting on land and sea and in the air will be reinforced by trained men, fully equipped and properly fed and clothed, so that in years to come we may have no regrets in connection with what we did in the year 1943. And may we be proud of the fact that we have placed Canada in the forefront of the united nations and of the empire, a place where it truly belongs.

Mr. G. J. McILRAITH (Ottawa West): Mr. Speaker, at the outset may I pay tribute to the Minister of Finance (Mr. Ilsley) for the budget he has brought down, both as to its content and as to its method of presentation. Canada is indeed fortunate in having the present minister in charge of its finances during this time of stress. Financial measures are now such that we have a very large section of our population in the taxpaying class. There has been a great extension in this field.

Very little has been said in the debate about the commendable attitude of these taxpayers in meeting their obligations, as they have done in the last two years. I should like also to say a word of appreciation of the voluntary organizations, and the churches of all denominations, which have done so much war work and have done it so well. It seems to me that so many have done so much work in this time with so little expression of appreciation from any source.

I should like to draw the attention of the house to some matters concerning the administrative arm of the government. In recent years the trend has been for that administrative arm to become more and more important, and this trend has been accelerated since the outbreak of war. To-day the Canadian government is the largest employer in Canada. The civil service generally has done a magnificent piece of war work. It is interesting to note that we do not hear anything about absenteeism when we discuss this class of war workers. There are, however, some matters concerning them which I feel should receive immediate attention and correction. The act setting up the civil service commission comes directly under the supervision of the Secretary of State (Mr. McLarty), and he is responsible for its administration. But his authority over the civil service generally seems to stop there, and we have a situation wherein the public service generally is not directly under the control of any minister of the crown.

Under the guise of controlling expenditures, the treasury board has gradually and continuously extended its authority over the personnel of the civil service, and has done this without giving the civil service any right of appeal, either to the treasury board or from its decisions. From time to time the Minister of Finance has dealt with matters affecting employer-employee relations in the public service. His responsibilities in this connection however are not clear. At the present time I believe we have the most competent minister of finance we have had since confederation; and yet, with due deference to him, I suggest he ought not to be expected to deal with administrative matters affecting the civil service generally. They ought more properly to be dealt with by one of the other ministers who is not carrying the direct responsibility of a war portfolio. Either the authority of the Secretary of State should be clarified and enlarged, or that authority should be given to some other minister of the crown.

I have always held the view that the relationship between the dominion government as an employer and the civil service as a group of employees should serve as a model in labour or employer-employee relations for the country at large. In many respects long strides have been taken in the public service. In 1908 we had the adoption of the competitive system of appointments and promotions. That met with considerable opposition at the time of its adoption, and indeed at the present time there is still some little opposition to it. In 1924 we had the adoption of the present Civil Service Superannuation Act, which is probably the greatest boon ever given the public service in Canada. These two measures are indeed worthy of a model relationship. In some other respects, however, we have not gone forward. We are now at a point where there is some danger of these advances being to a very great extent nullified—nullified by the extension of treasury board control over the individual personnel of the service. It seems to me that this control by the treasury board is indirect control without direct responsibility.

There are many matters I could mention in this relationship as requiring attention. For purposes of illustration I shall deal only with four of them. I choose these four, not necessarily because they are the most important, but because perhaps they will better illustrate my point. The first matter has to do with what is known as the permanent-temporary quota system. Normally any person appointed by the civil service commission to a permanent position is given permanent appointment after serving a probationary period. The first serious interruption in this procedure came in 1932, when, by an order in council supplemented by a treasury board minute, the appointment of permanent employees was arbitrarily prevented, notwithstanding the nature of the work being done. That condition continued until July, 1935, when the ban on permanency was lifted.

The consequences of keeping an employee in a temporary category are grave. Apart from certain dislocations which must take place in the service there are two main consequences affecting such employee. One is

that he cannot compete for promotion. He may have served many years in a temporary category; he may be the best employee for a certain kind of work, but notwithstanding these facts he is ineligible for promotion to the senior position next above the one he holds, in the event of its becoming vacant. The permanent employee, who may be doing inferior work, gets the promotion. In addition the temporary employee has not the right to contribute to the superannuation fund.

There are certain other inequalities affecting an employee who may be kept in a temporary category although doing permanent work. One of these is that he is not eligible for statutory increases. The unfairness and the dislocations can easily be seen.

After the lifting of the ban on permanency in 1935 the former condition was restored for some months. Then in 1936 the good work was undone by order in council 84978, and the temporary-permanent quota system was reestablished on a twenty per cent temporary basis.

Mr. REID: During the short period in which the ban was lifted, can the hon. member tell me how many civil servants were granted permanency?

Mr. McILRAITH: No, I am sorry I have not that information at hand.

Mr. REID: I am wondering if there were any.

Mr. McILRAITH: I cannot give my hon. friend the number at the moment. The order in council was not quite as serious as the order in council of 1932, but it embodied most of its fundamental faults, and it was the subject of continued and strong protests. In 1939 a committee of the House of Commons was set up under the chairmanship of the present Minister of Public Works (Mr. Fournier) to inquire into the administration of the Civil Service Act generally. Representations were made to that body, and as a result in 1939 the committee on the Civil Service Act recommended that the temporary-permanent quota system be done away with. The report of the committee will be found in *Votes and Proceedings* of the House of Commons of Thursday, April 27, 1939. Paragraph 18 of the report reads as follows:

18. Your committee is of the opinion that:

(1) a departmental division of eighty per cent permanent and twenty per cent temporary results in discrimination in certain branches where the work is entirely permanent and where twenty per cent have to wait years for any hope of permanency; and

[Mr. McIlraith.]

(2) disapproves of any practice which will result in a branch creating work to bring in extra temporaries so as to absorb into the permanent quota those who otherwise would not be permanent.

As a result of that recommendation of the committee the ban on permanency was again lifted in 1939. There was again general satisfaction throughout the service, but it was very short-lived. In May, 1940, the treasury board, by a minute of that body, established the quota system on a somewhat different basis but with all the primary faults of the old system. A percentage was established for each unit of the service on the basis of the total staff as of September, 1939. These percentages varied with the different units. It will be noticed that this is an absolutely rigid and arbitrary system and does not provide for any changing conditions in the departments. Under this system we now have many employees working in the public service for many years in positions of a permanent character. These employees have no right to contribute to the superannuation fund, nor do they receive superannuation benefits. They have no right to compete for promotions in their own branches to positions immediately above the ones they hold. Not only is an injustice done to the individuals concerned, but the public service suffers. These groups of employees are fairly well distributed across the country. The committee of the House of Commons dealt with this matter and made a recommendation thereon. Notwithstanding the fact that the government at that time saw fit to act on that recommendation, the treasury board reimposed this system upon the public service.

The second illustration I want to give has to do with prevailing rates employees and their exclusion from the benefits of the superannuation fund. The superannuation act has been in force since 1924, but a very large group of the public service of Canada are excluded from its benefits notwithstanding the fact that they may have worked in the public service for many years. The best example of this class of employee is to be found in the printing bureau at Ottawa. Many of the employees in the printing bureau have worked continuously for more than thirty years in the public service of Canada, yet they have no right to contribute to the superannuation fund, nor have they any right to receive the benefits from the superannuation or the retirement funds. We had an example last year of one man who had worked more than fifty years at the time of his retirement, but he was simply out, that was all.

Mr. REID: Was he a temporary?

Mr. McILRAITH: He was a prevailing rates man. This term is used in connection with employees paid on a certain basis, but it is somewhat misleading. To go into all the incidence of it would probably extend my remarks beyond my time. They are those who are paid on a basis other than an annual stated salary. They are paid on an hourly basis at the printing bureau but they do not receive overtime on the usual prevailing rates basis. The main point is that their salary is other than a stated annual salary.

A committee of the House of Commons was set up to deal with this situation in 1938, and it heard evidence during that year and again during the session of 1939. This committee made its final report to the House of Commons on May 5, 1939, in which it recommended that the prevailing rates employees should be eligible under the superannuation act. This recommendation is contained in paragraph 8, which reads:

> That provision be made in the statute to render prevailing rates employees eligible to become contributors subject to designation by governor in council on the recommendation of the treasury board of the various classes and individuals to be so rendered eligible.

Notwithstanding this recommendation, nothing has been done to extend the benefits of the superannuation act to this class of employee.

The third point I desire to make is that no holidays are given to certain prevailing rates men. In 1925, by order in council P.C. 1936, prevailing rates employees were granted one week's holidays with pay in each year, subject to certain conditions and limitations. Most of the prevailing rates men in the service have been brought under that ruling at one time or another since 1925, but in 1941 it was discovered that a group of these men in the mines and geology branch of the Department of Mines and Resources did not have this right. I took the matter up with the Minister of Mines and Resources and it was corrected. It was thought at the time that all employees in the department were covered, but in 1942 it was discovered that a small number in the forest products laboratory had not been brought under the benefits of the order in council. The matter was taken up with the department but the treasury board ruled that they were not eligible to receive one week's holidays with pay. The number involved is not large, but many of these men have worked continuously for the department for more than fifteen years, yet the treasury board ruled that they were not eligible to receive these holidays with pay.

It is interesting to note two things in this connection. Apparently the treasury board had jurisdiction and was able to rule on the matter, although it did not directly concern the expenditure of public funds. The second point is that a comparatively small number was involved in this routine administration matter, and yet the minister of the department could not deal with it. He did not have the authority, yet the treasury board were able to have jurisdiction and to deal with it.

The fourth illustration concerns a small number of prevailing rates men who are not paid the prevailing rates established by the Department of Labour. The number of employees is small and the amount involved is small, yet because of its effect upon policy it is a matter of major importance. I refer particularly to some of the prevailing rates men working for the Department of Agriculture at the central experimental farm. There are two classes of carpenters working there, and I deal specifically with them because I am more familiar with their status. There are public works carpenters hired by the Department of Public Works who are working at the experimental farm and paid at the prevailing rate of wages. Then there are two or more departmental carpenters hired by the Department of Agriculture, working at the same place and paid a few cents an hour less.

Mr. BOUCHER: If the hon. member would permit an observation, is it not a fact that at the experimental farm carpenters who are brought in under contract are paid, under departmental regulations, at a rate in excess of the prevailing rate?

Mr. McILRAITH: I was just coming to that. The hon. member anticipated what I was going to say. The Department of Labour fixes the prevailing rates for skilled workmen in the various areas throughout Canada. Not only that, but in recent years it has been the practice of the dominion government to insert a clause in all contracts for government work requiring the contractors to pay the prevailing rate of wages to each particular type of employee. I have always been very grateful for that clause, because I feel it has prevented a good deal of exploitation. It certainly has in this area at least. But notwithstanding the well-known policy of the labour department of establishing a fair rate of wages for skilled men, and notwithstanding the fact that it carries out that policy by inserting in government contracts the clause to which I have referred, and notwithstanding that practically all the departments of government have adopted that same policy, we find this small example in one of the departments where the carpenters are paid less than the prevailing

rate. You may say: it is only a matter of a few cents an hour, and the number involved is very small. But that is not a sufficient answer. An injustice is being done. Further, labour generally sees this example, and, small as it may be, it tends to undermine their confidence in the will or determination of the government to carry through its policy as set out by the appropriate authorities. Therefore this becomes a very important matter and the situation ought to be rectified at once. It is interesting to note that these employees have not made a great deal of fuss about the situation; they are not too strenuous in their representations, but the fact remains that they have no right to appeal to the treasury board, the one authority who could deal with the matter, and not only have they no right to appeal to the board, but they would have no right of appeal from any ruling which the treasury board might give.

Mr. REID: Who are the members of the treasury board?

Mr. McILRAITH: I shall have something to say about that in a moment. I frankly admit that I have never been able to get the information I desire about the treasury board and its workings. If the hon. member or any other member is able to get all the information he desires about the treasury board he is more efficient in his duty than I am.

Mr. CASTLEDEN: You are closer to them.

Mr. McILRAITH: Frankly I admit that I have not been able to obtain all the information about that board that I should like to get.

Mr. CASTLEDEN: We gather that.

Mr. McILRAITH: I am glad the hon. member has gathered it. I mention only four of the problems that arise in the civil service but there are a great many others I could mention. There is the matter in the Department of Agriculture of the pay of certain technical staff doing research work, and their general reclassification. There is the matter of the cost of living bonus, bringing it into line with the standard set when the cost of living bonus was applied to private industry generally. There is the question of statutory increases. There is question of the cost of living bonus for superannuated civil servants. There is the question of these so-called staggered hours of work which are causing so much irritation. A great many other questions could be raised and discussed here. But perhaps the four I have outlined will illustrate what I want to say, and the details of the other matters can be discussed on subsequent occasions.

[Mr. McIlraith.]

The situation is that the treasury board is steadily and continually taking complete control of all matters affecting personnel in the government service, and this whether or not the direct expenditure of public money is involved. I am not aware that any government has at any time deliberately as a matter of policy decided that the treasury board should have this jurisdiction. The whole trend started in 1932. I am sorry to say that the then government was most ruthless and unfriendly towards the public service generally. That trend has not yet been checked, although many injustices have been removed.

Mr. BOUCHER: The ruthlessness has continued.

Mr. McILRAITH: No, the ruthlessness has not continued. The situation was corrected. The salary cut of ten per cent was restored; the statutory increases were forced back, and certain other injustices were corrected. I do not think that any government, after checking over the history of what went on in 1932, will ever suggest such a move again. My hon. friend, even though he was a strong supporter of the Conservative government in office at that time, can hardly now assert that he would bring that policy into force again if he had the chance.

Mr. BOUCHER: I am glad to hear my hon. friend say that many of these practices have been discontinued, but the policy denounced by my hon. friend with respect to temporaries was restored in 1936 and still prevails in part.

Mr. McILRAITH: It was restored in modified form, and I am here protesting against it.

I have always held the view, Mr. Speaker, that we as members of the House of Commons are directly responsible for the expenditure of public funds, such is our traditional duty, and I feel perfectly sure that with the wide extension there has been in the number of taxpayers during the last few years we are going to be held answerable on that score. I do not think we should be under any illusions about it. Yet the present position is that in the House of Commons no minister is directly answerable as such for the administration of the public service.

The treasury board as a matter of practice has an enormous number of items coming before it for attention. As I said previously, I have never been able to get as full information as I desired about its workings, but I think it is reasonable to assume that the larger items receive the attention of the treasury board proper, while the smaller items, affecting small groups of personnel or individuals, are left to the staff of the treasury board. As

nearly as I can find out, and judging from the letters and documents that are signed, it seems to be the practice for the assistant deputy minister of finance to deal with these matters for the secretary of the treasury board.

Having regard to all the problems which have arisen, and other difficulties with respect to demobilizing some of the temporary staffs in the war departments, an advisory committee was set up in January of this year. It consists of five members. The chairman is Mr. Coon, an executive at the head office of the Bank of Nova Scotia. The secretary is the assistant deputy minister of finance, of whom I have just spoken. Another member is Mr. B. J. Roberts of the National Harbours Board, formerly assistant deputy minister of finance —the position now held by the secretary of the civil service committee—and the other two members are civil service commissioners. This committee is set up to advise the treasury board on matters affecting the civil service. Mr. Ronson, the assistant deputy minister of finance who is secretary of the advisory board, is to advise himself. Just how that process goes on I do not know; it is worthy of Gilbert and Sullivan at their best. I know very little about Mr. Coon, the chairman of the board, but I hope that the relationship between the banks and their employees is not to be the model for the relationship between the dominion government and its employees.

There is in Saturday's Ottawa *Journal* a report of an interview with Mr. Coon. I will read part of it:

For bankers, he—

That is, Mr. Coon.

—told the *Journal* this morning, spend their lives handling the "human element."

Where, he wanted to know, did a man take down his hair and talk over his problems, if he didn't do it when going to his bank manager for a loan?

The "human element" which now confronted him comprised some 40,000 civil servants demanding compensation for what they claim have been long-standing injustices, and on the other side, the treasury board standing guard over the government payroll.

The "human element" of this problem, he believed, was no tougher to tackle than that which he has been handling through the years as a banker.

I do not think this requires much comment. Although I do not know the relationship between bankers and persons seeking loans, I had not thought that the human element was particularly emphasized; I supposed that they used strict business methods. Nor do I suppose that persons seeking loans of bankers constitute such a wide section of the community, at that. In any event he is the chairman of the advisory committee, and I have referred to the second and third members. As regards the two members who are civil service commissioners, I have nothing but the very highest praise for their work. Undoubtedly they would be the first witnesses called before any committee dealing with this matter.

The civil service generally has no confidence in the committee. I should have thought that a condition precedent to setting up any committee to deal with employer-employee relations would be that the parties concerned should have confidence in the committee. This is achieved usually in two ways. One is to appoint representatives of the employer on the one hand and of the employees on the other, and to have the chairman chosen by these two groups of representatives. That was not done in this case. The employees have no representation on the committee. Another method is to appoint an entirely independent committee, but that was not done in this case either. The complaint that the committee is not independent is, I believe, well founded, because the main representative, the secretary, is the person in the treasury board who deals with the matters out of which most of these complaints arise. A third method open in this case is a committee of the House of Commons. Such a committee could properly have been set up here, because the House of Commons after all is responsible for the administration of the public business and for the expenditure of the public funds. This method might well have been used in the present instance; it has been used in the past, and I have referred to some of the rulings of such a committee.

One thing I wish to say just before closing. In regard to the two members of the advisory committee to whom I have particularly referred, I want to make it perfectly clear that I am not discussing their records as public servants. I am well aware that civil servants in general have no method of replying when anything is said about them in the House of Commons. I appreciate that fact, and I am not in any way attacking these gentlemen as public servants; so far as I know their records as such are quite good. What I am attacking is their fitness to function on this particular committee. I believe that should be made clear; otherwise my remarks might easily be misconstrued.

I have taken some time to go into this matter of the administrative arm of the government service. I have done so because I fear what is taking place will work injustice to the individual employees concerned and also be-

cause the trend in this connection is important and significant. Originally after confederation appointments to the public service were made in a quite haphazard manner, and I fear, in many instances, without much examination as to the fitness and qualifications of the prospective employee for the work to which he was to be assigned. In 1908 was instituted the merit system of appointments and promotions. That was opposed at the time, but the opposition is gradually dying out and the system in general is well established throughout the service. In 1924 a very fine superannuation act was set up, and it has since been extended. All these progressive measures, all the improvements made over a period of some thirty-four years, are now in danger of being nullified by this insidious extension of authority of the treasury board over the personnel of the public service. This is an extension without the treasury board having been directly and immediately given authority over the personnel of the public service as such. It is an extension in a form which does not charge any minister of the crown with direct responsibility as such so that he may be answerable to us here in the House of Commons.

It is for these reasons, Mr. Speaker, that I have taken the time of this honourable house to-day to bring these matters forward.

Mr. ROBERT FAIR (Battle River): I will not attempt to follow all the remarks of the hon. member (Mr. McIlraith) who has just taken his seat, but I want to assure him of my sympathetic assistance in getting for, particularly, the low-paid civil servants, a better deal than they are having at the present time. Evidently they have very good support in this city because I see in both the *Citizen* and the *Journal* that the cause of the civil servants is before the house. I am wondering whether the case of those to whom I now wish to refer will have the same line of publicity.

Mr. MacNICOL: The hon. member will have to send his speeches to the papers first.

Mr. FAIR: Fortunately or unfortunately I do not write my speeches, so that I am unable to do that. The hon. member for Lambton-Kent (Mr. MacKenzie) the other night proposed that speeches here should be limited to twenty minutes instead of forty. I think the house will readily understand that the hon. gentleman is on the government side so that he perhaps feels that everything is as it should be. But some of us in the opposition do not feel that way about it, and therefore believe that we are entitled to at least forty minutes to place before this house the views of those who are oppressed and to seek remedies for their troubles.

The budget address was one of the best I have heard here so far as delivery is concerned, and the Minister of Finance (Mr. Ilsley) has been complimented from all parts of the house. I can extend my compliments to him as far as the presentation is concerned, but I think condemnation would come from certain classes by reason of certain things that are in the budget. I believe the minister is doing his best; he has a big job, and I am blaming to some extent his advisers and the system under which he is working for some of the wrongs contained in this budget. Before going further I wish to express an opinion which may or may not meet with the approval of the house, but it looks to me that there is an election pending. Not long ago the Minister of Finance went on the air, on a Sunday evening I believe, and announced a reduction in the price of tea, coffee, oranges and milk. We are now promised something in connection with tariffs. I will read the part to which I have reference, as reported at page 861 and 862 of *Hansard*:

> The government has already, by an exchange of notes with the United States on November 30 last, undertaken to enter into conversations with that country, and with other countries, for the purpose of formulating programmes of agreed action direction toward the expansion, after the war, of production, employment and the exchange and consumption of goods, to the elimination of all forms of discriminatory treatment in international commerce and to the reduction of tariffs and other trade barriers.
>
> Committed to these objects and having in mind particularly the vital concern of this country in access to the selling and buying markets of the world, the government is prepared to discuss with the government of the United States, the government of the United Kingdom, or the governments of other countries with which we trade, reciprocal trade arrangements wider in scope and longer in duration than have hitherto been made, provided always that the advantages of such arrangements shall be open to other countries willing to adhere to the same terms.

I am wondering whether that is just a little bait. If a thing is good for this country, there is no poorer excuse for not putting it into effect than that there is a war on. The Prime Minister (Mr. Mackenzie King) has told us on different occasions that reform must come, and if it is not brought about before the war is over, it will be too late. I realize as do all hon. members, that at the present time we are having better terms with the United States than we have had for some time past, and after the war is over perhaps

we shall have difficulty in establishing trade relations with the United States which could be very easily obtained at this time.

I do not find any provision made in the budget for bringing up to parity the price of wheat. Perhaps before dealing with that question I might go back to tariffs, because I see the Minister of Trade and Commerce (Mr. MacKinnon) in his seat and because of what have been termed hand-outs to farmers of the west, particularly in the way of bonuses and acreage reduction payments, I wish to show that western farmers have been getting back during the past few years just a trickle of what has been taken from them in the past by way of tariffs as one instance.

The late Hon. Norman Rogers made a survey in 1931 which is the last survey that has been made as far as I know. That survey showed that Manitoba in that year paid by way of tariffs $29,185,740, equivalent to $13.25 for every man, woman and child in that province. The corresponding figures for the other western provinces were:

	Total paid by way of tariffs	Per capita
Saskatchewan	$29,228,285	$28 16
Alberta	27,909,396	26 93
British Columbia....	37,737,247	22 33

The total of these figures is $124,060,668. That would not be the average over a number of years past because in 1930, 1931, 1932, 1933 and 1934 we had very low prices for grain and for that reason were unable to purchase much of the supplies that were needed. So that for an average year we would be penalized at least $150,000,000 by way of tariffs.

Coming east, we find that in the provinces of Quebec and Ontario the shoe is on the other foot. In the case of Quebec there is a gain of $31,685,885, equivalent to a benefit of $11.03 for every man, woman and child in that province, and for Ontario, which has been referred to as the good old milch cow which has been milked by other provinces, we find the total was $51,989,761, or $15.15 for every man, woman and child in the province. The total for those two provinces is $83,675,646.

Mr. MacNICOL: If the people of Ontario had received the interest due them on Alberta bonds the hon. member could have quoted much higher figures.

Mr. FAIR: It looks as if the people of Ontario have milked Alberta dry so that Alberta was not able to pay the interest, and rather than pay it the government of Alberta had the good sense to see that they kept their people alive. I commend them for doing so. Give the people of Alberta a square deal and they will pay their interest. Furthermore, if they had had a square deal it would not be necessary for them to borrow all that money so that the interest would not pile up.

I said I sympathized with the hon. member who spoke just before me. Some time last month we find that the wartime prices and trade board passed an order giving restaurant keepers a right to increase the price of tea and coffee served with meals by five cents; that is, ten cents for tea, coffee or milk served with meals. They are also allowed to charge ten cents if a person sits down at a lunch counter and has a drink of tea, coffee or milk. On February 22 I placed some questions on the order paper in this connection; they were made an order for return and as yet I have not received the information; but as far as I can see, the restaurants were not justified in demanding this increased price, if they did demand it. Some say they did, while we find that other restaurants have not increased their prices. It seems to me that those who have increased their charges could very well get along without that increase, because I do not believe the restaurants of Canada ever had as much business as at the present time. Usually increased business tends to decrease the overhead, and I believe that is so in the restaurant business as well. In addition, we find that the servings have been very considerably cut down. When you get a serving of meat or fish, in many cases you do not get more than one-third the serving you got before the war; and when it comes to sugar with which to sweeten your tea or coffee, you find that the lump has been sliced in three. You are given three of those slices, which means you receive the equivalent of one lump.

In addition, I believe these restaurants are saving a little in connection with dish washing. Some of them are so rushed that they cannot keep their dishes properly washed. I was in a restaurant in this city not long ago when I saw five cups being given to five customers without the cups having been washed. One of the customers drew the attention of the waitress to the marks on the side of the cup where the other person had drunk the coffee. The waitress took a paper napkin, held it under a hot-water tap, went around, wiped off the cup and placed it before the customer. That customer had only about five minutes in which to get back to work, so that he had to go ahead and drink from a cup that had not been washed. This is not good enough. The people who go to the Chateau Laurier or some of the better restaurants do not get that

sort of service; but the people who imposed this tax do not eat in the small restaurants of this or any other city in Canada.

Now we come to the low salaried workers, for instance the group who have $660 left after paying their income tax, of whom we have some thousands right in this city. My information is that it costs these people an average of $20 a month for a room, or $240 a year. Then I believe they are entitled to $1 a day for food, figuring 25 cents for breakfast, 35 cents for lunch and 40 cents for dinner. Certainly they will not overeat at that rate. This amounts to another $365, and when you consider the extra 15 cents a day that is charged by a number of restaurants in connection with beverages, you have another $54.75 tacked on to the living expenses of those compelled to eat in restaurants. That gives you a total of $659.75, which leaves a worker in this group with 25 cents with which to buy clothing and other necessities, soap, towels and all that sort of thing. Then people in this group are also asked to buy war bonds, war savings certificates and stamps; to help the Red Cross, the aid to Russia fund, the milk for Britain fund, the Chinese relief fund, and all the other funds that call upon the public for contributions. During the past two or three weeks I have had in this connection a number of letters, of which I am going to read two. One is from the city of Montreal; the other is from the city of Vancouver, which will indicate that people all across the dominion are feeling the effects of this new tax. The first letter reads:

Dear Sir,

I trust you will pardon the liberty I have taken in addressing you.

I note your remarks re "coffee price boost" and that any person obliged to eat in restaurants would increase the cost of living by about $55 a year.

If you lived in Montreal and was obliged to limit the cost of your meals to 30 cents, as I have to do, it would increase your living costs to $76.65 a year.

All meals of 35 cents and over are taxed 5 per cent, which means your 30 cent meal would cost 37 cents, made up as follows: meal, 30; beverage, 5; tax, 2. The party responsible for this unnecessary increase should have his head examined.

That is signed by J. Anderson, of Montreal. The letter from Vancouver is as follows:

Your remarks regarding the recent increase in the restaurant prices of tea, coffee and milk used as a beverage made in the house yesterday and reported in this morning's Vancouver paper are very much to the point.

This agency, which deals chiefly with the problems of unattached men, the majority of whom are in the low income group, and who live in rooming houses and obtain their meals in restaurants, has already found it necessary to give supplementary aid as a result of the higher cost of meals.

Of this group, the old age pensioners and recipients of war veterans allowances are particularly hard hit. The majority of these cases are unfit for employment and are unable to supplement their $25 a month income.

A rough breakdown of their living costs shows rent averaging $8 a month, miscellaneous items including clothing, laundry, soap, razor blades, car tickets, etc., $5, balance for food $12. On an average of a thirty day month this means that the man is required to purchase meals within a limit of 40 cents a day. The general practice is the purchase of two 20 cent meals. The five cents a meal increase for beverage amounts to $3 a month.

Unless some action is taken either to rescind the wartime prices and trade board order or to give a supplementary grant to recipients of old age pension and war veterans allowance, the already inadequate standard of living of these groups and other small pensioners, etc., will be considerably lowered.

I am wondering if the government or industry will pay a cost-of-living bonus to those who eat in restaurants, to recompense them for this inflationary rise in the cost of their meals. If that is not done I suggest now that labour see to it either that this bonus is paid or that the increase in the cost of these beverages is removed. There is no justification for it, in my view, and I should like to see something done.

If we listen to after-dinner speeches we will not believe that there are hard times anywhere in this country. I do not believe we can ever attain the golden age of economic life while we are living in the stone age of economic thought. We have to do much better than we have done in the past. On December 2 of last year the Prime Minister was in New York where he spoke to the Pilgrims of America. He is reported as having used these words:

The only path to prosperity and peace is the path of equality of cooperation and of human brotherhood. The new order must be a world order. It must be governed by a universal rule of law. It must be based on human rights and not on the right of property, privilege or position. An end must be put to monopoly of power by any country and by any class.

Again I remind the house that the Prime Minister has told us on many occasions that we must have reforms before the war is over; otherwise it will be too late. What are we doing about it? As I said at the commencement of my speech this afternoon, if something good can be put into effect, then the war would seem to be the poorest possible excuse for not taking action.

In Canada we have a problem respecting people who are not able to supply themselves with medical and hospital accommodation.

I am suggesting now to medical men in the house, and their friends outside the house who are well organized throughout the country, that they demand from this and from any other government which may be in office later, that free medical service and hospitalization be granted to all those unable to provide it for themselves. Prevention of ill-health would be the cheapest possible way of cutting down the number of heavy bills now being paid for these services.

Canada can produce sufficient to satisfy all the needs of our people, but apparently we are not able to produce enough for the human greed being practised. In respect of old age pensioners I do not think it is necessary for me to go into detail. Already several hon. members have brought the case affecting these pioneers to the attention of the house, and the letter I read in connection with the increase in the price of meals gives information respecting the distribution of the small amount they now receive. We continually receive letters from old age pensioners and potential old age pensioners asking that the age for the receipt of pension be lowered, and that the amount be increased to at least $30 a month, also that a pensioner be allowed a net annual income of $500 a year instead of $365 as at present. This I believe would not be any hardship on the country. We could make adjustments which would not injure anybody, but would greatly help these old people. Pensions paid other people, such as persons in other parts of this building, might very well be used along this line.

Then we must give consideration to veterans of the great war of 1914-18. A number of these men need assistance, and I am speaking particularly for the veterans who settled under the Soldier Settlement Act. I believe I stated their case fairly thoroughly and in some detail on February 3 last, and I shall not go into it at length at this time. I intend, however, to return to it on another occasion, and I hope hon. members will get some information respecting these men and be prepared before the close of the session to obtain something worth while, reasonable and just for these settlers.

On November 19 of last year order in council No. 10472 was passed. We were told that this order in council would improve the lot of soldier settlers. Having read it, I feel that it is no more or less than a sentence of another twenty years to the hell these people have been enduring for the last twenty or twenty-five years. This is not good enough. As their representatives, let us see to it that something reasonable and just is done.

Looking back over the years I have been in the house, I think of the letters I have received and of the delegations of widows of veterans of the last war. Very little has been done for them up to the present time. However I see in the estimates an amount is provided to make provision for these people. I do not believe the amount is large enough.

We now come to the men and women returning from the present war. On another occasion I asked that they be given a square deal now, rather than twenty years after the war is over. In this connection I received a resolution from the Lloydminster branch, No. 39, of the Canadian Legion of the British Empire Service League. This resolution, dated March 10, is as follows:

> Be it resolved that the Lloydminster Branch No. 39, Canadian Legion, B.E.S.L. records its protest against the inadequacy of the maintenance and unemployment benefits of $9 per week for single men, and $13 per week for married men, as set forth in Acts and Orders in Council governing the rehabilitation of returned soldiers; that we condemn the limitations contained in those Acts and Orders in Council, and deplore the fact that reestablishment measures, so far, have been based upon the presumption of the existence of a set of post-war conditions which we feel should not be taken into consideration in the framing of an effective rehabilitation programme.
>
> C. Bexson,
>
> Secretary,
> Lloydminster Branch,
> Canadian Legion, B.E.S.L.

This question will be dealt with later on, and I trust that hon. members and particularly those who served overseas in the last war, will see to it that something worth while is done for those men, upon their return; and that preparation be made before the war is over, because, according to our Prime Minister, that will be too late.

I hold in my hand a clipping from the Saskatchewan *Cooperative Consumer*. I have used it before in the house, but I shall read it again because I believe it illustrates in a form better than I could offer the conditions now existing. It is headed with the word "Parable", and reads:

> Count Leo Tolstoy has written a parable concerning the private profit system, which portrays in realistic fashion a state of affairs that is all too true.
>
> I see mankind as a herd of cattle inside a fence enclosure. Outside the fence are green pastures and plenty for the cattle to eat, while inside the fence there is not quite enough grass for the cattle.
>
> Consequently, the cattle are trampling underfoot what little grass there is and goring each other to death in their struggle for existence.

I saw the owner of the herd come to them and when he saw their pitiable condition, he was filled with compassion for them and thought of all he could do to improve their condition.

So he called his friends together and asked them to assist him in cutting grass from outside the fence and throwing it over the fence to the cattle.

And that they called Charity.

Then because the calves were dying off and not growing up into serviceable cattle, he arranged that they should each have a pint of milk every morning for breakfast.

Because they were dying off in the cold nights, he put up well-drained and beautiful sheds for the cattle.

Because they were goring each other in the struggle for existence, he put corks on the horns of the cattle, so that the wounds they gave each other might not be serious.

Then he reserved a park in the enclosure for the old bulls and the old cows over 70 years of age.

In fact he did everything he could think of to improve the condition of the cattle, and when I asked him why he did not do the obvious thing, break down the fence and let the cattle out, he answered:

"If I let the cattle out I should no longer be able to milk them."

On behalf of those who are overseas fighting and those who are returning from the war and who in the future, if we do not take action, will be in the same class as those who are to-day old age pensioners, I would say that they are in the same category as and would compare with those referred to as cattle inside the fence. It is about time we broke down the fence and made available to these people the good things that this country can produce.

We have in this country an instrument that nullifies the rights of the elected representatives of the people. In another portion of this building is a body of men without any particular qualification except service to their political parties. These men under our present constitution have the right to nullify any act passed by the elected representatives of the people. We are told that many years ago the Liberal party were going to reform that particular house. We are told that there is a constitution which stands in our way, but as far as I am concerned that constitution is man-made and it can be man-changed and made to serve the people to-day rather than those interests which saw to it that when it was drawn up it would serve their purpose.

Perhaps we are not prepared to make this change in our constitution because we have not a quill pen to do it with. I understand that when this document was drawn up years ago a quill pen was used, but to those who would put forth this kind of argument I would suggest that we have many geese and turkeys running around our farmyards and it would be quite easy if it were thought necessary to take a quill from one of their wings to make the change. By doing this we would make available for other purposes thousands and thousands of dollars every year, and a number of offices now inhabited by people who are making no good use of them would be made available to others. We could stop appointing people to this house, and those who are there who can qualify for the old age pension could be granted $30 a month.

No reform can come to the common people unless the lawmakers are of the same mind as the common people. This may be a clumsy way of putting it, but I say that unless the common people get a majority of members in this house who are in actual sympathy with them, we cannot expect to have much change in favour of the common people. God must love the common people because he made so many of us. I have not much time left so that I shall have to hustle along a little faster than I intended.

We must have a firm foundation for our new set-up; otherwise it will crumble. In order to have this firm foundation, I suggest that there should be a better deal for agriculture. After all, agriculture is the basic industry of this country, the one that must stand the brunt of taxation, directly or indirectly, and the one that must provide the food for all of us in Canada, as well as many of the men who are being sent overseas to fight our battles. In order to give agriculture a square deal I suggest that there should be parity prices for all agricultural products.

We should have a long range programme so that the farmer can go ahead and make plans for a number of years instead of having to confine himself to a one-year programme. Farm debts have been accumulated under unjust legislation. When the prices of our products are forced down there is no talk of scaling down either interest rates or the debts themselves. The result is that our farmers are now in an impossible position and cannot hope to get on a sound footing until something is done along the line I suggest. I am suggesting that the wishes of the western debt conference which is meeting in Ottawa to-day be implemented and placed upon the statute books here because this government and the privy council claim that the provinces have not this power.

Tariffs should be removed. I think I gave enough figures this afternoon to convince anybody that an imposition has been placed on

the farmer in this connection. I have some rather interesting information here in connection with income taxes paid by farmers. Between 1930 and 1942 an average of 1,191 farmers paid income tax, the average amount a year being $92,163. Because our farmers work longer hours than any other group; because they are not allowed wages for their wives or members of their families who may help them, I suggest that the government would not be losing much money to exempt the farmers from income taxation. This may seem to be class discrimination, but I think I am justified in asking for it on account of the conditions under which our farmers have been compelled to live during years gone by. If exemption cannot be granted, I suggest that the term for computing income tax be five years rather than the two as suggested in the budget. Proper steps should be taken to care for our aged pioneers who are underprivileged through no fault of their own, as well as for the veterans and veterans' wives of the first great war and the veterans and their families of the present war.

There is one answer and key to this—social credit. Since coming here in 1935 we have been laughed at on different occasions. As suggested the other night by one of the hon. members in front of me, hollow laughter means idle brains or empty brains, if you want to call them that. We do not have so much of this laughing now, and I think in future more consideration will be given to our suggestions. Up to the present time social credit has not been implemented. Let me say in conclusion that it is better to fail temporarily in something that must inevitably come, than to succeed in something that must ultimately fail.

Mr. J. A. GREGORY (The Battlefords): Mr. Speaker, I wish first to congratulate the Minister of Finance (Mr. Ilsley) upon bringing down a budget for the Canadian people which has added very little burden to their shoulders, notwithstanding the fact that Canada's contribution to the united nations has increased enormously. I believe that the budget delivered at this session will go down in history as one of the great documents in the life of Canada. I believe further that the name of the Minister of Finance will find a niche in the halls of the celebrities of Canada. I can only wish the minister a growing distinction, an added stature and increased usefulness in the public life of Canada.

I was very much impressed by an article written by the United States newspaper commentator, Ernest Lindley. This was written for United States consumption and is in praise of Canada's policy step by step in financing the war. He narrates these steps in controlling inflation, in establishing a price ceiling, in our payment of bonuses, in the refundable tax feature of the income tax and in the fact that the provinces were being reimbursed for vacating the fields of income tax, corporation tax and succession duties. He ends this notable article by saying:

> The war tax programme of the Canadian government has revealed a firm grasp of the essentials of wise management of the war economy which our tax programme—

He is referring to that of the United States:

> —has lacked.

His concluding remark is:

> Congress could profit by studying the Canadian budget messages.

I am sure that we as Canadians have reason to be highly gratified that we have been the forerunners, that we blazed the trail along these lines and that our great neighbours to the south of us are now following in our footsteps, at times rather haltingly, rather hesitantly, it may be, but nevertheless endeavouring to follow step by step the plan as set forth by the government of Canada.

When I last spoke in this house on February 8, I was predicting a change in the fiscal policy of Canada after the war. I had made certain statements to the effect that we would all be free traders or at least believers in low tariffs after the war is over, and I had started to develop that argument, sir, when my time was exhausted. I wish first to-day to finish that argument.

I said on that occasion that in the primitive days of Canada's industrial growth the home market was the only market Canada had for her manufactured products. Thus a policy of protection of the home market by a high tariff was built up as a policy for the protection of industry in Canada, and it has continued ever since the "national policy" of 1874 was first initiated.

As Canada's industries expanded, its surplus products looked for foreign markets. Thus arose our export trade. But the home market being the main market was still protected. This doctrine had its fullest practical scope during the Bennett regime of 1930-35.

We have, however, gone through an industrial revolution during the last two years. We have become a prodigy of industrial production. When peace returns and war orders cease, our factories must turn to peacetime production and there will be a feverish search for export trade to keep the factories

going, to continue the employment of those at present engaged in those factories and to create jobs for the soldiers returning home. The tables then will have completely reversed —the home market will be the insignificant market and the export market will be the important one. It seems to me that the whole psychology of the people of Canada will change when this is realized. The psychology of the producer and the consumer, of the farmer and the businessman, of the worker and the management—the psychology of the whole Canadian people will have gone through a radical change. They will realize two great urges which will induce a change of tariff policy in Canada. May I indicate those two urges.

Efficiency and cheapness of production will be the essentials in order that Canadian goods may compete in price and quality in the open competitive markets of the world. I submit that high tariff protection is not conducive either to efficiency of operation or to cheapness of production.

The second urge may be put in this way. Exports have to be paid for, and how are exports paid for? Well, sir, the farmers of western Canada have always understood that very simple problem in arithmetic. Exports must always be paid for by imports. Hence the western farmers' consistent belief in free trade or low tariffs to permit a two-way traffic in commodities. I repeat what I said the last time I addressed the house, that after the war there will be no crusted high tariff Tories, that after this war is over we shall all be free traders or low tariff believers. The farmers of western Canada will welcome that day. It will mean the striking off of their chains of economic slavery. Poverty has been enforced on the western farmer by the heavy toll of freight rates on what he sells and on what he buys, by the artificially high prices which protective tariffs have compelled him to pay, and by a banking system unsuited in its structure and in its practices to be of service to the farmers of western Canada. I shall have something further to say as I develop my speech with respect to another kind of financing of western Canada, both in its activities and in its policies.

Leaving the question of a change which we believe is imminent in the fiscal policy of Canada, may I lay down the second proposition which to me is equally important. Not only must there be, after this war is over, a free interchange of commodities for the prosperity of Canada and the welfare of Canadian people, but there must be a free exchange of people. In other words, we must go back once more to an active, generous, comprehensive immigration policy for the Dominion of Canada, subject always, of course, to the application of certain approved standards of physical, mental and moral fitness of those who seek entry into this country. Just in passing, after forty-five years' residence in western Canada and having seen nearly all the immigration into western Canada, may I say that often in the past these standards of physical and mental and moral fitness were applied with most inexcusable laxity. I believe that vast groups of European people will be eager to come to Canada after the war, to leave behind them forever the regular periodical recurrences of invasion of their homes, the fleeing for their lives and abandoning of their possessions which has been the history of countless generations throughout the whole history of Europe. I wonder if we do not at times forget that the same hills and rivers which Julius Caesar fought for, the same hills and rivers which nations and tribes, before those nations, fought for throughout the ages of Europe, are the same hills and rivers which our soldiers fought for in the great war of 1914-1918 and which the German armies in this war seized in their conquest of Europe.

Canada will have an opportunity such as she has never had in the past of selecting and choosing, that is hand-picking, the kind of immigrant that she will accept after this war. This policy will not be, like past policies, agricultural, designed to fill up vacant lands, because all the good vacant lands in western Canada are already filled. It will be one of selecting skilled tradesmen, artisans, technicians and industrialists. Prior to the outbreak of this war the breaking-down of mass population and centralized industry had commenced. Indeed, the decentralization of industry and population was well on its way. The bombing plane has simply hastened this movement by destroying the physical assets of thousands of factories in Europe and ending the lives of tens of thousands of skilled artisans working therein. The urge to get away from this kind of thing, from this incessant scourge in Europe, will induce innumerable industrialists to pack up what remains of their plant and machinery, their assets, their currency, their finances and credit, bring with them their technicians and artisans, and cross the ocean to Canada and this great land mass of north America, where they can reestablish themselves on a smaller scale, and, if not entirely free from bombing planes, at least live on this new land mass of north America where no wars break out, and to

attack which, bombing planes first have to cross two thousand miles of the Atlantic ocean or seven thousand miles of the Pacific ocean.

I believe that very often we fail to realize how fortunate we are in living upon this great land mass of north America. It is God's gift to the unfortunates of this war. Canada can be the land of the second chance for those who have lost their first chance in Europe because of the devastation of this war. I believe, then, that Canada will have a wonderful opportunity to enrich its economic life through a vast stream of wealth and credit, of industrialists, technicians and artisans, and the creation of a new population based upon secondary industry. The opposition of farm groups and farm organizations in western Canada to further immigration, an opposition which has been so prominent for at least the last fifteen years, will vanish, and the dawn of a new day will break on the horizon for western Canada.

What will the establishment of secondary industry mean to western Canada? Let me enumerate the answers in the following manner:

First, it will mean an increased home market for the consumption of commodities grown on the farm. It will mean the bringing of millions of new mouths to the grain fields of western Canada to consume our flour, meat and dairy products. Also, in time, it will mean the building up of a domestic price for flour, meats, dairy products and other farm produce; and the export price which now governs the price of western farm products, and which has been the economic curse of our farmers as long as I have known anything about the effect of markets upon our producers, will apply only to that small balance which is left over, which we will call the exportable surplus.

Second, it will mean employment for our boys and girls. I do not wish to enlarge upon one of the saddest stories with which we are afflicted in western Canada. In only the second generation of pioneers who went to the prairies—unlike Great Britain, which looked after succeeding generations, even to the tenth generation before its emigrants scattered over the world—our people have had to suffer the sorrow and ignominy of seeing their boys and girls, born in the west, growing up there, attending its schools, for the cost of which we were responsible, when they reached the age when they are bubbling over with enthusiasm and energy and the desire to do something in this world, look in vain for jobs in the country of their upbringing, and become compelled to go to other provinces and throughout the United States of America, where by their efforts they are enriching the life of other provinces or another country at the expense of the province in which they were born.

In the third place, it will mean relief from the heavy burden of taxation which weighs upon the towns and cities of Canada.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. GREGORY: When the house rose at six o'clock I was trying to answer the question which I had put to the house, "What will the establishment of secondary industry mean to western Canada?" I had come to the third effect in answering that question. I had said it will mean relief from the heavy burden of taxes in our towns and cities, due to the increased assessment of factories, houses, warehouses, stores and all the development incidental to turning western Canada into a province of secondary industry.

Fourth, it will mean the turning of deficits of our two railway systems into permanent surpluses. Fifth, it will mean a reduced burden in servicing our bonded indebtedness, federal, provincial and municipal, on account of the increased realty values which will result in our towns and cities and farm lands and by reason of the increased number of wage-earners, the reduction of the per capita debt automatically will mean the reduction of per capita taxation. And sixth, it will permit the extension of increased social services for the reasons which I have stated.

It must be borne in mind that Canada has built up an overhead structure capable of maintaining a population of 50,000,000 people, in her railways, schools, civic improvements, legal structures of all kinds, publicly owned equipment, and in our mercantile and financial institutions. The burden of this structure on 11,000,000 people has become almost intolerable.

Following this war, certain things must be done to ensure the proper development of Canada along these lines. This evening I intend to lay three stones as a foundation for greater prosperity, greater happiness and a growing population in our national life.

I take the first stone, and a prominent stone in that foundation, to be the creation under the Bank of Canada of regional banks for the four natural regions of Canada. In order that this may be very plain may I answer the question, What are those four natural regions? In my judgment they are the maritime provinces, the central provinces, the

prairie provinces, and British Columbia, all having natural resources and an economy all their own and a geographical position in accordance with the position which they must occupy in that national whole which we call the confederation of Canada. The creation, I say, under the Bank of Canada of regional banks for the four natural regions of Canada. For what purpose? To use the credit that can be created against the wealth in production of each of these regions. It will be done through subsidiaries of existing banks, setting up agricultural banks, long-term credit banks, by our present institutions or the setting up of a special agricultural bank structure under the Bank of Canada in each of those regions to encourage the development of new resources and industries based on those resources and the general balanced development of that region which it is its duty to advance.

I realize that in laying a foundation for a new Canada this immediately breaks up the present situation, whereby through the present banking set-up the credit of this dominion has been and is being used for the maintenance of the industrial and financial preponderance of the central provinces at the expense of the other provinces of the dominion. I do not need to explain this point; I have spoken fully concerning it in the past in connection with the unfortunate breaking down of the conferences having to do with the Sirois report. I do not intend to take time now to expand this point; I just say that in one short lifetime I have seen the obliteration of industrial and financial institutions and their subsidiaries, insurance and trust companies in the maritime provinces, either by absorption by or removal to the central provinces, or by bankruptcy. In one generation I have seen the prodigious wealth of the prairie provinces flow in irresistible tide to the central provinces, leaving those prairie provinces barren of wealth, sucked as dry as a squeezed lemon.

Surely, sir, this was not the design or pattern intended or anticipated by the fathers of confederation. Surely the fathers of confederation never visualized a lopsided development such as we have in Canada at present. Surely those famous fathers never intended to pour into any such lopsided mould from the melting pot of the four crown colonies comprised in confederation. I would rather think that the fathers of confederation conceived the idea of each part of the new Canada contributing to the welfare of each of the other parts, each contributing something to the common cause in making a greater, happier and more prosperous Dominion of Canada.

[Mr. Gregory.]

I believe the time has come to do something about this problem. We should start now and reshape this distorted growth that we call the Dominion of Canada.

The second stone to which I would refer as a foundation of a new and better Canada is the setting up of an economic board for each of those four regions to conduct a rigid research for raw products within that region and to aid in their manufacture.

Without dwelling on that point, I come to the third stone, setting up of regional research laboratories to conduct research into more varied use of the products and commodities native to each of those regions. Speaking of my own particular part of the country, I refer to such commodities as wheat, wild weeds, low grade coal, oil, gas, clays, and timber native to the region.

It may be said that it was the purpose of the Sirois report, if it had been implemented, so to equalize things in Canada that all these grievances to which I have referred would be remedied. It is true the Sirois report proposed the setting up of subsidies to the less favoured provinces in order to equalize the standards of living of all the provinces, to equalize educational opportunities and other standards in all the provinces, and to assist in the servicing of the provincial debt of these provinces. But even if we assume for a moment that all these things had been accomplished, there would still remain the hollow shell of economic deficiency in parts of Canada, in my part of the country, arising from lack of production, not primary but secondary. Eventually this will lead to economic discontent which may place a socialist or other non-democratic group in control in some of the provinces, and merely postpones the date of the internal disruption between the federal and provincial authorities.

Now, sir, I should like to mention, in addition to the three stones which in my judgment are essential as the foundation of a new and better Canada, certain aids to make this structure a success. I say, first, that we should begin now, particularly in the prairie provinces, to carry on the technical training of our youth in order to prepare them for the new day in secondary industry. You may say that the dominion-provincial youth training scheme is already in existence. That is quite true, and I am pleading simply for a continuation of that scheme following the termination of this war. Second, the time must come in western Canada when there must be more intensive farming to diversify and raise the value per acre of our crops and put more labour content into their production. Next I plead for a greater

application of the Prairie Farm Rehabilitation Act, to take unsuitable land out of cultivation, and put it into community pastures, and to conserve water at every opportunity. I plead with this house and this government that larger and still larger sums be voted under that rehabilitation act for the purpose of carrying on conservation work in western Canada.

This brings me to the question of irrigation, and for a moment I should like to refer to an irrigation project which has nothing whatever to do with the Prairie Farm Rehabilitation Act. It so happens that near my home, in the valley of the Saskatchewan river, there is a thousand acres of pasture, scrub and alkali which in the early days of the northwest mounted police, when their headquarters were in Battleford, was used as a pasture for the horses. As a member of the provincial legislative assembly I had something to do with bringing to the attention of the government the possibilities of this thousand acres of pasture land if it were irrigated. Not long ago a start was made; a few hundred acres of this land were placed under irrigation, and the results obtained have been simply amazing. This project is under the control of the provincial mental hospital, with the staff and patients doing the work from spring till fall. The mental hospital is responsible for the care of the crops, but those crops have become so immense that even with all the stock on the farm and the population of three thousand people in the mental hospital, it is not possible to consume what is produced there. I should like to give one or two figures in connection with this project. I am not in a position this evening to give the exact number of acres under cultivation for the growing of vegetables and roots, but a very large part of the land being cultivated is used to grow oats, alfalfa and other fodder for the stock on the farm. There is a twenty-three acre field of oats which yielded a crop at the rate of 114 bushels to the acre. The alfalfa crop amounted to several tons per acre; I have not the exact figure per acre. Then we made a start in the growing of small fruits and vegetables, with these results:

	Pounds
Strawberries	1,176
Raspberries	787
Currants	930
Gooseberries	441
Crab apples	104
Plums	650
Beans, green	5,584
Beans, dry	4,500
Beets	69,975
Carrots	144,694
Cauliflower	9,329
Cabbage	125,413
Lettuce	1,000
Mangels	100,000
Onions	17,411
Potatoes	722,700
Peas, green	11,333
Peas, dry	10,800
Parsnips	29,870
Radishes	1,967
Rhubarb	1,695
Swiss chard	5,324
Turnips	204,560

This project has been under cultivation for only three or four years, but the results obtained already are almost beyond comprehension; it is necessary to go there in order to appreciate exactly what has been done. Since coming to eastern Canada I have heard critics in this house, more particularly those coming from Ontario, say that the western farmer is too lazy to go into mixed farming. It may not be known to many hon. members that in Saskatchewan there are large areas in which sufficient water cannot be obtained for domestic requirements and where stock cannot therefore be raised. In other regions the quality of the soil and the absence of moisture are such that coarse grain cannot grow and mature. However, in some sections we have made vast strides in regard to mixed farming. For the first time Alberta has led all the provinces in hog production. Saskatchewan has made progress also, and in a few moments I propose to read a few figures with respect to what has been done in that province. Before doing so, however, I would warn eastern farmers that if their advice were taken literally, the production of hogs, cattle, sheep, horses, eggs, butter and cheese in western Canada would swamp the market and break prevailing prices.

Now just a word with regard to stock production in Saskatchewan, as between 1941 and 1942:

	1941	1942
Horses	803,893	830,000
Cattle	1,245,537	1,395,200
Sheep	330,110	410,000
Hogs	949,000	1,325,400
Hens and chickens	9,649,460	13,127,000
Turkeys	990,650	1,616,000

Now just another figure or two with respect to another form of production. In 1942 our production of creamery butter amounted to 41,306,000 pounds, bringing us to third place in Canada, as against a production of 37,126,694 pounds in 1941. There is an equally remarkable increase in the production of honey, which amounted to 5,000,000 pounds in 1942, or an increase of 2,000,000 pounds over 1941. We ranked second in Canada in the production of honey, Ontario being in first place with

7,800,000 pounds. The number of sheep shorn in Saskatchewan during 1942 was 226,900 and the wool production was 1,815,000 pounds. In 1941 the number of sheep shorn was 183,100, and the wool clip amounted to 1,501,000 pounds.

Mr. Speaker, I see my time is passing quickly. I had intended this evening to make some reference to the growth of cooperative organizations in Saskatchewan and their purposes. As many hon. members know, Saskatchewan is the home of cooperation, leading all the provinces of Canada in its cooperative effort. This movement has been fostered almost entirely under Liberal administration in that province. On various occasions the provincial government has loaned large sums of money for the creation, development and maintenance of cooperative organizations.

There are two kinds of cooperatives in that province, namely, producer cooperatives and consumer cooperatives. I had intended giving the house to-night some figures showing the number of the various kinds of cooperatives, something of their membership and something of the branches they are operating at the present time in large numbers. I shall leave this subject to a later date. I had intended developing the subject further, after stating the purposes for which cooperative organizations are created, stating something of the nature of the various organizations, and stating just what producer cooperatives and consumer cooperatives are doing in that province. I had intended carrying the matter a trifle further to-night.

However, I shall leave this for another occasion. I had intended going into the question of just what atmosphere cooperatives operate in. Cooperative movements always operate in capitalistic or free enterprise provinces or countries. The cooperative organization is for the very purpose of assisting the producer, if it is a producer organization, or the consumer, if it is a consumer organization, to obtain a saving through operation in the cooperative set-up. They operate only in capitalist organizations; they have no place in socialist organizations. That brings me to a speech delivered a short time ago in Saskatchewan, having to do with the proposal that cooperative institutions should be used in a socialist state, in that province. But for to-night I shall leave the question right there.

Mr. D. KING HAZEN (St. John-Albert): Mr. Speaker, last Friday afternoon when the orders of the day were called I rose to address a question to the Minister of National Defence for Naval Services (Mr. Macdonald) for the purpose of learning if there were any truth in the report which appeared in the *Telegraph-Journal* of Saint John, New Brunswick, on the 9th instant to the effect that the government intended closing the Royal Canadian Naval Volunteer Reserve training centre at that port which, for some time past, has been known as His Majesty's Canadian ship *Brunswicker*.

You ruled at that time, Mr. Speaker, that the question should have been put on the order paper. Consequently I was unable to bring the matter to the attention of the Minister of National Defence for Naval Services, and to learn from him whether or not the report was true.

I do not rise this evening to criticise Your Honour's ruling, but I do wish to inform the minister, and through him the government, that the people of Saint John are very much perturbed over this report. I rise to ask the minister, and through him the government, that, if such move is being considered, it be not proceeded with, but dropped. I rise to ask him if such a decision has been come to it be reconsidered and that His Majesty's Canadian ship *Brunswicker* should be permitted to remain at the port of Saint John.

Mr. MACDONALD (Kingston City): May I reassure my hon. friend by saying that if it is at all possible to continue the establishment at Saint John, it will be continued there.

Mr. HANSON (York-Sunbury): It has been there for twenty years.

Mr. HAZEN: I am very glad to have that assurance from the minister. This branch of the Royal Canadian Naval Volunteer Reserve was established at the port of Saint John two decades ago. In the years preceding the war many of our boys joined this unit. They obtained useful training there, and made friendships within the unit, with the result that an esprit de corps has been developed. The unit has its own traditions. It has become part of our community life. Many of the boys, both officers and men, enlisted when war was declared, and have given good accounts of themselves.

Since the outbreak of the war the work of the unit has been carried on in a more intensive manner. While I am glad to have the minister's assurance, I must tell him that if the report which has appeared in the press turns out to be true, and the unit is removed from Saint John, such action on the part of the government would be deeply, and I submit justly, resented by practically everybody in the community, irrespective of poli-

tical affiliations. I must confess I was pretty hot under the collar when I read the item in the newspaper. I hope it will not prove to be true.

The feelings of resentment and indignation engendered by the report are not based on any loss of business, or any loss of dollars and cents. They arise from feelings which lie closer to the human heart and which, in the long run, are of greater importance. They are engendered by the fact that our people live in an old but modern and active sea port, one which has generations of sea tradition behind it, that has known great days in the past when it was the fifth largest ship-owning port in the world, and it looks forward, too, to greater days in the future, as our country develops. Our people regard this unit as part of its community life and part of its sea tradition.

I should think the feelings of the people of Toronto would be very much hurt if they were informed that the Queen's Own, or some other militia unit belonging to that city, were to be moved bag and baggage to the city of Quebec. The people of Ottawa would be equally disturbed if they were to hear that the Governor General's Foot Guards were to be transferred to Truro. And I say that the people of Saint John are very perturbed over this report.

There appeared in the *Telegraph-Journal* of Saint John, New Brunswick, on Tuesday last, an editorial, which I believe voices the feelings of the people of that city to a considerable extent. It is headed "Prevent this Injury", and states:

> The incomplete news received as regards what is to happen to H.M.C.S. *Brunswicker* gives rise to serious misgivings. If things actually proceed as they appear to be shaping, it will mean that the training of R.C.N.V.R. ratings will cease, or almost cease, here and be moved to a Nova Scotian port, leaving few more than a recruiting staff. The news is indefinite, but it contains a threat that hon. Angus L. Macdonald, Minister of Defence for Naval Services, has in mind some plan that, as at present represented, will be definitely detrimental to Saint John. No reason has been given.
>
> This, coming on top of the establishment of a naval signals training school in an inland town in the province of Quebec, seems to challenge every New Brunswick member of parliament and senator to combine and make their influence felt to prevent the plan being carried through. New Brunswick has no desire to attack Mr. Macdonald, but it has not the slightest intention of sitting down and permitting neglect and discrimination. When these are foreshadowed they must be prevented. During war time we all have enough to do to fight the enemy, and in New Brunswick at least we have more sense than to wish to join battle with a minister of the crown. However, if the latter starts something harmful to us, he will find us not backward in self-defence. Therefore it is to be hoped that joint action by all New Brunswick representatives in Ottawa, irrespective of party, will succeed in averting that which has the makings of very hard feelings.

When the war appropriation bill was before the house in committee last May and the minister's estimates were being considered, we were informed by him that $635,500 was being set aside for the erection of piers, buildings and the provision of other services in Saint John. Of this amount, $190,000 was a carry-over from the previous year. This amount was small compared with the $7,500,000 which we were told was to be spent in Halifax, with the $4,469,000 which we were told was to be spent at the Sydney base and with the $2,500,000 which we were told was to be spent at Esquimalt. We were not told on that occasion about the $20,000,000—I have not the exact figures—that was to be spent at Deep Brook in Annapolis county, Nova Scotia. No mention of the fact was made that a development was to take place there, and as far as I can recollect no mention was made of the fact that $2,624,000 was to be spent in constructing a naval establishment at the inland town of St. Hyacinthe in Quebec, although the plans for these establishments must have been well under way at that time. The Minister of National Defence for Naval Services told us at that time that an administration building was to be built at Saint John at a cost of $25,000.

Mr. HANSON (York-Sunbury): Very modest.

Mr. HAZEN: Very modest, but we would have been glad to get it. We were told also that barracks costing $40,000 and a recreation building to cost $7,000 were to be erected. These are not large sums compared with what was being spent elsewhere, but we would have been glad to get them. However, as far as I know none of these building has been erected. If any building has been erected, I should like the minister to tell us just which one it is.

The Minister of National Defence for Naval Services has not found the time to visit the port of Saint John although he has found time to go about delivering lectures in different parts of the country. I suggest that he should come to Saint John and inspect the naval facilities there in order to see just what is needed at the port. It is about time that he came there. Judging from what has occurred since the outbreak of the war, I do not think we can look for much assistance from the Minister of Transport (Mr. Michaud) who is

supposed to represent New Brunswick in the cabinet. He has failed to look after the interests of our province. There is no naval establishment of any considerable size in the whole province of New Brunswick. I again ask the minister to visit our province and inspect the facilities there so that he may learn at first hand just what is needed.

Mr. MACDONALD (Kingston City): Would it be quite safe?

Mr. HANSON (York-Sunbury): We will have the bagpipes out for you.

Mr. HAZEN: I shall be glad to go with you to point things out.

An hon. MEMBER: As a bodyguard.

Mr. HAZEN: I am glad to have the assurance of the minister that there is a probability —I think I understood him correctly—that this unit will not be removed from Saint John. If the government have in mind any such plan as I have mentioned I urge them to drop it and to see to it that the port of Saint John and the province of New Brunswick get what is justly coming to them.

Mr. J. W. NOSEWORTHY (York South): Mr. Speaker, so far the debate on the budget has provided each of the political parties in the house with an opportunity to set forth its monetary policy. I wish to speak for a few moments on the amendment to the amendment, particularly the first paragraph. I gathered from listening to the debate that all members of the house are agreed on certain points. I think we are all agreed that money is the medium for the exchange of goods and services and that the chief function of money in our national economy is to provide for an equitable exchange of those goods and services. I think we are agreed also that the success of any policy can be determined by the degree to which it succeeds in distributing these goods and services equitably.

At least four of the parties in the house have expressed their opinion regarding the soundness of the government's policy. I think the financial critic of the opposition is more optimistic about the soundness of the present government policy than is the Minister of Finance (Mr. Ilsley). For that matter the Minister of Finance and the financial critic expressed some concern over the fact that last year it was necessary to borrow so heavily from the banks—$983,000,000, according to the minister's statement, $790,000,000 of which was borrowed from the private chartered banks. The hon. member for Danforth (Mr. Harris) made no distinction between the money borrowed from the Bank of Canada and that borrowed from the private banks. To him they were all just bank borrowings. I think the minister made it clear that he would have preferred to borrow more than he did from the Bank of Canada. I am sure if I am wrong in that he will set me right. I think I am correct in saying that he made it clear to us that the only reason why he could not borrow more from the Bank of Canada was that for every $1,000,000 he borrowed from the Bank of Canada the private banks would thereby be automatically able to advance by way of credit another $10,000,000, thereby multiplying the danger of inflation tenfold. Apparently the policy he followed was that of borrowing $1,000,000 from the Bank of Canada, and then taking up by government loan the $10,000,000 which the private banks could advance by way of credit on that Bank of Canada security. The chief concern of both the minister and the financial critic of the opposition regarding this transaction was the inherent danger of inflation. Another danger brought to the attention of this house by the hon. member for Lethbridge (Mr. Blackmore) was that while to-day the interest charges on those loans are comparatively low—I think the minister said 2·6 per cent over the whole borrowings—we have no assurance that in the post-war period we shall not be obliged to revert to pre-war interest rates. We have no assurance that the taxpayers of this country will not be required in future years to pay higher interest rates than those prevailing to-day.

The picture as I have been able to see it, listening to the minister and to his critic, is this: It is not this government which in the final analysis determines the monetary policy of the country. In so far as the minister is restrained from borrowing from the bank of Canada because of the power which that borrowing gives to the private banks, to that extent the private banks are determining the monetary policy of this government. I do not think any hon. member can escape that conclusion. There may be differences as to what the remedy is. We in the Cooperative Commonwealth Federation have attempted to make it quite clear and to set forth in our amendment that as far as we are concerned we do not believe that any control short of the socialization of the entire banking system which will make the branches of the private banks branches of the government-owned Bank of Canada will solve the difficulties of our monetary policy and make money what it should be, the servant and not the master of our economy.

There is a second feature of the government's fiscal policy with which we are in disagreement, namely, the level at which the government has found it necessary to freeze wages and farm prices. I know the Minister of Labour (Mr. Mitchell) does not like to hear that word "freeze."

Mr. MITCHELL: It is not true.

Mr. NOSEWORTHY: I will use some other word if he likes it better, but the meaning will be the same.

Mr. MITCHELL: Say stabilization. My hon. friend knows better.

Mr. NOSEWORTHY: Without going into details let us review a few of the most significant facts, and I ask the Minister of Labour to correct me in this wherein I am wrong.

The dominion bureau of statistics sets forth, as this house has already been told, the fact that in 1941, eighty-three per cent of the wage-earners of Canada were in receipt of incomes of less than $1,500 a year, or $29 a week. The next fact is that there are many industries, both essential and non-essential which were depressed and in which wages had not been adjusted at the time the government's policy came into effect. There is still a very wide variation in the amounts paid to workers by way of cost-of-living bonus oftentimes in industries in the same location and engaged on the same type of work. Increases or adjustments have been made from time to time by the war labour boards but I submit that in by far the majority of those instances the adjustments have been made where labour has been sufficiently organized to bring the case of the workers to the attention of the minister and his department, and in all those industries where labour is unorganized, where the workers have no spokesman to present their case to the minister or his department, wages still remain low. The argument which we hear raised particularly when large numbers of workers are involved is that adjustments will wreck the government's price-fixing and wage-fixing policy. I submit that any government policy which has to depend for its success upon the government's ability to keep vast numbers of our workers and vast numbers of our farmers in receipt of incomes below minimum standards is socially unsound. That, to my mind, is the weakness of the present government policy regarding farm prices and labour. Its success depends upon the extent to which the government can succeed in keeping those who are in receipt of low incomes at that low income level.

There is not an hon. member who does not agree that some restraints are necessary to curb the purchasing power of consumers or to keep it in line with the supply of consumer goods. We all realize that workers would suffer probably more than anyone else should inflation take place. But I ask the government, is it necessary, in order to prevent inflation, to keep eighty-three per cent of our wage-earners in receipt of income lower than that accepted by the government itself as a minimum standard of living? Surely not. If consumer purchasing power must be restricted—and I agree that it should—certainly those restrictions should fall upon all citizens impartially. Taxation and compulsory saving do just that; they make the burden fall fairly impartially if the taxes are properly distributed. But keeping wages in one industry lower than wages in another, or keeping wages in one province lower than wages in another, does not distribute the restrictions equitably; it has just the opposite effect; it imposes a special set of restrictions upon those in the lower income brackets.

The threat of inflation is used, I fear, as a bogey to prevent equitable adjustments of wages and prices. If we are not willing to make those necessary adjustments on purely humanitarian grounds, surely it has been made quite clear by private hon. members in this house that this policy, by reducing production, is defeating the very purpose we set out to achieve in our war effort. On this ground, if not on humanitarian grounds, I contend that we should find some way of preventing inflation without having recourse to a policy of depressing so many of our people.

I do not agree with or accept the remedy proposed by the financial critic of the opposition, the hon. member for Danforth. He advocates reducing the tax rates and spreading the tax. I should want to know what taxes are to be reduced and where they are to be spread before I could accept that solution. He quoted from the New York *Herald Tribune*, and I take it he thereby sanctioned the quotation he read and committed himself and his party to the opinion expressed therein. This is what he gave as the reason for absenteeism. It is reported in *Hansard*, at page 1078:

> "It is that we are spoiling our war workers with wages which most of them never before dreamed of earning."

Later on he says that absenteeism—

> . . . arises because the taxation brought down in the last budget has made it easy for labour to stay away from their places of employment. . . .

I submit that these charges against the industrial workers of this country in war time are serious charges when laid by the financial critic of the newly formed or re-organized Progressive Conservative party, whose proclaimed mission was to bring light and hope to the masses of our people. I shall make no comment except to say that I cannot accept that as an explanation of the cause, the fundamental cause of absenteeism and reduced production.

One other remark made by the hon. member for Danforth calls for consideration. He exhorted the wage-earner to build up for himself "a cushion" for the after-the-war period. Had the hon. member already abandoned hope of his party ever being returned to power? Surely he was not thinking in terms of that marvellous Winnipeg programme when he spoke of the necessity of cushions to help us over depression, unemployment and so forth. Was he conceding the next election to the Liberals when he made that statement?

In speaking on the address in reply to the speech from the throne, I tried to show that in Great Britain they had controlled inflation without having recourse to the freezing of wages and prices to the extent that it has been done in this country. The minister was not satisfied with some of my explanations. Let us get the record straight. I have looked into this matter as carefully as I possibly can. This is what I find.

From the beginning of the war to the end of 1941, wage rates increased in Great Britain between 26 and 27 per cent. In 1941 wage rate increases added eight million dollars a week to the national payroll. Wage rate increases plus the longer hours of work and the greater number of workers increased the total weekly earnings of the people by 42 per cent.

Mr. MITCHELL: Is that not the point I made when my hon. friend spoke?

Mr. NOSEWORTHY: That is the point the minister was making, and I want to put this straight for my benefit as well as his. In 1942 wage rate increases added another $6,400,000 to the weekly earnings of approximately six million workers. Notwithstanding this vast increase in total wage-earner purchasing power the cost of living in Great Britain has risen only three per cent since the end of 1940. Since May, 1941, there has been virtually no increase in the cost of living. In the light of those facts I find it hard to believe that the government's wage and price fixing policy is designed exclusively for the prevention of inflation.

There are a few other matters in the budget on which I should like to comment. One is the change introduced in the income tax payable by officers in the armed forces. I confess I was unable to understand what the changes meant, and therefore I wrote to a friend of mine, an army officer who was a university graduate in mathematics. I concluded that no one who was not a specialist in mathematics could possibly interpret the regulations that the minister brought down. This is what my friend wrote in reply:

> I think that the attitude of the officers in this centre towards Mr. Ilsley's proposals could be summed up in two words, "incredibly stupid". We cannot understand why Mr. Ilsley found it necessary to create a Chinese puzzle in order to provide some measure of relief for junior officers.

As far as I can discover, the net result of those changes is that a few first-class warrant officers will pay a small income tax. Junior officers will receive relief to the tune of $150 or possibly $200 per year. Captains will receive a slightly reduced income rate, and all above the rank of captain will not be affected by the changes.

There are one or two things the minister should have kept in mind in this connection. In all fairness to these men we must recognize that many of them have assumed their present responsibilities at some sacrifice. In many cases that I know of personally there was considerable sacrifice. I think we can accept the statement that the salary an officer receives does not necessarily indicate a purchasing power of that sum. A salary of $3,000 in that position is equivalent, I am informed, to about $2,400 in civil life. Officers in the armed forces are the victims of a racket as far as clothes are concerned. I think every army officer in this country will agree that the prices being charged to officers for uniforms are unwarrantably high. They are the victims of another playful habit that Ottawa has, that of changing the regulations frequently as to what an officer shall or shall not wear. These regulations are changed so frequently that considerable expense is involved on the part of the officer in trying to keep up with the changing regulations.

The suggestion I would make in regard to this particular class is that the military pay and allowances of all ranks up to and including a first lieutenant be totally exempt from income tax, and that the tax on officers' pay above that rank be on a graded scale in accordance with the spread between their pay and that received by a first lieutenant.

The minister said that he had received not a single complaint from an army officer. The minister knows that the king's regulations prevent army officers from communicating with the government or with any officers of the government, and that they are liable to disciplinary action if they do so. That undoubtedly accounts for the minister not having received a single complaint.

Mr. ROSS (Calgary East): Where does the hon. member find that regulation?

Mr. NOSEWORTHY: I think the hon. member will find it if he studies them carefully.

Mr. ROSS (Calgary East): I do not think he will.

Mr. NOSEWORTHY: I am informed not only by officers but by privates that that is the situation. In fact there is such an injunction imposed upon practically all government employees, particularly in the Department of Munitions and Supply. I find that my own constituents cannot talk to me about what is happening, cannot express any criticism of government policy on account of obligations they have been required to assume.

I am not sure that the distinction between those serving at home and those serving abroad is fully justified, certainly not in the light of experience up to the present time. Most of those men serving at home are at the government's disposal; the reason why they are not overseas is that the government wants them here. A great many of those who have gone overseas have been occupying administrative positions in England not radically different from those occupied by the men who have remained on this side.

A third matter on which I wish to offer some comment is the change in the regulations regarding the encouragement given to producers of oil. I brought this matter up in the house on several occasions last year. The point I am interested in is that we are not producing a very great quantity of oil in this country, and that we have resources which we are not developing. If these changes will facilitate the development of our own resources, I am sure we will pardon the minister, in order that we may get that vital necessity at the present time, even if some of these exemptions go to vested interests. In Alberta is produced ninety per cent of Canada's total production of oil, coming largely from the Turner oil fields. The Calgary *Oil Bulletin,* a fairly authentic publication, gives this information:

A week ago there were seventeen actively drilling wells in that field, whereas a year ago there were thirty-four. We were producing in February 25,000 barrels of crude oil per day as against 28,000 a year ago, a decrease of 3,000 barrels per day.

Notwithstanding the fact that there are 100 proven drill sites withheld and undrilled in that field by one major oil interest alone, we are to-day importing into western Canada from 200,000 to 300,000 barrels of crude oil a month. Seventy per cent of the oil of Alberta is produced from the independent wells, operated by independent companies which are financed through the sale of royalties, for the most part in the industrial centres of Canada. When the oil controller's regulations were put into effect last year the men who had been devoting their time to the sale of these royalties and the promotion of the development of the independent wells of that district were refused anything higher than category A, the same category that was given pleasure drivers. I personally went to the oil controller in connection with the matter, but his statement was that we did not need that oil; that it was not a question of a shortage of oil but entirely a question of transportation. Apparently to-day the ministry has taken a different stand and is bringing in concessions that will encourage the development of oil in our own country. I want to ask the minister concerned how he can justify the granting of only category A, the category of pleasure drivers, to men who are engaged solely in the promotion of the production of oil in Canada. Is there any other reason behind that action? Is it that these oil interests object to the independent companies developing the oil wells of Alberta? That, I submit, is a question which requires some investigation.

I had hoped to make some comment on the situation with regard to cobalt. A month ago I asked, through the medium of the order paper for official information. My motion was adopted on February 22, but so far the only information I have is what I myself have been able to gather. Therefore I should like to be corrected if in any particular my statements are wrong. My information is that to-day there is an abundance of cobalt in northern Ontario; that we are importing cobalt for refining in this country; that the owners of these properties in northern Ontario can secure neither permission nor priority rights to develop these properties; and that one mining corporation is gradually buying up all these properties. I asked for information with regard to a report made by a Mr. Reid, of the Ontario department of mines, which I understand was submitted to the metals controller last October. For some reason that report was withdrawn and was not published, and I am told that the revised edition of the report was

made public only recently. I asked, through the order paper, what essential difference there was between the original and the revised report, and I was told there was none. I should like to ask the minister if it is not true that to-day there is only one small refinery for cobalt in northern Ontario; that the producers of that metal must accept a relatively small share of the returns, and that there was a recommendation in the first report that the government should assist in the erection of a refinery for cobalt. I understand there is no such recommendation in the revised report.

Mr. J. J. KINLEY (Queens-Lunenburg): Mr. Speaker, I am sure the thought uppermost in the minds of all of us each and every day is with regard to the progress of the war, more particularly with regard to our duty in this parliament. We are all concerned about the fortunes of our arms in the field, with their support and maintenance; and at the same time we must invoke the aid of science, industry and labour to the fullest possible extent in order that our country may become powerful and strong. Then we must use this power in the most intensive way in order to help our allies, the united nations, to achieve victory and thus secure the safety of the land.

It seems to me that the budget presented a little over a week ago will give to many the best possible picture of how great is the war effort of this country. It gives us a record of the achievements of the year just coming to a close, showing what our people paid in taxes and what they provided the government by way of loans. With balances it gives us the information so that we can go ahead intelligently to the year ahead. The budget also provides estimates and commitments, and shows us that during the year to come our burden will be greater than at any time in our history.

This budget has been before the house for over a week, and in that time has been criticized by the opposition and commended by hon. members on the government benches. The hon. member for Danforth (Mr. Harris), in a long, exhaustive analysis, made some criticisms, and perhaps made some suggestions of value, which will have salutary effect upon the administration. He was most cordial about it all—and it seems to me he might well be, a man who had two weddings in his family in one day, just before his speech in the house. A man in that position might very well be cordial.

It is the duty of the opposition to be critical, and it is expected that the weak points or those points which can be improved will be dwelt upon by opposition members. It is in that way we bring out the truth, and make stronger our efforts in the interests of the whole dominion. It seems to me, however, that nothing seriously wrong was found with the budget. The fault-finding was of a general nature. The opposition offered no amendment. I believe that members of the Progressive Conservative party accepted the budget, not as one of desire but as one of necessity, and that they were proud of the accumulated results of the effort of our country. Therefore that party did not oppose the budget.

There are three common faults oppositions find with budgets. First, there is excessive taxation; second, hard times—and that is something which is always held against a government. I think we can say that from a commercial point of view there are no hard times at present in Canada. Third, extravagance is a fault which can be well found in respect of any budget or any government. Strange to say, however, from the groups in the far corner of the house came two amendments, both of which were unique in that they asked for more expenditure and more taxation on the people of Canada.

I admit that the hon. member for Lethbridge (Mr. Blackmore), in the earnest and forceful way wherewith he presents his ideas on money, offered an amendment which he believes is an easy way to finance the war. I am afraid that way is too easy to be of any abiding benefit. To accept it in any degree would be a sign of weakness, not of strength—and we want Canada to be a strong country.

Then, a subamendment was moved by the leader of the Cooperative Commonwealth Federation, and this subamendment is something along the same lines, except that the Cooperative Commonwealth Federation wants to nationalize the banks. They believe we should have government banks doing the business of the country. Well, from a general point of view it would appear to me that, whatever virtue there might be in change, now is the time not to try any change; rather we should have stability and unity to carry on the war.

I have no brief for the banks, but I think that along with the merchants and the people in charge of industry in Canada, in the past decade the banks have done a fairly good job. I can recall the days of the depression when the banks of the United States had to close their doors. They had financial chaos, but in Canada the banks carried on and were a

source of strength. But we must realize also that our banks succeed outside Canada, and it is a good thing when that condition prevails. The banks of Canada have agencies in the West Indies, Europe, Great Britain and even in New York, the centre of the money market of the world. I always thought that Canada was rather proud of her banking system, and that it was doing a good service and serving Canada in a healthy way.

We have the Bank of Canada, which is our national bank. It is a government institution. The Bank of Canada does control the activities of the other banks. If we had a government bank in every town in Canada we would have a political institution, and would thereby increase bureaucracy. While now a merchant or citizen can go to one bank and, if he is not satisfied, can go to another, if we had a government bank there would be no other to go to, and as a result he would have perhaps to submit to the arrogance and indolence of public officials.

It may be that the banks have a monopoly. I know one thing: They do not quarrel in public, and that is a pretty good sign. But if our friends in the far corner want banks, why do they not start banks in this country?

An hon. MEMBER: You will not let us.

Mr. KINLEY: Yes, we will let you.

Mr. QUELCH: What about the Alberta bank charter?

Mr. KINLEY: A bill came in from Alberta during the last parliament to create a provincial bank. It came before the banking and commerce committee. What did they want? They did not want to conform to the Bank Act of this country. They did not want to conform to controls of the government. They wanted a special act with special privileges in order that they could carry on banking as they would like it. There is no reason why provinces in Canada cannot start banks, and there is no reason why they could not carry them on successfully. The hon. member (Mr. Noseworthy) who preceded me spoke about borrowing money from the private banks. It is better to borrow money from the people, but the government used the private banks in an emergency, and borrowed at a price below the cost of doing business. Even if we had government banks I believe that the cost of doing business would be higher than it is at present, with the chartered banks, and that it would be just one step toward that state of socialism for which our hon. friends hope. At any rate the Bank Act is due for review, I believe, next year.

The hon. member for Rosetown-Biggar (Mr. Coldwell) does not like the profit motive in industry. May I point out that in a few weeks time seeding operations will be in order. The farmers of western Canada will have to plant. I wonder if they are going to plant their farms for fun?

Mr. MacINNIS: That is what they have been doing for the past five or six years.

Mr. KINLEY: Or I wonder if they will expect a profit. There is a bit of a gamble in connection with it. If they get rain; if they have the proper conditions of atmosphere; if they have good soil, they can expect a good crop and an increase. If they do not get it, we shall hear about it in this parliament. Furthermore, I want to say the western corporations are very astute. For years they have been able to manoeuvre themselves into a position where they did not need to assume their obligations by way of payment of income taxes.

This afternoon the hon. member for Rosetown-Biggar asked whether the wheat pools in western Canada would pay income taxes to the federal government. He probably knew that the Department of Justice had given a decision that the pools were not real cooperatives. I believe the matter is likely to be referred to the courts. The other day the hon. member for Danforth sang a swansong in connection with the taxes to be paid by the so-called cooperatives. I suppose that is a connection that they made at the Winnipeg convention. It seems to me that when they ask the government whether these organizations are to have to pay an income tax, we can assume that they have profits. If they have no profits, why worry about it?

We all realize that real cooperatives will not be asked to pay an income tax by the government of Canada. The hon. member apparently forgets that in 1929 there was an amendment to the income tax act in connection with the cooperatives in western Canada and that the word "reserves" was inserted. The result has been the piling up of millions of dollars of reserves in western Canada by the wheat pools and they have no income tax. I think it is only fair and reasonable that these people should assume their fair share of responsibility. The other day the hon. member for Cape Breton South (Mr. Gillis) had something to say about cooperatives. He quoted from a letter, although he did not say from whom it had been received. I should like to repeat part of this quotation as reported at page 1168 of *Hansard:*

> Last year these creameries paid five cents a pound less for butter fat than the farmers were

getting in northwestern Nova Scotia where the great Scotsburn cooperative creamery is the yardstick for the price.

I have nothing against the Scotsburn creamery because it is a well run organization in Pictou county, but I think my hon. friend is wrong. My information is that the Tatamagouche creamery is privately owned and is one of the largest in Nova Scotia, doing about three times the business done by the Scotsburn creamery. It must compete with the Scotsburn creamery, otherwise they would not hold their business. The Tatamagouche creamery is about twenty-five miles from the Scotsburn creamery. To say that private business is not able to compete is not true. The same thing prevails all over Nova Scotia in connection with creameries. There is a cooperative at Antigonish, and as a rule their prices are lower than those paid in western Nova Scotia. The government is running three creameries in Cape Breton, and their prices are usually lower than the prices paid in Middleton and western Nova Scotia. This I have in a telegram from an informed source in Nova Scotia.

I believe in cooperative creameries for the farmer because I think they are fine things, but we must realize that the private creamery has an extra burden to carry in the payment of income tax. When a member from Nova Scotia comes to this house and tries to tell us that private industry in Nova Scotia is being backed to the wall, that it cannot exist and pay the prices as against the cooperative creameries, he is not telling a story that is borne out by the facts.

We hear a great deal about profits. I do not contend that profits are divine, but I think they have a place in the divine order of things. There is not a flower or a tree that does not profit in increase by reason of the elements and by reason of its life. In fact, all life must have an increase and profit or it will die. I have no apologies to make for seeming to try to reach out to the spiritual because that is one of the four freedoms.

I am free to say that I am not against big business as such, but I am against monopolies. No country ever became great without big business. While the capitalist system is not perfect, it has served the world for many years and has made Great Britain, the United States and Canada great free countries that we hope will prevail in the struggle in which they are now engaged. I do not think it is the capitalist system that hurts the world; I think it is greed. Greed is a human characteristic; it has not to do with the capitalist system alone. I think greed will be found in every system, and to control greed and those who would control others seems to me to be our object in the future.

It is not the capitalist system that hurts; it is the abuse of that system. War has purged the capitalist system and it has its benefits in that regard. No man can get rich during this war, no matter what services he renders. We hope that the cleansing that goes on, the cleansing that must come to every system from time to time, will prove of salutary benefit.

Our hon. friends talk about New Zealand. Distant fields look greener, and my hon. friends go about as far away from Canada as they can for their example. New Zealand is a little country of 103,723 square miles, half as large as Manitoba. It has a population of 1,500,000 and is completely surrounded by water. It has one government. It is a country largely engaged in pastoral pursuits, and the same viewpoint is largely prevalent. It is not hard for these people to divide their money and services among themselves as they want to, but it must be realized that they make their money by shipping their goods to capitalist England and other countries in the world.

The minister in his budget asked the people to work and save. That is an old and simple rule, but considerable resolution and discipline are required to carry it out. I read a story once of an ancient sultan who, when he sent his couriers over his empire, would seal his letters with a signet ring on which was this inscription—I translate into English—"You cannot go astray on a straight road." As far as work and save is concerned, the road is straight, but it is a hard road and I want to sound this note of warning. While the people will work and save, they also expect the government to work and save. They expect everybody down to the smallest official in the most remote place to save as much as they can and to stop improvident expenditure wherever possible. I do not mean that there should be cheese-paring, because the people of this country expect a little dignity and colour in their war programme and in the conduct of their officials. It will be recalled that Donald Gordon, chairman of the wartime prices and trade board, called on the housewives of this country to check on the merchants and storekeepers in order that the price ceiling would be maintained. I wrote a letter to the press in my riding telling my people that they should keep their eyes open and that if they saw extravagance or improvidence they should let me know and I would very soon bring it to the attention of the government.

While we are interested in the war effort, there is also a great wave of public opinion in this and other countries that we should be preparing for the future. It seems to me that there is to-day an atmosphere of good-will among the united nations which should be taken advantage of so that when the war is over and conditions are confused we shall be able to have something planned and ready. I think this atmosphere began with the Atlantic charter. That was followed by the mutual aid agreement between the United States and Great Britain. I wish to quote one article of that agreement which is contained in a publication put out by the magazine *Fortune*. It is a fine piece of institutional advertising for future unity. Article VII of the mutual aid agreement, February 23, 1942, reads:

In the final determination of the benefits to be provided to the United States of America by the government of the United Kingdom in return for aid furnished under the act of congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the joint declaration made on August 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

That is a very fine paragraph, but I submit that the text of it is to be found in these words:

. . . but to promote mutually advantageous economic relations between them. . . .

Note the words, "mutually advantageous". A pretty safe statement. It brings to our minds that notwithstanding the good feeling that exists to-day, in the future practically everything will have to be justified upon economic grounds, and not only shall we have to show that a thing is mutually advantageous internationally, but here in Canada, for instance, we shall have to show that a project is mutually advantageous to the different groups and sections of this country before we shall be able to make trade treaties with other countries. I believe that it will take all the ingenuity and all the good-will we have to prevent economic nationalism from arising in the days to come, and it is just as well to start early and to have the people informed. While leaders and governments make agreements, they have the habit of passing. We had an example of that after the last war when the idealism of President Wilson failed to come to fruition partly on account of what happened at Versailles and also on account of what happened in his own country. The only safe thing to do is to have the people well informed because, unlike leaders and governments, the people are always there and their will must prevail. Therefore let us start now and see to it that everybody in this country is informed about the good-will and cooperation that we all expect in the world that is to be.

I think the members of the house should tell here the story of what is best for their own districts. Since I come from the maritime provinces my thoughts naturally turn to the sea. I believe that as it was in the past so it will be in the future, and that if Nova Scotia and the maritimes are to prosper as a part of Canada it will be by reason of their activities on the sea. The Sirois report gives us a colourful account of the economy of Nova Scotia in what they call the golden age, in the days of the sailing ship. Nova Scotia was then outstanding as a result of her sea-borne transportation. It was then that we had banks, too. It was then that we had a balanced economy and were the most successful part of Canada. There is no reason why that cannot happen again. But after the passing of the wooden ship Nova Scotia never had a chance with sea-going vessels. The coasting trade is the nursery of the sea-going trade, and Nova Scotia never had a real chance even at her coasting trade. In 1894 the British Merchant Shipping Act was passed, section 736 of which reads:

The legislature of a British possession, may, by any act or ordinance, regulate the coasting trade of that British possession subject in every case to the following conditions:—

(a) The act or ordinance shall contain a suspending clause providing that the act or ordinance shall not come into operation until her majesty's pleasure thereon has been publicly signified in the British possession in which it has been passed:

(b) The act or ordinance shall treat all British ships (including the ships of any other British possession) in exactly the same manner as ships of the British possession in which it is made:

(c) Where by treaty made before the passing of the Merchant Shipping (Colonial) Act, 1869 (that is to say, before the thirteenth day of May eighteen hundred and sixty-nine), her majesty has agreed to grant to any ships of any foreign state any rights or privileges in respect of the coasting trade of any British possession, those rights and privileges shall be enjoyed by

those ships for so long as her majesty has already agreed or may hereafter agree to grant the same, anything in the act or ordinance to the contrary notwithstanding.

That was the Merchant Shipping Act of 1894. Ministers went from Canada to Great Britain on various occasions in order to get control of the coasting trade. In 1931 came the Statute of Westminster, one clause of which reads:

Without prejudice to the generality of the foregoing provisions of this act, sections 735 and 736—

Section 736 is the one I quoted.

—of the Merchant Shipping Act, 1894, shall be construed as though reference therein to the legislature of a British possession did not include reference to the parliament of a dominion.

That meant that the coasting trade of Canada would be in the hands of the Canadian government. That measure was passed on December 11, 1931. On December 10, just before the passing of the Statute of Westminster, the British commonwealth merchant shipping agreement was approved. It took away all that was given to Canada by the Statute of Westminster in so far as coasting shipping was concerned.

Part IV—Equal Treatment . . .

Article 11.—While each part of the British commonwealth may regulate its own coasting trade, it is agreed that any laws or regulations from time to time in force for that purpose shall treat all ships registered in the British commonwealth in exactly the same manner as ships registered in that part, and not less favourably in any respect than ships of any foreign country.

Article 12.—Nothing in the present agreement shall be deemed—

(i) to derogate from the right of every part of the commonwealth to impose customs tariff duties on ships built outside that part; or

(ii) to restrict the right of the government of each part of the commonwealth to give financial assistance to ships registered in that part or its right to regulate the sea fisheries of that part.

The last paragraph is a little difficult to understand. Article 27 states:

This agreement shall apply to all territories administered under the authority of the government of any part of the commonwealth and to ships registered there, or in any foreign port of registry, and fulfilling the requirements as to ownership set out in article 2 (1).

It can be seen that there is no nursery here for the coasting trade, which would have been the start of a revival of shipping. With the advance of steam and the building of iron ships, Nova Scotia shipping gradually disappeared. The United States has always protected her coastal trade by means of her coastal regulations. She has a higher standard of living than any other country in the world. One of the things this government should do when negotiating the next reciprocity agreement with the United States is to ask for reciprocity in the coasting trade. The St. Lawrence waterway will be built one of these days; Fort William at the head of the lakes will be an ocean port, and all Canadians will be interested in our coasting trade. It seems to me that for the promotion of good-will between ourselves and the United States, reciprocity in the coasting trade as between the two countries would be highly desirable. Now is the time for Canada to become sea-minded. Men from the Pacific coast, from Saskatoon, Winnipeg, Toronto and every port of Canada are on our coast at the present time manning the ships of the Canadian navy. The crews of our navy now number 52,000 men; there are 38,000 of our seamen in the merchant marine, and 22,000 who have foreign-going identification cards. To-day Canada is building ships. We are told that ninety-seven have been built in Canadian shipyards during the war, but only seven of them are operated through the Parke Steamship government owned company. For the dominion the others are operated and, I think, owned by the United States and other powers. I believe that shortage of crews has something to do with the limited number of ships we are operating, also that it is the intention that Canada shall operate twenty or thirty more next year. It is also my belief that we must take care to see to it that when this war is over we are operating enough ships to absorb the men who are now in the navy and in the merchant marine; that the future young citizens of Nova Scotia will be able to make a living on the sea, and that Canada will have a merchant marine of which she may be proud.

At this point I wish to say a word on behalf of the merchant marine. Herein is one fault I have to find with the budget. The losses of our merchant marine are upwards of a thousand men. Although I do not believe very much in tax exemptions, it seems to me, as a matter of right and equity, they should be extended to the men of the merchant marine as well as to the men in the armed forces. We call them our merchant navy. We have enough faith in the government to know that right will prevail, but right needs pressure and influence behind it if it is to prevail quickly. I say to you, Mr. Speaker, that if you lived on the eastern coast of Canada and knew at first hand the privations and hazards which the men of the merchant navy are facing, you would say that they, too, deserve all we can give

them, and that whatever exemptions go to the soldiers and the navy should go to the merchant marine.

Mr. DEPUTY SPEAKER: Order. The hon. member has already taken forty minutes.

Mr. KINLEY: Perhaps I may be allowed to finish. With the permission of the house I will continue. The deep-sea fishermen of Nova Scotia go out on the banks of the Atlantic and are subject every day to the hazards of the submarine. Not only do they not get exemption on income tax but they must pay on the part of their wages represented by the food which they eat aboard the ships on which they go. I believe an exemption in this particular was allowed to the merchant marine, and I think it should be granted also to the deep-sea fishermen, many of whom come from my riding.

I hope that in the future we shall have free trade in fish with the United States. We had it during the last war. There is a quota at the present time on Canadian fish, but I hope the Minister of Trade and Commerce (Mr. MacKinnon) will see to it that we get free entry of fish during the war, because then we shall be on the threshold of keeping it after the war is over and so extending the good-will which is so desirable.

The thought I wish to leave with the house is that Canada must become marine-minded. Our citizens must realize that this country faces two oceans, and that in the trade of the world transportation is one of the big factors. Although Great Britain always had an adverse balance of trade, she compensated for it with unseen sources of revenue, much of which was provided by her merchant marine, also by her great insurance companies and her investments all over the world. Do not forget that, after this war is over, the people of the maritimes will need to be re-established. They are now in the navy, many of them as volunteers, and if the government does this in a way that will stimulate our marine, give us a good big merchant marine, and keep our navy going as part of the protection of Canada to maintain her dignity and prestige, it will be doing something in the interest of the maritime people of this country.

Mr. J. SASSEVILLE ROY (Gaspé): Mr. Speaker, I would have desired to offer some comments on this budget submitted to us by the Minister of Finance (Mr. Ilsley). But since the question of the St. Lawrence has arisen again in the press, in the Quebec legislature and also in this house I shall postpone my remarks on the budget and shall rather make an attempt to make a survey of this situation.

Since last summer I have been under the impression that an inquiry was to be made by the government as to the activities of the corvette which was supposed to have escorted a boat called the *Jean Briand* from Rimouski to the north shore. But as far as I know we have had no report on the said inquiry, if there has been one. I should like to tell the house what information I have about this corvette so that people will be better at ease about it. It might also kill the rumours that are circulating.

At the time that three ships were sunk opposite Cap Chat in the first days of July the boat I just mentioned was carrying some sportsmen going on a fishing trip on the north shore. Said boat was escorted by a corvette as far as to the north shore, but if my information is correct, this corvette did not complete the fishing trip with the boat, but came back to the south shore. My information is that the boat was escorted at the request of the Postmaster General (Mr. Mulock) because it was carrying the mail to the north shore. However, the boat never dropped off the mail on her way on but proceeded to the fishing trip for quite a few days. That is the information I have, and I do not think it can be denied. The captain of that corvette was later transferred to a "Q" boat which had since disappeared with him. The late captain was not to be blamed for having gone with the boat I mentioned.

Now I should deal with the number of boats which have been sunk in the St. Lawrence. This is quite a delicate matter. Since last November the Minister of National Defence for Naval Services (Mr. Macdonald) has made quite a few statements saying that only twenty ships have been sunk in the St. Lawrence. On March 10 at page 1129 of *Hansard* he is reported as saying:

> I could make a statement to the house to-day merely repeating what I have already said several times, that our records show twenty merchant ships sunk in the gulf and river St. Lawrence in the year 1942.

On the next page the minister continues, saying:

> I have stated several times that twenty merchant ships have been sunk in the St. Lawrence gulf and river during the navigation season of 1942 as a result of enemy action.

From those two quotations one observes that the minister mentioned "merchant" ships. And we know that there have been some war vessels, such as corvettes, destroyers

and different types of war vessels; I do not know how to call them exactly, but there seems to be a play on words. I do not say there is; I say there seems to be. There might be a way for the minister to explain his statement when he says the number is twenty, and Mr. Onesime Gagnon of the Quebec legislature may be right also when he declares that there were more than thirty ships sunk in the St. Lawrence river and gulf. I will explain that. The population along Gaspé and the north shore—the population I know, to which I belong—our sailors in that section are accustomed to consider the waters of that section where Newfoundland is located as the waters of the St. Lawrence, because Newfoundland is located right in the mouth of the gulf of St. Lawrence. That makes quite a wider area than if you take only the middle of the strait of Belle isle and the strait of Cabot. One can find there an explanation of the differences between the minister, the Hon. Mr. Gagnon and myself because I sincerely believe that more than twenty ships have been sunk in that section. I will give an explanation of that. I have here a list of quite a few ships which are supposed to have been sunk in different places around Newfoundland.

Mr. DUPUIS: Is this list an official one?

Mr. ROY: If the hon. member will not interrupt me, I will give him information later on. For instance, there is supposed to have been one, the steamship *Connecto,* sunk at Otter Garnet, Labrador, but that is not in the waters included inside the two straits I mentioned. Also three boats are supposed to have been sunk at Conception bay; that is also on the other side of the Newfoundland coast. And I could give many other examples.

Mr. MACDONALD (Kingston City): Does the hon. member call Conception bay part of the gulf of St. Lawrence?

Mr. ROY: I remind the minister that a few minutes ago I said that some people are taking this water around Newfoundland, which is located right in the mouth of the St. Lawrence, for waters which belong to the St. Lawrence gulf, and I am giving an example of that. Some boats have been reported sunk all along the coast, which might not be in the figures of the minister on account of the different interpretation that is being made in the delimitation of the waters between the Atlantic and the gulf.

Mr. MACDONALD (Kingston City): If I may ask the hon. member another question, has he ever heard anyone call the east coast of Newfoundland part of the gulf of St. Lawrence? I must say I have never heard of it.

Mr. POULIOT: Does the minister not think twenty vessels sunk in the St. Lawrence is enough?

Mr. LACOMBE: I rise to a point of order. The minister has no right to interfere in this debate, unless he raises a point of order.

Mr. DEPUTY SPEAKER: Any hon. member of this house has a right to ask questions of a speaker, if he asks permission. The minister asked permission in this case, so that there is no point of order.

Mr. ROY: As I have said, it may be a matter of the interpretation of the delimitation of the waters, or it may be a matter of determining which of the various services was concerned. If ever we have a general inquiry to consider this whole question, I can tell the minister one figure that will come out of the bag; it will be thirty-seven ships. As I have said, all these may not be within the zone which is officially regarded by the government as the waters of the gulf of St. Lawrence.

I do not claim that my information is always complete, though unfortunately on many occasions in the past the information I had was quite true, as it was proved to be by events which occurred, which became known later. In any event a member has the right to consider and depend upon the best information he can get from reliable sources. On the other hand we sometimes get information which is not correct. Thus last year, after some sinkings in the St. Lawrence, I wrote a private letter to the three ministers of defence pointing out the weaknesses of the defence of the St. Lawrence. I told them that we should have some radio facilities, a telephone line on the coast, and that the most important means of fighting properly the submarines would be to get some bombers at Mont Joli and at Gaspé. I received a reply from which I should like to quote a part. Some information contained in the letter is supposed to be secret, though it is not much of a type of secrecy. Let me read this part of the letter, in order to indicate that the information we receive is not always accurate. Speaking about the St. Lawrence gulf and river, the letter says:

> The area is regarded as one of extreme danger to enemy submarines venturing therein and one which can be given maximum protection at minimum effort, due to the closeness of shore bases.

In view of what has happened in the St. Lawrence since that time I venture to suggest that this information was not quite accurate. This brings me to speak again about the weaknesses of our defence on the St. Lawrence. After those first sinkings in May and July, and after what happened in this house, I kept trying to bring to the attention of the people of Canada the negligence and indeed the selfishness of the government in regard to the situation in the St. Lawrence. After the house was adjourned early in August I went back to my constituency and kept silent, but I did witness what was going on. For example, in the latter part of July, shortly before I reached home, on a sunny day exactly at noon, at Griffon cove which is right opposite my home, a battle was engaged between a submarine and two corvettes. As the battle was starting Mr. Laurent Giroux, a building contractor, rushed to a telephone and called the Gaspé operator, telling her to pass the word to Gaspé military base, where we were supposed to have some bombers. As a matter of fact we have some there, because day and night we hear them roaring in the air. As I have said, that occurred exactly at noon. The battle went on between the submarine and the two corvettes; I am told that later on there were two submarines, but I am not sure of that. The battle went on until half-past one, or for one hour and a half. No help ever came from Gaspé, though the distance to Griffon cove as a bird would fly is only about six and a half miles. No plane went over the area where the battle took place until five o'clock the following morning. Apparently the few boats we had there were not given adequate support by our air force. There was another attack made on the morning of September 16, at ten minutes after six, at Mechins; another at seven-thirty in the morning of September 11, at Cap Chat; another at two o'clock in the afternoon of a nice sunny day at Cap des Rosiers. The people down there know that our planes have never participated in any battle in the course of which ships have been sunk by enemy submarines; and our people wonder why those planes should be overheard day and night when nothing is going on, and that there are none to drop bombs on these submarines when there are fights going on and ships are sunk. That is hard for the people to understand. That is one reason why the people there are alarmed, and they wonder why the government does not take some steps to give better protection to the ships which are carrying supplies to our allies.

Let me give another example of the weakness of our defences in that area. On September 15 one submarine was seen only one mile from the lighthouse at Cap des Rosiers, at exactly eleven o'clock in the morning. The keeper of the lighthouse, Mr. Joseph Ferguson, telephoned right away to Captain Coté, who is in charge of what we call the A.D.C. and also in charge of the telephone exchange at Cap des Rosiers. He is also manager of the telephone exchange at that point. The same Mr. Ferguson telephoned to Fox River, to another man of the A.D.C., Mr. Walter Lequesne. He said he had seen a submarine exactly one mile northeast of the lighthouse, and had placed a board to indicate the right spot where he had noticed the submarine. That was exactly eleven o'clock in the morning. A few minutes later from the lighthouse a convoy could be seen coming up from the southeast, toward that very spot. It was evident that something was going to happen to the convoy when it would reach there. There is about ten miles as the bird would fly from Fox River to the place where the submarine had been seen and where two boats were sunk a few minutes later.

The young ladies of Mr. Walter Lequesne, through the call from Mr. Walter Ferguson of Cap des Rosiers, had been informed of the fact that the convoy was coming up, and that the submarine was there. These young ladies, and the young ladies of Mr. Albert Morris of Fox River, climbed up inside the church steeple to watch what was going to happen down there. A few minutes later the convoy was coming up, right on top of the submarine. The torpedoes started to run on the waves, and two ships went down. The first one was struck at 12.21 p.m. and the second one at 12.22 p.m. The first one went down at 12.28 p.m. and the second at 12.32 p.m. No aeroplane showed around there to help the corvettes. There were some corvettes and destroyers in the convoy. But why is it that the naval officers of the Gaspé base and all the men who could have taken care of the situation, and who are supposed to have the necessary powers to act by themselves, without being obliged to call for orders from Halifax or Quebec, did not give the proper orders to change the course of that convoy? They had plenty of time to do it. The civilian population knew what was about to happen. They were watching the events. It was only the navy and the air force which did not seem to be aware of those facts. There surely was a lack of organization. I could mention a few other events of that kind.

As I said, this happened on September 15. Some two weeks later, after I was sure of all the facts, I came up to Ottawa. I wrote a letter to the Prime Minister (Mr. Mackenzie King) asking him to convene parliament in order to discuss the gravity of the situation in the St. Lawrence. To be fair to the Prime Minister I must say that quite a few days later he wrote me a kind letter giving me the assurance that something was to be done, that the question was getting all the attention of the government, and that all means would be taken to improve the situation in that area.

May I be allowed to show that some declarations are not always wise, before proceeding with what occurred at the time the Prime Minister wrote me this letter. I wish to recall the declaration of the Minister of National Defence for Naval Services (Mr. Macdonald) on July 13, 1942. I find the minister's statement at page 4126 of *Hansard*, when he answers the hon. member for Rosetown-Biggar (Mr. Coldwell), and when he deals with a statement I had made the week before. This is what the minister said:

> I am not ready to change the disposition of one ship of the Canadian Navy for him or all the questions he may ask from now until doomsday.

I was not asking anything for my own sake. It was not for my own sake that I was giving information about the situation there. I was asking for more and better means of defence, for more protection. It was not for myself.

At the time I received a letter from the Prime Minister I had the pleasure of learning —I cannot give the date, because I do not think it would be wise to do so—that an important step had been taken by the British Admiralty to give chase to these submarines in the St. Lawrence gulf. It was worth while to take these steps in order to meet the requirements of the situation, but at that time the battle of the St. Lawrence gulf was lost, through selfishness and lack of organization.

These very points I have mentioned, enlarged by a great number of rumours of all sorts, sometimes assumed fantastic proportions, and alarmed the people seriously. It is not only a question of the number of sinkings, but the point is that we could have saved some of those ships if we had adopted better means, and had paid more attention to them. That is the question. There is also the point of saving money for the country. Had we saved only five or ten ships out of those which had been sunk, and had those ships made only one more trip before the closing of navigation, we probably would not see so much war material on the sidings here and there. If some hon. members travelled between Montreal and Quebec I am sure they must have seen tanks and other war materials lying there to rot, through lack of means to send them to the places where they are so badly needed.

Further, the people think that if the St. Lawrence protection had been better organized last year, and if better protection had been given to our ships for the maintenance of that water route, there would not have been so much harm done to the harbours of Montreal and Quebec. They claim that the single-track railroad going to Halifax has been overloaded because of all the materials which have to be transported. They claim this water route deserves to be better protected, that it is the cheapest route, the shortest one, and the one with the greatest capacity for transporting materials overseas.

I now quote from an editorial appearing on Monday, March 10, in the Quebec *Chronicle Telegraph*. This is the last part of it:

> The St. Lawrence is a strategic factor of first-rate importance in the battle of supplies, as we have said before. It ought to be kept open and in use and there is no reason why it cannot be kept open and in use with reasonable safety—as much safety as can be claimed for any other Atlantic route. Hon. Angus Macdonald apparently prefers the easier way and the Ottawa *Journal* and St. Thomas *Times-Journal* are quite willing to let him take it without question. We are sorry but, even at the risk of irritating the former or of being disciplined at the behest of the latter, we cannot let so vital an issue go by default.

That is the opinion of business men and of the population in Quebec. That is why you hear so much talk there.

Mr. MACDONALD (Kingston City): Does the hon. member think he is helping the river St. Lawrence traffic by making such a speech as he is making to-night?

Mr. ROY: I will answer that.

Mr. POULIOT: He is showing that the minister is incompetent.

Mr. ROY: Is this another threat from the minister to try to prevent the disclosing of facts that have been hidden from the population of this country? I am going to say this as long as I feel sure that it will not give information to the enemy. I believe I am doing my duty. Conditions would be better if the minister of the navy had paid more attention to what was told him. It would also have been better not to write letters such as the one I have mentioned which I received from one minister last summer to the effect that this section was the most dangerous for the enemy venturing therein and that it could be given the maximum protection with the

minimum effort. That is the sort of declaration that was made to me last summer when I was trying to do my duty as a good citizen. I was told by the minister last year that he was not going to move one of his boats for my sake or because of my asking. It is things like that which have aroused the population of Quebec and myself and made us lose confidence in the minister. We know that these things are going on as we have witnessed them every day. We know what it means to the cause we are supporting at the cost of so many sacrifices.

I think it is important that if we should know the exact number of ships which have been sunk in the St. Lawrence, there are yet more other important matters which should be investigated in order to bring about better conditions next summer. Therefore, I submit respectfully that there should be a complete inquiry made by a royal commission so that the population may be exactly informed, and all responsibilities established.

Mr. L. P. LIZOTTE (Kamouraska) (Translation): Mr. Chairman, lest the house be apprehensive I would state that I have no intention of speaking about U-boats which have visited the St. Lawrence during last year. It is a most important question and a fitting subject for a special debate after the adoption of the budget. I would fain, at this late hour, risk spoiling the sleep and repose of the hon. members of this house who well deserve their rest.

Ever since the opening of this important session, I have patiently awaited until now to speak on the grave problems which this house is called upon to discuss. I have deliberately taken time to observe what is taking place at present in this country and particularly to listen carefully to what is being said both here and among the electors at home. This will put me in a position, I trust, where I can express myself with more moderation, with greater impartiality and appropriateness.

As we look ahead, in this fourth year of the war, we find ourselves proceeding along a road to which there is as yet no visible ending; the horizon is hidden from us by the dense smoke arising from the most formidable struggle yet known in history.

Are we on the road to a victory which will reward us with happier days as a compensation for the sacrifices we have willingly accepted? I trust and believe this will be so. Will the road lead us on to material ruin whereby peace itself will be lost even while victory smiles upon us? I do not want to believe it, but like everyone else I am far from feeling reassured.

The problem which now confronts us is such that we should stop to ponder it. It is not by hiding our heads in the sand that we shall have a clear view of the situation. However, it seems to me that at this crucial stage all criticism should be constructive, that any discussion made for the sole purpose of furthering political interests, playing upon popular emotions or attacking individuals who are not here to defend themselves should be banned from this house. Some may not see eye to eye with the government on certain matters, but I believe that merely destructive criticism, or blind and systematic opposition against the present government are calculated to injure our fellow-citizens' interests. That is why, like most of my colleagues who have been wrongly represented as being rebellious, I have so far wanted to remain in the ranks of the party which has sent me here, while reserving the right to oppose again any measure which I consider detrimental to the interests of my fellow-citizens and this country, as well as the right to agree with whatever good this government may do. I believe that only by fighting fearlessly for those principles which we consider just, by endeavouring to change the opinions of those who do not think as we do, and by remaining consistent with ourselves and faithful to our pledges we can make ourselves truly useful here.

Is not the endeavour to reform our own political party preferable to the creation of a new one? In order to destroy political partisanship which is so often discussed why should some people want to form a new party which, in turn, if it would endure, would have to foster partisanship? I do not regret the stand I have taken so far, as I feel that I enjoy the full support of the good people who elected me as their representative.

We are now discussing the budget for the coming fiscal year. In his speech, the hon. the Minister of Finance has told us frankly about the financial situation of this country. As could be expected in this time of war, the main object of the budget proposals is to obtain an unusual military contribution in terms of money. For the coming fiscal year an expenditure of about $5,500,000,000 is foreseen, and it is estimated that the revenue will amount to about $2,500,000,000; there will thus be a deficit of about $3,000,000,000, which will increase our debt by a like amount. Thus, on March 31, 1944, Canada's national debt will exceed $10,000,000,000, being about $1,000 per capita. These are staggering figures. Yet they bear out the situation in all its alarming simplicity. One has to be a great mathematician not to become dizzy at such a state of affairs and no doubt confronted by

these figures our good people, like the Minister of Finance (Mr. Ilsley), and hon. members of this house, will lose all notions of the old dollar sign.

According to estimates, an additional 284 millions of dollars will accrue this year from the income tax on individuals. It has been mentioned, quite seriously, by someone in the Progressive Conservative group that this must be an election budget on account of its being so mild. I hardly believe that the people will be very grateful over this election budget. It will rather be looked upon as a gift from the Greeks. In his speech, the official critic of the Conservative party (Mr. Harris, Danforth) has managed to blame this budget for not being heavy enough, saying that it falls short of a total war effort and that it does not call for all that the Canadian people can accomplish. Just think of it! Just imagine what it would be should his party be in power! After such extravagant language, one almost feels like thanking the Minister of Finance for his present gift.

In spite of present happenings, I say that the Canadian people will realize that they did well, in 1940, when they returned to office the party which is now directing our war effort instead of the extremists who would have caused strife and bloodshed had they succeeded in securing power. Last year, we have handed Great Britain a gift in war material and food aggregating a billion dollars, a step which I refused to countenance. We are now contemplating a grant of another billion dollars this year in favour of the allied nations and I reserve the right to object to such a measure. We have called to the colours about 800,000 men, organized a navy, air force and war industry of such tremendous proportions that they exceed all anticipations; still, we are told, in all earnestness, that our effort is insufficient, that our expenditures have not reached their proper level. It would be unbelievable had we not personally heard that statement.

I feel no hesitation in saying that I prefer the frankness with which the Minister of Finance (Mr. Ilsley) honestly told us that the current budget was really heavy, that the taxes were truly high, even in comparison with what the Americans and Englishmen were called to pay.

Fathers of large families will feel the pinch to a greater degree than others. Will they be able to bear this burden without the health and morale of themselves, their wives, and especially their young children being adversely affected? I am afraid not. They are the hardest hit and they are more numerous in Quebec than in any other province; this is their reward for having given more children to their country. The minister's budget may well be considered as detrimental to the raising of families, unless some readjustment is made in favour of these fathers of numerous children.

What stand should we take on this budget when considered as a whole? To my mind some parts of it are good, others bad. I have just mentioned an evil which I detected in it. Here are some of its good points: the remission of half the tax on 1942 incomes, the imposition of certain new taxes as, for example, the tax on cigarettes and alcohol, which will, I am sure, occasion no hardships to women and children. During the last war, the government in office had access to the imperial treasury for the financing of the war. It is true that the sums so advanced were repayable with interest. During the present conflict, not only does our own treasury finance our understakings, but it must also supply funds for the imperial treasury as well as that of some allied nations. Both situations must be compared if we are to get an adequate idea of the adventure we have launched upon at the present time. In all fairness, we must also compare the magnitude of the two wars in which we have been engaged in the course of the past twenty-five years. The conflict of 1914-18 was called the Great War; but what name shall we give to the present world war, to this universal slaughter which we are witnessing with a sense of horror?

At this time when our liberty is at stake, we are not always in agreement as to what action should be taken. Our opinions have been widely at variance, but I think there is a point on which we all agree and that is, the absolute necessity of winning this war if we want life to be worth living. The financial sacrifices imposed upon us are tremendous; they may at times involve certain irregularities and social injustice, but these are nothing compared to the air raids, and to the slaughter of the peoples subjected to the assaults of the enemy. May Divine Providence keep such bloody devastation away from our shores. It is far better to pay taxes, to produce goods, to work night and day, if necessary, in order to avoid these misfortunes, and accept, if not with cheerfulness, at least with Christian resignation, the necessary financial sacrifiecs which we are asked to make.

We have gone to war, we can no longer avoid what is inevitable. It is a fit and proper time to say: "the wine is drawn, it must be drunk." I am afraid we shall have to drain the cup to the dregs.

Mr. LACOMBE: I am afraid it will be gone before that.

Mr. LIZOTTE: We must, however, realize the situation without losing our heads and make the best of the situation we have to face. A well conceived war economy requires that the national revenue be sufficient to meet our war expenditures and to maintain our production. To achieve that end Canada must have a normal and well balanced distribution of its man-power resources. To ensure a fair distribution, the Department of Labour must take time to investigate conditions prevailing in our production services. It is in order that the Minister of Labour (Mr. Mitchell) might have time for that investigation that, on the Address, I voted for the amendment of the hon. member for Richelieu-Verchères (Mr. Cardin). Even men married before July, 1940, are now being called up. We might give thought to this problem calling for a better distribution of our man-power.

I am particularly interested in the problem as regards agriculture.

It is unfortunate, Mr. Speaker, that at a time when the allied nations are asking us to supply the food required for their sustenance and that of the armies fighting our battles, some of our Canadian farms are either idle or slowing down production for lack of experienced farm workers. This condition should not and indeed would not exist had we kept close watch upon the selective service machinery set up for that purpose. We should not have allowed the calling-up, under the Mobilization Act, of men essential to agriculture. Both publicly and privately, I have repeatedly urged the authorities concerned to grant these recruits a postponement of a permanent character for an indefinite period. Elsewhere, I have expressed the view that the Government ought to recognize, not by words, promises and advertisements in the newspapers, but by order in council, that agriculture is an essential industry and that experienced labour should be dealt with accordingly.

Conditions obtaining in my own constituency, which is essentially agricultural, surely exist also in other rural areas of this country.

The farmers' outlook is one of mistrust and misgivings, and not without reason. How do you expect a farmer, with the sole help of one or two sons, to undertake large scale production if he is hounded by the fear that his indispensable help will suddenly be taken away from him and called into the armed forces? The three and six month deferments hitherto allowed have been inadequate and have kept farmers in uncertainty and suspense. These temporary extensions have deprived the farmer of his initiative and paralysed his courage and energy. I can sense it each time I come in contact with that worthy section of our population. There lies the main reason for the sluggishness and lessened efficiency in production.

It is however gratifying to realize that, this year, a wave of common sense seems to temper this frenzy of mass enlistments. From the ranks of the opposition, in and outside this house, we have had it dinned into our ears that the war effort amounted merely to building up large armed forces, and calling up men between the ages of 18 and 45 for the purpose of despatching them overseas. Those who dared to fight that crazy idea and who were in favour of a balanced war effort and of special treatment for the farm workers were called quitters. When these counsels of moderation were given by some one from the province of Quebec, he was called an isolationist, which was supposed to be the worst insult. What a fine revenge it is for all those who, like myself, have never ceased calmly to appraise the situation, without prejudice and in the interests of Canada, when they see our principal adversaries each in turn admit, in their speeches at least, that we were right. It must be admitted that we did not speak to the wind since those who did not want to listen to reason and who, in their morbid agitation, were ready to deprive Canada of her best workers, are now quieting down, retracing their steps, coming back to their senses, and asking that farmers' sons essential to agriculture be left on the farm. I suppose that the rationing of foodstuffs must have hit them in the right spot and inspired them with this wholesome conversion.

The government give us to understand, and I congratulate them in this regard, that they will ensure a more efficient co-ordination of our war effort in agriculture, industry and the armed forces through a better allocation of our man-power. At the beginning of February, the minister in charge of national selective service took the trouble to write to all mobilization boards in this country in order to tell them that the government's policy would tend to keep agricultural workers on farms, allowing them, after the working season, to accept temporary seasonal employment in lumbering or primary industries, provided they go back to farm work next season. That is an important concession we have secured. I hope we shall no longer meet with the difficulties we formerly had with the people whose duty it is to apply the Mobilization Act. Most of them, I readily admit, are well-intentioned,

but their endeavours along the lines of tolerance and justice have often been hampered by the zeal of bureaucrats who are not accustomed to using their own judgment.

Mr. HOMUTH: Mr. Deputy Speaker, may I draw your attention to the fact that it is eleven o'clock?

An hon. MEMBER: No, it is not eleven yet.

Mr. LIZOTTE: I would also like to discuss the fuel problem. A statement from the Department of Munitions and Supply has told us what we, who are from rural sections, already knew, namely, that the fuel situation has become alarming. In the town of Rivière du Loup where I live and which is close to huge timber limits, there has been a lack of cord wood during the coldest part of winter. All lumber yards were empty and the St. Vincent de Paul society perforce levied a few logs here and there from private cellars containing barely sufficient stocks, so that large families might be kept from freezing. This scarcity was due to a lack of men for wood cutting operations. The dollar bonus granted by the government on each cord of fuel wood is good policy, but I would recommend extending the time until September. This particular work requires hands which must be found and the solution of this problem is up to the selective service if a part of our population is not to freeze to death next winter.

My allotted time precludes any discussion of farm problems which are not without importance. I will take the matter up on another occasion.

Frankly I do believe such claims as I have put forth are quite legitimate. I have no intention of embarrassing the government and my only wish is to make them fully acquainted with the legitimate feelings of the electors. Let the government, even in war time, follow a truly social and Canadian policy, let them implement their plans for the social security of our population in the post-war period, let them see that everyone is treated fairly, that the minority get its appropriate share, not only of responsibilities, but of rights as well, and thus the Right Hon. Prime Minister (Mr. Mackenzie King) will be assured that harmony will easily be established at least among his supporters. This is the heartfelt hope of every one of us.

On motion of Mr. Ross (Moose Jaw) the debate was adjourned.

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

[Mr. Lizotte.]

Tuesday, March 16, 1943

The house met at three o'clock.

SOCIAL SECURITY

First report of special committee on social security.—Mr. Macmillan.

FUEL SHORTAGE

MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, I ask for leave under standing order 31 to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance, namely, the urgent need for prompt and drastic action by the dominion government to prevent suffering by the Canadian people through a shortage of fuel.

And leave having been granted:

Mr. GREEN: Mr. Speaker, I suggest to hon. members that the time has come when this house must give the most careful consideration to the fuel situation in Canada, because in this country, whether we like it or not, fuel is a necessity of life and the fuel situation at the present time is very serious. I do not have to rely on my own opinion in making that statement; I have very good proof to support it in statements that have been issued by the government.

The first aspect of the situation is that there has been during the present winter a great shortage of fuel; and winter, much to our discomfort, still continues at least in this part of the dominion. Only a few days ago the Minister of Munitions and Supply (Mr. Howe), who is now responsible for Canada's fuel policy, issued a remarkable release dealing with the question. It is release No. 216a dated March 4, 1943; and dealing with the fuel situation during the present winter we find this statement:

> Despite appeals made last year for an increased production of cordwood, insufficient was cut to last out this winter and some sections of the country already have suffered extreme hardship.

Further along in the press release we find some details of this hardship:

> In one small town, within seventy-five miles of Ottawa, families unable to obtain fuelwood have been compelled to leave their houses and move into the already crowded homes of their neighbours. In the same town, and in other Ontario and Quebec localities, people have been obliged to burn fences, doors and flooring in order to keep warm.

In another portion we find the statement that there has also been a critical shortage

of coal during the present winter. I think most hon. members will agree with me when I say further that there has been great suffering on the part of the Canadian people, and that there has been great loss to the war effort, in that through illness or for one reason or another men have lost many hours of work in war industry.

So much for the present winter. But there is also a serious danger of a greater shortage next winter unless immediate action is taken. I find authority for this statement in this same press release which begins as follows:

Canada faces a wood fuel famine so serious that unless immediate action is taken many thousands may be unable to heat their houses adequately next winter; families may be forced to vacate their homes, and the health of others may be adversely affected.

The statement goes on to quote the Minister of Munitions and Supply as follows:

"Generally speaking," Mr. Howe says, "the prospect for next winter is very serious for the tens of thousands whose homes are not equipped for heating or cooking with anything but wood. It is no less serious for those who have been burning wood in furnaces and stoves in which either coal or wood may be consumed, for the shortage of coal has been critical this winter, and there is every likelihood that it may become more critical in the coming winter. Because less coal may be available, the demand for wood fuel is likely to rise."

At the beginning of the concluding paragraph we find this sentence:

But if the shortages of wood fuel were severe this winter they will be much more severe next winter, unless immediate action is taken.

A few days later—in fact only five days ago, on March 11,—the Department of Munitions and Supply published an advertisement in many Canadian newspapers. I hold it in my hand, and I find that it is headed, in large type "Warning". Below that are the words "Canada faces a wood fuel famine next winter". The first paragraph reads:

Are you one of the Canadian householders who burned fences, doors and even flooring to keep warm in this winter's sub-zero weather?

Another paragraph says:

The dominion government recognizes that the wood fuel shortage is so serious that, even with the full cooperation of everyone in affected communities an adequate supply is not assured.

So that there can be no doubt whatsoever that the fuel situation is very serious.

Normally this would not be the concern of the dominion government; I realize that. Normally it would be left to the local authorities, and left of course to the law of supply and demand. In other words it would be a matter for the fuel dealers and the fuel producers, along with the people in the various communities. But now the dominion government must step in, because this is a war emergency problem. That fact is recognized in the same press release, where we find these words:

"The Department of Munitions and Supply," said the minister, "recognizes that this emergency situation has been created in large part by the war conditions."

Of this there can be no doubt. In the first place the dominion government has absolute and unlimited control over man-power. The dominion government has the responsibility for the distribution of man-power. It has the power not only to set a ceiling on prices, but also to say at what prices fuel must be sold. The dominion government has stepped in in many localities and set up fuel control boards which in a measure have interfered with fuel distribution in localities in which these boards are functioning.

I repeat that this is now a problem for the government of Canada. What has the government done about it Well, after a great deal of pressure and much delay it announced on March 4, or about that time—the date of this press release—what its fuel policy would be. I shall not read it in detail, but it may be summed up as follows:

First of all, there is to be a subsidy of one dollar per cord paid to the dealers on all commercial fuel wood contracted for and cut on or before June 30 of this year, and held to dealers' account on that date. Hon. members will notice that this applies only to wood contracted for and cut on or before June 30 of the present year—that is, within the next three and a half months. The coal controller has been authorized to pay such portion of the transportation costs as he considers proper in respect of fuel wood, particularly where dealers find it necessary to contract for fuel wood at locations outside the areas from which they normally derive their supply. The coal controller will repurchase from the dealer at the dealer's cost the fuel wood on which the subsidy of one dollar per cord has been paid, and which is still in the dealer's hands on the 31st of May of next year, 1944. Assistance is to be given in providing priorities for necessary equipment. Farmers who leave their farms temporarily in response to this appeal to engage in cutting fuel wood are to be deemed, by the national selective service authorities, to be carrying out their regular occupation as farmers, and to be given the right to deferment from military service which such occupation now carries. There is however a proviso, which, I think, renders the last-named promise much less effective by

providing that such temporary absence should not interfere with agricultural production. In other words the farmer is to do his farming first; then if he has any time left he is to produce fuel wood.

That is the first branch of the government's fuel policy. Hon. members will notice that it leaves it to someone else to produce the fuel. These provisions go into effect only when somebody else has taken the initiative of getting out the fuel, or arranging to get it out. The way that works is clearly explained by an article which appears in the Vancouver *Province* of March 10, purporting to set out an interview with a fuel dealer. It states this as the opinion of the dealers:

Unanimously they declare the problem is one of man-power. "Get men into the woods, the mines, and the saw mills, and your fuel worries will be over," one dealer said. "Subsidies will not do any good if you have not got the men to produce the stuff."

Another dealer said:

Right now I have got carloads of coal idle on rail sidings without men to unload them, although I have had orders for labour with the selective service for several days.

In the Vancouver *Province* of March 11, we find pictures of these coal cars, for the unloading of which no men can be found. The article explaining the pictures says:

While many Vancouver homes are still dangerously short of fuel and local coal dealers attempt to cope with stacks of unfilled orders, carloads of coal are standing idle at railroad sidings here because of a lack of labour to unload it.

Milder weather in the past week has stepped up coal shipments from Alberta mines, dealers report, but their appeals to selective service for extra labour to shift the coal from box-car to truck have been in vain.

That shows just how far this fuel policy does or does not go when it comes to the working out of the policy in a community. But there is a second branch of the government's fuel policy, it is to shove off the problem on to the local authorities, on to the municipalities. In other words, the Minister of Munitions and Supply by his fuel policy is attempting to place the fuel baby right on the laps of all the city fathers across Canada. He explains that quite carefully in the press release from which I have quoted, where he says:

This is a problem which primarily belongs to municipal and township authorities.

I submit to you, sir, and to the members of this house that that is where the policy is dead wrong; that is where the policy must be changed. I submit that the primary responsibility must rest upon this dominion government rather than upon the municipal authorities. In support of my submission I propose to quote from a resolution which was passed by the city council of my home city of Vancouver on March 9, a copy of which was sent to the Minister of Munitions and Supply. It recites that on February 9 the council forwarded to Ottawa a resolution pointing out that the wartime prices and trade board had power to produce and distribute fuel and to require any person possessing fuel to deal with it in such manner as the board may prescribe. It says that the city council have no such power, and goes on to say:

And whereas the supply of man-power in the production of fuel and the prices to be charged for fuel are both matters solely within the powers of the federal authorities and are fundamental to any solution of the problem;

Another recital reads:

And whereas there has now been received by his worship the mayor two letters from the coal controller, dated March 6, 1943, suggesting that the question of the supply of fuel in this city should be assumed by this council, and urging that the city provide a large reserve stock pile of fuel wood in the city;

It then sets out the views of the council of the third largest city in Canada on this fuel question, the city which has been hardest hit. I quote:

Therefore be it resolved that this council reiterates its former stand that it has no such control of man-power or prices as would enable it to undertake the securing and distribution of fuel in this city, and repeats that it is without legal power to engage in the production of fuel This council again points out that the problem is essentially one of man-power and that only federal authority can control that man-power. Unless men are put to work in the coal mines and in the woods, the shortage of fuel must continue. Only Ottawa can give the necessary direction to man-power, and it would be deceiving the public to suggest that this council can do so;

I admit at once that the citizens in the various cities and municipalities and townships of Canada can help, and I think it is right that they should be asked to help as much as possible. But the dominion government must accept the primary responsibility. This means that the Minister of Munitions and Supply, even more so the Minister of Labour (Mr. Mitchell), and perhaps also the Minister of Finance (Mr. Ilsley), who got rid of the problem quite neatly by passing it on to the Minister of Munitions and Supply, must accept primary responsibility for the production of fuel for the citizens of Canada.

I do not like to close without offering some suggestions, for what they may be worth. Others may be offered, but these the government should certainly act upon. First of all, the government should declare both the production and the distribution of fuel an essential

industry. The government should so distribute man-power as to provide the necessary man-power for the production and distribution of fuel; by this time the government should know what man-power is required for this purpose. The government should set fair wages for the men engaged in the industry, and should set fair prices for the fuel. Perhaps forestry companies or forestry battalions should be set up such as those Canada has in Great Britain; such a step might help in the solution of this problem. Finally, the government should be prepared if necessary to ration fuel for the coming winter. Fuel is a necessity of life in Canada. The government has announced that its policy is to ration the necessities of life when necessary, and should be prepared to do this in connection with fuel for the coming winter.

In conclusion I repeat that this is primarily a problem for the dominion government. It cannot be evaded by the government. I stand behind what is contained in the statement given to His Honour the Speaker that there is an urgent need for prompt and drastic action by the dominion government to prevent suffering by the Canadian people through a shortage of fuel. In the press release and the advertising from which I have read, both emanating from the Department of Munitions and Supply, stress has been placed upon the need for immediate action by the municipal authorities —in other words, the need for immediate action by someone else. I close by pointing out that the need for immediate action is a need for such action by the dominion government.

Mr. G. S. WHITE (Hastings-Peterborough): Mr. Speaker, the present fuel situation in Canada is of such importance that it certainly deserves the consideration of the house. Recent press dispatches have indicated that there is a most serious fuel shortage throughout the entire dominion. The press dispatches quoted by the hon. member for Vancouver South (Mr. Green) bear this out, as do the official statements made by the Minister of Munitions and Supply (Mr. Howe). The release issued by the department states that this problem is one which belongs primarily to the municipal and township authorities. But in making that statement the minister overlooked the fact that the fuel shortage which has existed during the past winter and which still exists is due to the action of the wartime prices and trade board in setting a ceiling price in August, 1942, without any consultation with the municipalities to whom they now wish to pass the problem. They set a price which was far too low.

The village of Marmora is located close to large wood areas and woodlots. One local dealer contracted last summer to take out 2,500 cords of fuel wood. In August, when a price ceiling was placed on fuel, he cancelled every contract and did not take out one cord of wood. He could not operate at the prices set by the wartime prices and trade board. The action taken by this contractor in Marmora was duplicated in many other places in eastern Ontario. When the price ceiling was put on, the labour that was usually available in the fall for work in the bush and in lumbering operations was soon absorbed in the mines and industrial plants in the surrounding area. It is quite true that in January of this year, when the price was raised $2 a cord, the operators could operate at a profit, but the whole problem then was to obtain the necessary labour. The subsidy of $1 a cord to be paid to dealers, and the assistance that is to be given in transportation costs, will help. But it all comes back to the question of man-power.

The minister has announced that the wood fuel shortage within the next few months will be somewhere around half a million cords. I quite realize that it does not help at this late day to say that this shortage is due to muddling, but I do say it all comes back to the lack of a proper man-power policy on the part of this government. Until recently few people considered that wood was an essential, and very little attention was paid to the seasonal labour employed in cutting wood. These men were allowed to drift into industry or were called up for military service. In his statement to the house a short time ago the Minister of Labour (Mr. Mitchell) announced his plans for farm labour but made no reference to what he proposed to do with respect to the shortage of man-power in the fuel wood industry. It is strange that he failed to make reference to the serious situation that exists to-day in the fuel wood industry. That situation prevails in most of Quebec, and yet the minister and the government allowed a very large number of Canadian woodsmen to leave this country to work in the lumber and logging industries of the United States.

This release from the Department of Munitions and Supply also states:

> No central authority could with any degree of efficiency take the necessary steps to meet local demands which are so diverse in different localities.

I ask the minister, why, is it not possible to organize units which could be moved from district to district where wood is available for cutting? It seems to me that in view of the serious situation which now exists there must

be some over-all organization established, with central authority, if we are to obtain proper results. Under the regulations for the control of man-power the minister has the authority and the power to transfer men from one industry to another and to place men wherever they are most needed.

As pointed out by the member for Vancouver South (Mr. Green) this release of March 4, 1943, does make some provision for farmers cutting wood; but as most hon. members know, the average farmer and farm hand at this late date in the season has very little time in which to engage in cutting wood. I wish to second the suggestion of the hon. member for Vancouver South that labour battalions or forestry units be established. There must be many men in the home defence forces who have had experience in this type of work. In addition there are the conscientious objectors, and the Doukhobors and the German and Italian war prisoners. Surely from this large body of man-power the minister can obtain sufficient men to undertake this very important work.

Some time ago the minister announced that about four thousand coal miners had been returned to the coal mines in order to cope with the shortage of coal. Why, then, cannot men with experience in wood cutting be returned to do that kind of work?

There is also the question of the necessary equipment for cutting and taking out wood. The minister attempts to pass the responsibility to the individual municipality, but when you analyse that proposal, how can the individual municipality obtain the necessary equipment, trucks, and so forth, to transport the men many miles back and forth each day in order to furnish the municipality with its own individual wood supply? It seems to me that instead of having hundreds of small municipalities trying to operate on a very small scale, and considerable expense which must in the end be borne by the local tax-payer, we should have an over-all scheme, with central authority; the government should take over the entire responsibility for supplying fuel where a shortage exists.

Some years ago when the Ontario hydro put their power line through from the Gatineau to Leaside, they ran a very wide right-of-way through a heavily wooded section of the country; the hydro organized bush gangs, which were housed under canvas and moved from place to place, and in that way did a good job in a short time. This gives some indication of what can be done with properly organized labour battalions or forestry units. To-day in the district in which I live men are being offered $4 a cord to cut wood, but no men can be had at that price because no men are available. I suggest that the whole solution lies in the question of man-power, which is controlled entirely by the federal government, and that it is up to the federal government to supply the necessary man-power to meet this crisis.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, the basic reason for discussing at this time this matter of public importance, namely, the shortage of fuel in Canada, is of long standing. It dates back to the beginning of the war—yes, and even farther back than that. The problem specifically before us arises from the bungling man-power policy of the government ever since the war broke out.

An hon. MEMBER: Oh.

Mr. HANSELL: Someone says, oh. It is a very easy word to say. Like some other things, it covers a multitude of sins. Had the government listened to this small group at the beginning of the war—I refer particularly to the speech that was made by the hon. member for Lethbridge (Mr. Blackmore) when this honourable house through its legislation declared war on the axis powers—we would not now be discussing this matter, because in that speech the hon. member for Lethbridge recommended the total mobilization of Canada's financial, industrial and man-power resources. His proposal was at once misinterpreted. People thought we were proposing that every man should shoulder a gun and be put into the battle line. That was not the intention. The intention was that every man should be called to his task, and one of the tasks in war time is to have a properly functioning industry which will promote the war effort up to one hundred per cent of the industrial and man-power capacity of the country, part of which is the coal mining industry. Had that proposal been accepted, had the government not been short-sighted in this matter, the coal mines of Canada to-day would be well manned and there would be no shortage of coal.

It is very hard for us to realize that in a country such as Canada, which contains fourteen per cent of the entire world's coal deposits, and includes, let me say, the province of Alberta, which has eighty-five per cent of Canada's coal deposits, anyone should go cold in winter time. Some of us have correspondence on this subject on our files, and the government are aware of it because they were approached during the past winter by many municipalities and cities in this country warning them that our citizens were

going cold because they could not get fuel. The condition is a serious one, particularly when looked upon in the light of the fact that we have in this country so much coal and other forms of fuel.

Some of us come from coal mining constituencies. We are aware of the problem and we look at it in the light of the fact that coal mining in Canada is a large industry. About eighteen months after the war broke out I realized what might happen should there be a shortage of coal, and at once got in touch with the then minister of labour, the present Secretary of State (Mr. McLarty). I had a talk with him and as a consequence told him I would write him outlining my conception of a coal policy for Canada in the event of unforeseen circumstances coming into the picture. On April 4, 1941, I wrote this letter to the minister:

Hon. N. A. McLarty,
Minister of Labour,
Ottawa.

Dear Mr. Minister,

Pursuant to my interview with you in regard to the coal situation in Canada as it is related to probable unforeseen events during time of war, may I present to you the following for your careful consideration.

Much has been said in the past concerning future markets in Canada for Canadian coal, and while I have consistently urged in and out of parliament that these markets be increased to a point where all Canadian mines are operating at full capacity, I would impress you, sir, from my observations I have concluded that although all coal mines in Canada, as presently equipped were producing to capacity, such production would not nearly supply Canadian demand without the aid of coal imports. This being so it therefore follows that the great industrial areas of Canada must be, at the present time, largely dependent upon the ability of the country to obtain coal from other countries, or increase considerably our own potential production.

This consequently raises the question of any possibility arising whereby difficulty would be faced in obtaining sufficient coal to avoid a break-down in our wartime production.

According to information published by the wartime economic coal committee only three per cent of the annual production of American coal finds its way to Canada. The meaning of this is alarming, when considered in the light of even a slight break-down in the American coal industry. Should the United States increasingly require coal for their own wartime industries, and anything happened which would reduce their own output by only three per cent thus making it difficult to supply Canada with coal, our own wartime industry would be almost completely stopped, and little or nothing could be done about it.

One might venture to ask what possibilities there are that would cause any breakdown in the output of coal. One answer to this is the likelihood of labour troubles. That, Mr. Minister, is my particular reason for addressing this to you, and I would earnestly suggest that you make suitable inquiries at Washington as to the labour situation as it exists or might eventually exist in the coal mining industry of America.

Quite recently the press have carried dispatches which show that labour is having its troubles in the United States. As you have noticed under date of March 31 news comes to the effect that the President of United States interceded to prevent a strike of some 330,000 coal miners.

I trust it will not be considered an imposition on my part to suggest to the government that they take special care to prepare for any eventuality which might arise. This can be done by so managing our affairs as to gradually bring the coal mining industry of Canada to a place where we are not dependent upon outside sources. I would urge that this is a serious matter as to deserve the very best attention of the government.

I am taking the liberty of sending a copy of this letter to the Hon. Mr. Crerar, Minister of Mines and Resources, and to the Hon. Mr. Howe, Minister of Munitions and Supply.

Yours very truly,

Ernest G. Hansell,
Member of Parliament.

I received a cordial reply from the then minister of labour. I might say in passing that I received an acknowledgment from the Minister of Munitions and Supply (Mr. Howe) but not from the Minister of Mines and Resources (Mr. Crerar). The then minister of labour gave quite an exposition of the situation as it existed. But one paragraph reads thus:

It is quite true, as you state, that the amount of United States bituminous coal imported into Canada represents about three per cent of the total United States output, to be exact it was 2·52 per cent in 1939 and 3·55 per cent in 1940. It must be remembered however that the four hundred and fifty-three million tons of bituminous coal produced in the United States in 1940 is still one hundred million tons below the average produced in the years 1923-29; in other words, the United States bituminous coal industry is capable of considerable expansion, and it is not probable that any serious shortage can be anticipated.

I would emphasize that last sentence. Commenting on that statement I may say that the Canadian coal industry also is capable of considerable expansion, and if an orderly expansion of the Canadian coal mining industry had taken place with a view to providing our own people with our own coal, we would not be discussing this matter to-day. I agree with other speakers that this is largely the responsibility of the government, because of its short-sighted man-power policy. Let me illustrate. In one family in my constituency there are six sons, all of them coal miners, with a widowed mother to support. When the war broke out this little family held a conference. The mines were working short time

then; miners were looking for something else to do to keep out of the bread line. The boys said: "We will all enlist; we will volunteer to fight for our country." They looked at the youngest of the family, and they said to him: "We believe you should stay behind and take care of mother." The youngest of the family said, "All right; if you enlist I will stay at home and look after mother." The five of them enlisted. Some of them are overseas to-day. The time came when the government saw fit to put into effect the mobilization act. We thought then that perhaps the government was beginning to listen to the small group in this corner, but I am afraid that was too much to expect. The mobilization act was passed; the country began to call up its men. The youngest boy was called into the service. It did not matter whether he had four or five brothers fighting, he was called up, and he had to go. It was not until the government realized the seriousness of the man-power situation in the mines that this young boy was able to get a three months' leave. An extension of that leave was given to him. Now he will have to apply for another extension and then another. The situation has become so bad during this winter that the Minister of Labour has had to freeze all labour in the coal mines.

Surely it is obvious that if there had been an orderly mobilization of all our man-power, putting every man to his task and paying him what he was worth to the country, this situation would not be upon us to-day. There needs to be a review of our entire man-power policy in respect of this country's needs and the needs of industry.

We see the same thing happening in respect to farm labour. I am not going to discuss that now; I cannot because we are not on that subject. But there is a farm labour shortage, so that the government had to change its policy and send an interpretative letter to the various mobilization boards as to what it desired to do. But if these things had been done with a long-range view as to the best way of carrying on in Canada in time of war, this sort of thing never would have happened. When will the Liberal administration of this country do things in the right and proper way? That is the question I ask.

Mr. J. A. ROSS (Souris): Speaking in the address in reply to the speech from the throne on February 4, I referred to the fuel problems of this country. Since that time they have in many respects become intensified. I pointed out that on November 21, 1942, I had sent a telegram to the Prime Minister (Mr. Mackenzie King) pointing out that:

[Mr. Hansell.]

Many municipal officials fear that due to lack of fuel with severe winter weather there will be undue hardship and suffering on the prairies. The present labour difficulties at the coal mines is the result of lack of proper co-ordination by various departments of the government. Imperative that immediate action be taken to avoid a very serious situation.

The Prime Minister replied saying that the contents of that telegram had been passed on to the ministers of the two departments concerned, the departments of finance and labour. I also sent a copy of the telegram to Mr. A. MacNamara, who had just been put in charge of man-power.

My home town of Melita is situated on a direct railway line within ninety miles of a coal field in Saskatchewan. It has been unable to obtain sufficient coal from those mines, and as a result the consolidated school in the area has been closed for lack of fuel.

I also made some reference to resolutions I had received from municipal officials and officers of the associated boards of trade of Manitoba at that time. A meeting was called by the mayor of Minnedosa, Doctor E. H. Clark, regarding the fuel situation, on January 27, 1943. Representatives were there from Brandon, Neepawa, rural municipality of Odanah, rural municipality of Saskatchewan, the towns of Minnedosa and Dauphin. Mayor Young stated that the fuel shortage was a national emergency and that pressure should be brought to bear on the government at Ottawa to do something about it. A general discussion took place, and the following resolution was passed:

It is hereby resolved that this meeting, representative of a large area of western Manitoba, take immediate action to impress upon the government of Canada the very serious fuel situation now facing the people of western Manitoba.

Be it further resolved that the government of Canada be requested to establish without delay, organize and operate necessary wood camps in Clear Lake national park and vicinity, providing necessary labour and transportation facilities to place such fuel at suitable designated points on winter highways. Sale and distribution of such fuel wood to be under supervision and control of officials appointed by the government of Canada.

I placed on *Hansard* on February 4, a copy of a resolution, which appears at page 137; I shall not repeat it. There was much other information which I received from those people. Under date of March 11, I received further information under the signature of Mayor Clark of Minnedosa. He said:

Re fuel situation in western Manitoba.

A further meeting of the associated boards of trade and municipalities of western Manitoba was held in Minnedosa yesterday.

Minnedosa has no coal or wood in dealers' hands. Neepawa has no wood. The committee has sent Superintendent James Smart a telegram offering $3.25 a cord for one hundred cords of dry wood piled just north of Clear lake. We cannot be sure of roads for a week ahead at this season and have asked for immediate instructions to the superintendent.

We learn that 1,000 to 1,500 cords of green wood may be cut by the A.S. workers now cutting in the park. This wood cannot be profitably hauled until next fall, green wood is too heavy to handle until then.

The fire-killed wood in the Lake Audy area should be felled as it was burned three years ago this spring. This wood, if made available, could be hauled through this summer and make certain that the community shall be supplied through 1943 and the winter 1943-44. The price should be set and the superintendent authorized to sell to the municipalities as required.

A much greater number of workmen must be put at the work if an adequate supply for summer and fall delivery is to be provided. If A.S. workers are not available the government should plan the provision of men. Shortage of labour is the whole reason for this short fuel supply and selective service under its control alone can correct this.

The camps now operating should be continued and greatly enlarged and a major part of the 100,000 cords made available for delivery through the summer and fall.

My colleague, the hon. member for Vancouver South (Mr. Green) has referred to an advertisement which appeared in all the local papers throughout Canada, headed:

Warning

Canada faces a wood-fuel famine next winter.

It is published under the authorization of the Minister of Munitions and Supply. It goes on to say:

Are you one of Canada's householders who burned fences, doors, and even flooring to keep warm in this winter's sub-zero weather?

The shortage already has affected many communities . . . total stocks of dry wood are nearly exhausted . . . in some places the small supply of green wood cut for next winter is being used now to meet the present emergency.

It goes on to refer to the subsidy of $1 per cord offered under the new regulations. While I am on that point I should like the minister, when he replies, to tell us who ultimately gets that $1, whether the producer or the dealer. I find this at the bottom of the advertisement:

Municipal councils, farmers, fuel dealers, individual citizens, service clubs, and all other groups in communities where wood fuel is burned, are urged to begin at once a rapid survey of their local situation, and to take immediate action to relieve the shortage.

As has been pointed out by previous speakers, this is definitely a responsiblity of the federal government and not of the local municipalities, especially in time of war. In my opinion the man-power muddle and the operations of the wartime prices and trade board are responsible more than anything else for our present fuel difficulties. I have some personal knowledge of this problem, since I own a small river woodlot myself, as do several of my neighbours. Last fall and this winter I endeavoured to hire men and make arrangements to have that wood cut and taken out, but found that under the existing regulations of the prices board I could not hire a man to do this work and sell the wood at any profit at all. On March 9, 1943, at page 1075 of *Hansard,* the finance minister referred to the price per cord of bush wood in British Columbia. He said that with the authorization of the wartime prices and trade board the price had been increased from $9 to $13 a cord, and that this price was deemed necessary to assure a supply for that particular zone. I assure the minister that this same difficulty exists in a large part of the area which I have the honour to represent. A moment ago I referred to the resolution from the associated boards of trade, in which they pointed out that they had offered $3.25 for cut wood as it was piled in the national parks. Poplar wood, which is the poorest type of fuel wood you can purchase, sells in my home town for $8.50 a cord.

Speaking in this chamber on November 10, 1941, I referred at some length to the brief on man-power and national selective service which had been presented to the Prime Minister and the members of his cabinet by the dominion executive of the Canadian Legion, on October 21, 1941, calling upon the Prime Minister to institute all necessary measures to place Canada on a total war footing. This brief asked that the mobilization of man-power should be undertaken immediately in order that our resources of man-power might be used to the best advantage, whether in agriculture, industry or the armed forces. In the advertisement to which I have already referred the minister makes a special plea to agriculture to assist in getting out this wood. Speaking further at that time I said, as will be found at page 4210 of *Hansard* for 1941:

I hope, therefore, that due consideration will be given by the government at once to instituting national selective service at this time, in the interest of people in all walks of life; for I am sure many ministers realize what their duty requires of them in the present situation.

I am more convinced than ever that the government should have taken that step at that time. It was essential then; certainly it is much more essential to-day.

I take it to be only fair that I should give any suggestions I may have as to a way out of this difficulty. May I suggest first that the

price controller allow the necessary price adjustments so that people can afford to cut and sell their wood if the help is available. Then I suggest that wood camps be organized in such places as Clear Lake national park and other suitable points throughout Canada. Here conscientious objectors and draftees could be employed; and in certain cases, under proper supervision, prisoners of war could also be used.

Mr. CRUICKSHANK: What does the hon. member mean by "draftees"?

Mr. ROSS (Souris): I think the Minister of Labour, under whose department that comes, will explain all the details.

Mr. MITCHELL: The hon. member should explain them; he is offering the suggestion.

Mr. ROSS (Souris): In war time this fuel problem is definitely a responsibility of the federal government, not of the municipality.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, the situation described this afternoon by the hon. member for Vancouver South (Mr. Green) was not unexpected by this group. From time to time in this house, in 1940, in 1941, and on at least three occasions in 1942, I pointed out exactly where we were heading so far as the future of fuel in Canada was concerned. On June 8, 1942, I pointed out to the Minister of Finance (Mr. Ilsley) that the coal mining industry in the east, the west and the centre was working half time, and that we were fast approaching the time when the coal supplies of the United States, upon which we depended, would not be available. Again on June 18 and August 1, I brought this matter to the attention of the house, and since then I have waited patiently for the situation that has finally overtaken us.

I listened with great interest to the presentation by the hon. member for Vancouver South, but he made two statements with which I cannot agree, and I want to take this opportunity of explaining why. The hon. gentleman said this was a war emergency situation. I do not agree with that. This is a creeping paralysis that has been developing in Canada, so far as a fuel policy is concerned, for the past thirty years.

Mr. REID: Not in British Columbia.

Mr. GILLIS: I am not discussing wood just now; with the proper organization of our fuel possibilities in Canada we would not require so much wood. When I mention fuel I refer to the recognized national fuel of Canada, which is coal. Repeatedly, through their union representatives, the miners have waited on both Liberal and Conservative governments of Canada with respect to a national fuel policy and the full realization of the available fuel in Canada, properly organized and properly marketed. So that instead of characterizing the present problem as an emergency situation, I say it is just a matter of blundering on the part of both the old line parties with respect to the question of fuel. This situation has not developed over night; we have been watching its development for the past three years, and very little has been done about it.

I also disagree with the hon. member when he says that ordinarily this would not be a matter for the federal government. I think at no time and under no circumstances, in a country like Canada, with its nine provinces and its hundreds of municipalities, can you leave the organization, the marketing and the distribution of a natural resource which is absolutely necessary to the nation in the hands of small groups in the various communities, with any hope of working out any sort of proper solution. This is one problem which was always within the province of the federal government. It is a national industry, and we should have had a national fuel policy with a national marketing board who would have been cognizant of the situation which has developed, and who would have taken steps to offset it.

In the presentation thus far by hon. members one point has been completely missed. It has reference to the men employed in the industry. First we are told it is a lack of a man-power policy, a lack of this and a lack of that. As a matter of fact it is just a matter of getting enough men there to put them to work. If we are to have any satisfaction in the fuel industry of Canada we must have some recognition of the men who actually go below ground to produce the fuel. It is not just a matter of ordering men to go into the mines, or of sending them underground and expecting them to produce to a maximum. It just is not going to happen that way.

Mr. GREEN: I said there must be fair wages.

Mr. GILLIS: Let me point out to the hon. member for Vancouver South that according to a press report men were taken from the army and sent back into the mines. They worked there for a short time, and then went back to the army, issuing a public statement to the effect that they would not work under the conditions and for the wages which applied to miners in British Columbia. They said they were making more money in the army, and accordingly they went back to the army.

The first point to which consideration must be given, if the men are to stay in the mines and produce coal, is that of providing proper working conditions, paying proper rates of wages, and recognizing the problems of miners themselves. Coal miners cannot be kept in the mines if they are given an opportunity to enlist. Men are leaving the mines in large numbers and going into the army, because they are escaping something they know is worse than what they are going into. We must begin to recognize that fact, and make it a part of the organization of our industry.

I say to the Minister of Labour what I have said for the last three years, namely, that the mining industry stands at the root of our country's welfare and is essential to our war effort. The freezing of wages and the usurpation of the powers of collective bargaining of this group of men, who have been organized for the past thirty years, have definitely retarded progress in this field. Neither the miners of the east nor those of the west have been able to come to any understanding with the operators in connection with wages. There has been continuous strife in the mining industry, because they have had to come to Ottawa to iron out their grievances and have adjustments made in their wages.

Mr. MITCHELL: I do not think the hon. member wishes to exaggerate, but I must say that I saw in my office only a few hours ago the near completion of an agreement with the miners of Nova Scotia. I do not think it is fair to say what he has been saying.

Mr. GILLIS: I do not wish to exaggerate. The Minister may have signed an agreement with them a couple of hours ago. I have no way of knowing that.

Mr. MITCHELL: I did not say that.

Mr. MacINNIS: He saw it, which is a different thing altogether.

Mr. GILLIS: I did not see it, and the miners of Nova Scotia have not seen it yet. The minister knows, as do hon. members who read the press, that for three years there has been constant turmoil in the mining industry. One reason for this condition is that when this group of men come to Ottawa to negotiate an agreement they are dealing with men who have absolutely no conception of the conditions under which these people work. These conditions will have to be recognized. There has been a usurpation of the power to deal with employers, a power which was recognized in Great Britain at the outbreak of war. In that country they have never tied up the unions. They still iron out their grievances with their employers, a condition which ensures industrial peace. If the government is to have a national fuel policy it will have to give consideration to this fact. Men underground are escaping from this method of earning a living, and are going into the army, or anywhere else, in order to be clear of it.

Mr. MITCHELL: The hon. member would not say they go in on a patriotic basis? I do not think that is a fair statement.

Mr. GILLIS: I say it without fear of contradiction, because I know what they are talking about. Anything is preferable to the kind of life they have to live. The mere getting of a sufficient number of men back into the mines to produce fuel is not enough; it will not accomplish anything.

I do not say the government lacks a man-power policy. I do not say it lacks a fuel policy. What I do say is that in the administration of its man-power policy the government is using men who are incompetent, and they are incompetent because they are doing a job absolutely foreign to their experience. They do not know the necessary machinery which must be put to work to organize the man-power of the country.

I have seen the policy on paper, and it looks all right. I have seen many other government policies on paper, and they look all right. But when it comes to putting men on the job, organizing ability is required. The government is doing something which in my opinion is going to tie it in a knot, and will continue to do so in the future. It selects men from every walk of life except the industry affected. There are no men heading up the fuel board who come from the fuel industry, or who know the industry, or have any ideas with respect to the marketing of fuel.

Mr. HOWE: What about Mr. Payne, who is a member of the fuel board?

Mr. GILLIS: Mr. Payne?—the last order in council I saw with respect to a fuel board showed that it was headed by Mr. J. McG. Stewart. On the board were the governor of the Bank of Canada, Mr. Graham Towers, and some other lawyer from Montreal.

Mr. MITCHELLL: Also Mr. Payne, one of the officers of district No. 18. He is a member of the fuel committee, and he is also a miner.

Mr. GILLIS: Another order in council was passed since that.

Mr. HOWE: Mr. Payne is still there.

Mr. GILLIS: I received an order in council the other day. I think the minister is thinking about the fuel control board, on which Mr. Neate sits as secretary.

Mr. HOWE: Yes.

Mr. GILLIS: Another order in council has been passed. It sets up three men with complete directional jurisdiction over the board on which they sit.

Mr. MITCHELL: No.

Mr. GILLIS: Well, that is the order in council I read a few days ago. I am sorry I have not a copy with me. I believe it was set out in a press release from the Department of Munitions and Supply. This press release referred to an order in council revamping the fuel control board.

Mr. HOWE: Mr. Payne is still a member, and has been since the beginning.

Mr. GILLIS: His name was not mentioned.

Mr. MITCHELL: The hon. member may be talking about something else.

Mr. GILLIS: No, I am talking about fuel control. The setting up of a board of four or five men here in Ottawa will not serve the purpose. It is necessary to have a board to direct distribution in each province, a board which will make an analysis of the requirements of a province. In this way the national board would have some idea as to the production required across Canada in order to meet demands. This has not been done.

I know, too, that so far as Nova Scotia is concerned there are shipping difficulties. We appreciate the difficulties, and we knew the condition was developing two years ago. I do not see why wooden ships, which can be turned out very rapidly, could not be used in the St. Lawrence trade. We will have to do something about these matters, rather than just think about them.

There is another aspect of this man-power situation. The hon. member for Vancouver South outlined the necessities of the man-power situation in that province. According to a return made to the hon. member for Rosetown-Biggar (Mr. Coldwell), being sessional paper No. 149, as of January 14, 1943, there were registered at the unemployment and selective service offices in that province a total of 13,977 unemployed. According to this return the total unemployed across Canada numbered 96,331. If there is a shortage of man-power and the national selective service officials were cognizant of that development, as they should be, I do not think the situation in connection with these unemployed persons who are registered should have been permitted to develop.

Mr. MITCHELL: If there are any miners among that 90,000 they will be put to work in the mines within the month. The figures do not indicate that.

Mr. GILLIS: But they could all chop wood.

Some hon. MEMBERS: No.

Mr. GILLIS: This is supposed to be man-power, not woman power. What is wrong with a man with two arms taking an axe and chopping some wood if it is necessary to the war effort?

Mr. MITCHELL: I am sure that some of the members of this house who have two arms and two legs would not last very long chopping wood. You must be fair about these figures.

Mr. GILLIS: These are employable persons, and I would consider that most of the members of the House of Commons are unemployable. These are supposed to be men who are looking for work.

Mr. MITCHELL: A bank clerk may be employable, but in a bank.

Mr. GILLIS: As I said before, it has been a matter of putting the wrong people in the wrong place to plan this particular phase of our war effort. It all comes back to the government not recognizing that if there is to be successful administration of its war policy, there must be some planning. It is not a matter of taking in king's counsel and professors and men who may be able to write a book nicely; it is a matter of getting the people who actually produce, who know something about marketing. They should be given an opportunity to make a contribution in this field. If that were done I do not think you would run into these difficulties.

I urge upon the Minister of Labour that he make an examination of this question. It is not enough simply to take a man and say that you are going to put him down in a coal mine where he will have to work for the duration, that he will be frozen to his job. They discovered in the United States in 1918 that you could not dig coal with bayonets. I think the Prime Minister (Mr. Mackenzie King) will remember that particular situation. You cannot freeze a man to a job and make him work; you must give him something to work for. You must recognize that he is a human being. If you are going to get out of this situation one of the first things you will have to do is to take members of the

mine workers from the east, west and central sections and use them in an advisory capacity to Mr. Stewart, Mr. Towers and the others who have the technical experience to put this stuff on paper. But they need some practical help in working out a fuel policy.

Hon. R. B. HANSON (York-Sunbury): Mr. Speaker, my approach to this matter will be somewhat different from that of the last speaker, the hon. member for Cape Breton South (Mr. Gillis). As I understand it, the hon. member for Vancouver South (Mr. Green) moved the motion he did in the belief that there is a nation-wide condition which requires immediate consideration and action on the part of the government. The hon. member for Cape Breton South has emphasized the necessity of a national fuel policy, but I do not think the house is especially concerned with that at the moment. I do not mean to suggest that that is not an important matter; it is deserving of every consideration, and it has had consideration at the hands of every government I have known since I have been a member of this house. I am not prepared to say whether we have been successful in establishing anything that could be characterized as a national fuel policy, but I am afraid we have not.

A great many factors have operated against Canada having what might be termed a real national fuel policy. Most important of these is geography, something that is not always recognized, but it stares us straight in the face when we come to consider this situation. Then there is also the question of our territory being contiguous to that of the United States, and the question of availability of supply from their middle-west coal fields. This is a dominating factor in relation to any national fuel policy in Canada. While I might discuss this question from the broader point of view, it is my purpose to confine my remarks to the position of the Canadian fuel supply as it affects our own citizens.

I am afraid the situation has reached very substantial dimensions. I do not suggest that it is nation-wide, but I do suggest that it is a spotty condition that obtains in many of the provinces. I have no particular knowledge of the conditions in the west or in the prairie districts, so that I shall confine my remarks to the situation which exists in my province, as to which I claim to have some knowledge and information.

Under normal conditions we would not have a wood fuel problem in that province; under normal conditions production is usually about equal to consumption. However, we have a situation there which is perhaps different from that prevailing in most of the Canadian provinces. For a distance of 150 miles or perhaps longer we are adjacent to the United States border. This particular part of the United States has very little wood fuel of its own, and for a considerable period of time has drawn upon Canada for most of its needs. I think the situation could have been coped with had it not been for what I shall term the inflexibility of the policy of the wartime prices and trade board which put a limit of $12 per cord upon hardwood fuel in Nova Scotia. If one did not have to consider the conditions that existed in the immediately adjacent areas, I should have said that that was a fair price for hardwood fuel. I do not think the producers in my province would have raised any objection to that ceiling price if the conditions had been different. But what is the position? Within five miles of the Canadian border there is a series of towns where the ceiling price on wood fuel is $16 per cord payable in United States funds, which gives the equivalent of $17.60 per cord in Canadian funds. The additional truckage amounts to only five or six miles, and the result is that whatever surplus there may be or supplies available for home consumption are often trucked right by the doors of the Canadian consumers, driven across the line and sold for the equivalent of $17.60 a cord.

That is a natural outcome of the situation and I suggest that there is bound to be difficulty in dealing with it. I called attention to the matter in a question which I asked the other day of the Minister of Finance (Mr. Ilsley). I did not know at the time that he had unloaded this problem on the shoulders of his friend and colleague, the Minister of Munitions and Supply (Mr. Howe). I do not think that my eye had caught the advertisement which was referred to this afternoon, but which I have since read.

I have tried to visualize in a sketchy way the situation which exists down there, and what is the proposed remedy? It is a subsidy of $1 a cord. To whom? To the wood dealers? To the producers? The minister can clear that up in a few sentences. His solution, the offering of a bonus of $1 a cord, is wholly inadequate and does not meet the situation. It is really a pitiful palliative.

In an advertisement to the public the minister suggests that all communities should set to work, and that municipalities are charged with the responsibility. May I respectfully suggest to him that that, too, is wholly inadequate. The municipalities have no authority to act, and the problem is so

large now that they could not possibly act. The only people who can act are the federal authorities, under the provisions of the War Measures Act and all the other enabling legislation which this parliament has so generously granted to the government. Because of the very psychology of the situation the municipalities will not act. They say it is a federal responsibility. If the difficulty were a minor one the government could very well expect the municipalities to do the work even if they had to clothe the municipalities with the necessary authority, but the problem has reached such proportions that the municipalities cannot deal with it, and, as I have intimated, they have not the power and authority to go ahead and do it.

I can understand the minister saying: We cannot deal with the municipalities. Generally speaking, that situation should be avoided. But the minister and the government can deal with the provincial governments. And where is the provincial government of New Brunswick in this matter? Sitting down supinely, as usual. That government never do anything until they are driven to do it. All they do is to take the subsidies they get, and they do not use them for the purposes for which they are intended. They have a surplus of a million dollars and they refuse to give an additional cent for old age pensions. However, that is only in passing. When the provincial election comes on this summer they will hear from me about that sort of thing.

I want to get back to the situation in my part of the country. The wartime prices and trade board have had this matter under consideration for a long time. I understand that there has been set up an administrator of wood fuel, and that they have had an adviser in New Brunswick in the person of Mr. John C. Veness of my own city. Mr. Veness is a professional forester who knows the forestry business and knows the locality. In a report he made certain recommendations which, if put into effect would probably have taken care of the situation, but his recommendations have not been heeded. I have before me a copy of his report, made as late as January 13 last to Mr. D. Roy Cameron, deputy administrator of wood fuel of the wartime prices and trade board. The report is so long that I dare not take the time of this house to read it, but it is available to the minister and to the wartime prices and trade board. He does make a general recommendation against subsidization, and he makes constructive recommendations with respect to how the situation could be handled. I shall not read them, but I commend them to the minister.

[Mr. R. B. Hanson.]

What I think we should do is this—and I offer the suggestion from the point of view of an observer, a layman if you will, but, I hope, an intelligent observer. I am not saying this in any critical spirit. Some sort of control should be established in relation to both production and distribution. It may be necessary that this inflexible price structure should be raised. I do not think that a subsidy is the right way to raise it. But when you have two price levels lying side by side you can see that, human nature being what it is, and as long as it is what it is, you are not going to have the local consumer protected when the producers can ship their wood across the line and get $5.60 a cord more for it than they can get at home. Surely these wood producers are entitled to a break. I can remember when they were producing wood in my own city for $6 a cord, and the work of producing that wood fuel I characterized as the refuge of the distressed. That was, of course, during the depression.

The suggestion I make would be that local controls in that part of New Brunswick, established under the authority which the government possesses, should arrange for production. It may be done through the stabilization corporation or some other government body which will see to it that a fair price is paid for the production of the wood.

There is a good deal of talk about the lack of man-power. I think that criticism generally is true, but I do not think there is any great lack of man-power for the production of wood fuel in New Brunswick—and I want it distinctly understood that I am limiting my remarks to the western part of New Brunswick. A good many men in that part of the province are engaged in the production of wood fuel, and February, March and April are the months in which fuel is produced in that province. Men who are at home while field crop farm work is more or less at a minimum are now concerned in getting out next season's supply of wood for the market. Encourage them all you can. See that the prices on the two sides of the border are more nearly equalized. I think the price on the United States side is too high. If it were not for that competition I would suggest that the price on the Canadian side is quite high enough, but it may be necessary in view of that competition to raise the Canadian price and have a little flexibility in the ceiling price.

Then arrange for distribution. See that local consumption requirements are taken care of first. After that is done there will still be a surplus to go across the line. I do not want to see any embargo on the traffic in wood

across the line. The people over there need their fuel just as our people need it for home consumption, and it must not be forgotten that we have to get certain supplies of anthracite coal from the United States. There is the psychology of the matter to consider. If the supply of hardwood fuel going from New Brunswick to Maine were cut off, it would create bad feeling between the people of the province and the people of the state—and it is bad enough now as a result of tourist restrictions; let me tell you that. I do not think a greater mistake was made than was made by the foreign exchange control board in restricting tourist traffic through control of exchange. Canada lost money, on balance, by reason of that restriction. I do not think the foreign exchange situation is nearly as grave now as it was, and I urge upon the Prime Minister (Mr. Mackenzie King) that he give consideration to the question of removing that restriction, because I believe that on balance Canada will gain. I know the gasoline situation is a factor, but that will have to stand on its own basis. But that is merely in passing. I would arrange for export under permit of the available surplus of wood from New Brunswick to Maine after our domestic requirements have been taken care of. Take care of our own requirements; let the primary producer have a decent price for his product; and be a good neighbour to the friends across the line who need that fuel.

But what is happening under to-day's conditions? Every cord of wood that is available is being trucked right past our doors over to Maine, and nothing has been done to stop it. The situation has just not been grappled with; that has been the condition all winter, and of course it should not be allowed to continue. I think probably we shall get through this season, but we must take a somewhat longer view; for this situation will obtain next year. There is time to plan and arrange for it. In this country we need fuel for heating purposes up to, let us say, the middle of May, and for cooking purposes all summer. Most people in my country burn wood for fuel. To prepare for next fall and the cold weather following, some kind of arrangement will have to be made, and I assume that the department could set up a plan to take care of the situation, patterned somewhat along the lines I have suggested.

Let me tell you what is happening in one part of New Brunswick. A substantial portion of the wood fuel for domestic use comes from the winter operations of the hardwood mills. I know of a place in the Tobique area where five winter mills are in operation, each of which will cut a million board feet of hardwood per year; that is five million feet. I am not prepared to say at the moment what quantity of fuel will be available from the five million board feet of hardwood lumber which will be produced by this firm in those five winter mills, but it will be substantial. I am informed to-day that all the fuel from those mills has been sold to truckers from Presque Isle and other places in the state of Maine, and that not one cord will be available to domestic consumers in New Brunswick. This is a condition which will be very profitable to the producers and the truckers. But the wholesale exportation of wood from that community should be not prohibited, but regulated. I believe I can get for the minister more information on this point if he requires it. I mention it merely as an illustration of what is going on down there to-day, and it is all due to the differential in the price.

I know that this question is not without difficulty. That is the local situation, with this price allocation and price fixing. There is glaring discrimination down there. I do not know whether anything could be done by negotiation with the United States; I do not offer any suggestions in that regard, but I do know that so long as there is a discrimination in price, a very grave difference, there will be trouble in that community and no fuel will be available next year for our consumers in that country.

The government policy of passing this matter along to the municipalities is not good enough, and certainly the offer of a subsidy of a dollar a cord for production is not adequate. To me it is just a pitiable palliative. We must have something a little more realistic. I press upon the minister and his advisers that they take action at once with respect to the immediate situation, and that they get busy on a long-term plan for the succeeding season.

Mr. THOMAS REID (New Westminster): The subject of fuel having been brought up this afternoon, there are one or two suggestions I want to make to the minister and the government in connection with the fuel situation in Vancouver and the neighbouring district.

First, I disagree with the remarks made by the hon. member for Cape Breton South (Mr. Gillis), who this afternoon, speaking on this subject, gave it as his opinion that the question of fuel shortage had been developing for thirty years. No statement is wider of the mark in so far as the Pacific coast is concerned than an assertion of that knid. To my mind it shows that at least in so far as British Columbia is concerned, and I speak particularly of Vancouver, New Westminster

and the Fraser valley, the hon. member does not know the situation at all. For the benefit of hon. members, and in particular the hon. member for Cape Breton South, I will outline the fuel situation in those localities.

Coal has been mined in British Columbia for many years, and has been used as well as wood for fuel, but during the past number of years, especially since oil has been in fairly general use for fuel, oil has been utilized in many homes in both kitchens and furnaces. Following that, someone discovered that sawdust could be burnt as a domestic fuel, and certain firms started to manufacture equipment which could be put on a kitchen range or stove and also on a furnace whereby sawdust could be burnt.

To say that we would have had a critical fuel situation had the war not come along is ridiculous, because there was fuel in abundance in British Columbia, especially at the coast, until the war started. Those who transferred their ranges from coal or wood to oil were receiving oil from California and elsewhere, and many people turned from the burning of wood and coal to the burning of sawdust. Since there was unlimited sawdust, wood and oil for heating purposes, coal found itself looking for a market. I say that without fear of successful contradiction; and for an hon. member to rise in his place in this house and say that a condition of fuel shortage has been developing for thirty years is, I contend, not according to the facts, and I feel it my duty to rise and say so.

Mr. GILLIS: Mr. Speaker—

Mr. REID: If the hon. member wishes to ask a question let him ask it, but I will not allow an interruption unless he asks a question, which I will do him the courtesy of permitting him to do.

Mr. GILLIS: I am rising to a point of order.

Mr. REID: Well, if the hon. member is rising to a point of order I shall have to sit down.

Mr. GILLIS: The hon. member for Vancouver—

Mr. REID: New Westminster. Keep that right.

Mr. GILLIS: —put words in my mouth. The hon. member for Vancouver East raised a national—

Mr. REID: He comes from Vancouver South.

Mr. GILLIS: —problem, and I discussed it in its national aspect. I was not talking about sawdust or wood.

Mr. REID: Is that the hon. member's point of order?

Mr. GILLIS: Just a moment. The hon. member has definitely stated that the coal of his province is looking for a market, and that is exactly what my remarks had reference to, not to sawdust or wood.

Mr. REID: Well, Mr. Speaker, you may see a point of order in what the hon. member is saying, but I do not. It may be that I do not understand all the rules. I repeat that it is plainly ridiculous to talk about a fuel policy in coal as affecting British Columbia, because coal, by the time the war came along, had been relegated in that province not to the bottom but to second or third place.

Mr. GILLIS: I was speaking for your miners.

Mr. REID: The hon. member should have kept to that, and probably he would have been far better off.

Mr. GILLIS: I did.

Mr. REID. He did not mention a national policy at all. Perhaps he will allow me to proceed. The situation in British Columbia was as I have described it. Then the war came along, and with the lack of tankers and the demand for fuel oil for war, many of those who were burning fuel oil found themselves at a disadvantage. Likewise difficulties arose with regard to the manufacture of sawdust. May I say at this point that I have every sympathy for the Minister of Munitions and Supply (Mr. Howe) who has had this problem placed recently upon his shoulders, shall I say, and rather suddenly. It is rather interesting to note that just as soon as the wartime prices and trade board got rid of the problem the chairman, Mr. Gordon, writing to Vancouver, stated, "It is not my responsibility; it is the responsibility of the Minister of Munitions and Supply." As I have said, I sympathize with the minister whose problem it is, because it is not entirely a matter of lack of coal or lack of wood, although that is bad enough. Might I say in passing that coal is somewhat difficult to obtain. It takes a great deal of labour to produce coal, and not only that but there is also the transportation from the mines to the bunkers, then to wholesale firms and then the loading into trucks and taking it to the homes. I suggest to the Minister of Munitions and Supply that he give consideration to the possibility of bringing into Vancouver a small shipment of fuel oil which would relieve the situation there to a great extent. I also suggest to the Minister of Labour (Mr. Mitchell) that instead of having some

150 men, conscientious objectors, planting seeds and little trees among the green timber for the provincial government during the war these men might be used for cutting fuel. Were some machinery and labour provided in the way of power saws and men who know something about felling timber, were groups formed and placed in strategic localities close to Vancouver and New Westminster, the fuel situation would be considerably helped. The hon. member for Cape Breton South spoke about any man with two arms and two legs cutting fuel. That is like the suggestion that men from the grocery or department stores or clerks could go to the farms and help the farmer with his harvest. Well, they can, but sometimes they are very much in the way. I have seen some men go to the woods with an axe, but at times you have to have a doctor handy because you cannot be sure how they will use that axe.

I take exception to another statement my hon. friend made, that perhaps many hon. members could be said to be on the unemployed list. I do not know what he was doing last summer beyond electioneering for the Cooperative Commonwealth Federation, but I know I helped to cut my own wood and so helped the fuel situation, and I certainly was not unemployed. That is more useful work than I believe the hon. member did.

Mr. NORMAN J. M. LOCKHART (Lincoln): It is not my intention to cover any of the ground already dealt with, but I believe some of us who have had practical experience in the distribution of fuel might add one or two suggestions to those already given.

The matter was introduced by the hon. member for Vancouver South (Mr. Green); other important points have been brought out by the hon. member for York-Sunbury (Mr. Hanson). I am speaking on behalf of a great many people in the southern part of Ontario, so that it is quite evident that this is a national problem. I recall that back in December, 1942, the Minister of Finance (Mr. Ilsley) distinctly stated that there was a fuel shortage, to the extent, I believe he said, of some eight million tons of coal. That statement must have been the result of a study extending over two or three months at least, so that we can see that perhaps in the early fall of 1942 this serious shortage already existed.

There was some criticism of the effort that was made to correct that situation. During the past winter those who are interested in obtaining and distributing fuel of different kinds noted that even in such a town as Lindsay, Ontario, I think it was, right alongside an area where there is a great production of wood, the papers reported a great shortage of fuel, and people were even burning their furniture. Such a situation cannot be allowed to exist.

I say to the Minister of Munitions and Supply (Mr. Howe) from a practical point of view that not only did this difficulty affect ordinary established home owners in this country, but in my particular area there are nearly 1,000 war-time houses. These war-time houses are equipped with a special type of equipment known as the ordinary Quebec heater. They can burn wood. Then someone came along—I do not know how anyone could ever have conceived such an idea—and said they could burn bituminous coal in these small stoves. The wartime prices and trade board or some other constituted authority came out with great headlines saying there was plenty of bituminous coal. Well, if you attempt to burn that kind of fuel in the equipment provided in these war-time houses, in a very short time the lids and doors of the stoves are blown off and people are overcome with gas. In fact, I am satisfied I am right in saying that a few days afterwards three deaths as a result of coal gas poisoning were reported in the Toronto papers. This thing entered into the lives of war-time housing tenants, people who are working long hours to furnish us with the munitions of war. In that particular area if we are to burn wood it means transportation costs. It will not be an economic scheme to transport anthracite coal from south of the border past the doors of the thousand war-time houses in my area or in Toronto or Hamilton and take it to Lindsay, where they have plenty of wood, and bring the wood back to the Niagara peninsula. Therefore I urge the minister to get some coordinated form of distribution.

That raises another point which I personally took up with the regional war labour board and which I want to draw to the attention of the minister. A representative of the regional war labour board came to my area. We pleaded to be recognized as an essential industry district as far as the distribution of coal is concerned, and used as our illustration the 1,000 war-time houses there. But with no effect. You cannot get men; you cannot get trucks; you cannot get tires and gasoline. The gasoline situation is not so bad, but it is impossible to obtain the tires, men and trucks.

The hon. member for Vancouver South made some mention of coal standing in cars. We have a ceiling price; I am not complaining of

that, but that ceiling price fixed the cost of delivery, and then arose the question of demurrage and the labour to unload these cars. In the early part of this year I have seen cars of fuel stand for days before men could be procured to do that type of work. The selective service boards have to be approached, and I think any hon. member who has had that experience will know that men cannot be obtained to do that type of work. Consequently we must have a coordinated national policy, because this is a national problem. I have no desire to discriminate when I say that anthracite coal should not be taken past the southern area to the northern parts of the province. There must be coordination by some central authority.

I do not know what the minister expected to accomplish by the advertisement referred to by the hon. member who introduced this question. I know that these advertisements have appeared all across Canada. Surely the wording in them will not solve this problem. It is just a foolish waste of money.

In all sincerity I ask the minister to put the distribution of fuel of all kinds on the basis of an essential industry. Surely what has been said this afternoon has shown that this action is necessary at the present time. I urge the minister to get together with the Minister of Labour (Mr. Mitchell) and work out some way by which men will be made available—not the floaters, the men who do not want to work—to deliver fuel, particularly to the homes of munitions workers. I have seen women come to the offices of fuel dealers with tears in their eyes, begging for fuel, willing to take a small parcel of it along home in the baby buggy. That is not hearsay; I happen to be in the business myself, and I have seen this occur. I ask the two ministers to approach this matter with determination, because something should have been done long ago. The regional labour board admitted to me that something ought to be done, but when I asked whether they had made representations to that effect they simply shrugged their shoulders. I ask the minister to work out a coordinated effort to overcome this difficulty. Do not try to dump this problem back on the municipalities, because some of us in this house have held high municipal offices. Some of us who were chief executives in cities and towns tried to have our municipalties handle these matters of fuel, and I think each of us lost money for our municipality.

Mr. CRUICKSHANK: Not all.

Mr. LOCKHART: Most of us did, but of course the hon. member is exceptional anyway. It will not be sufficient to attempt to deal with this problem by expensive advertisements in newspapers or in any haphazard way. I urge the minister to establish a definite programme, national in character, so that those interested in the industry and those vitally interested in the distribution of fuel will be supported in their efforts to see to it that all our citizens are kept warm during the coming winter.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, this question of fuel is a very serious problem in the province from which I come and particularly in Vancouver, a part of which I represent in this house. The crisis in the fuel situation has arisen, I believe, largely because we cannot have controls and still expect the law of supply and demand to operate. There is only one way to meet the situation in the present circumstances, namely, to extend the controls and also to extend the organization of production and distribution. That is what we must realize.

In normal times the distribution of fuel was one of the poorest paid occupations in and around the city of Vancouver. As was pointed out by the hon. member for New Westminster (Mr. Reid), the greater part of the fuel consisted of millwood and sawdust, which is also a form of millwood, and the price paid the distributors for their work provided a most miserable wage. It is true that to the extent that the large fuel dealers handled wood, those who were delivering it earned a reasonable wage, but the fuel dealers dealt principally in coal, and a great deal of the wood fuel was distributed by what I might call casual labour. As soon as other employment became available, those people left the poorly paid employment and went into the better paid jobs. The hon. member for Cape Breton South (Mr. Gillis) has pointed out that the miners who were taken out of the army and put back into the mines are not staying there, because they can make more money in the army. I remember that last year, whenever the question of wages was discussed, certain hon. members always referred to the men who were working for $1.30 a day. Well, we in this corner of the house put a stop to that sort of talk; and if anything more is needed to prove the truth of our statements it can be found in the positive fact that men taken from the army and put to work in the mines will not stay there because they can make more money in the army.

The city of Vancouver, as has been pointed out by the hon. member for Vancouver South (Mr. Green), is faced with a serious situation,

which cannot be dealt with in the way suggested in the letter from the Minister of Munitions and Supply (Mr. Howe) to the mayor of that city. In the first place the city cannot go into the fuel business without having enabling legislation passed by the provincial government. In addition it may be quite difficult at this time to get the equipment necessary to enable the city properly to carry on adequate fuel storage and deliveries. But it is not only in Vancouver that the fuel situation is serious. I have no doubt that other hon. members from British Columbia have received copies of a letter and resolution signed by the secretary of the Okanagan Valley Municipal association under date of March 5, 1943. This organization represents fourteen interior cities and municipalities, and it has this to say:

Whereas the present shortage in coal production is of grave concern, causing as it does dissatisfaction and discomfort to the civil population;

And whereas such conditions contribute much to the lowering of morale of those engaged in essential war industries with consequent retarding of the war effort;

And whereas to meet the labour shortage in the coal industry it is evident that methods to adequately meet the industrial and domestic coal requirements may result in the introduction of compulsory service in the mines, i.e., impressed labour working for private interests;

Therefore be it resolved that,

1. The federal government declare the coal mining industry to be an essential war industry and take over full control of the mines for the duration of the war.

2. That the provincial government cooperate in such scheme by relinquishing for the duration of the war any constitutional rights in, or control over, the natural resources of the provinces as may apply to coal.

3. As the government of Canada, through its monthly and annual returns of our economic needs, is fully aware of the necessary amounts of all essential commodities that are required to maintain our standard of life;

Therefore be it resolved that the government be requested to plan such production, through its control of labour and distribution, of such commodities, so that our economic needs be met without unduly upsetting our war needs. Such planning would avoid the unnecessary disturbance of supply and uneconomic distribution of supplies that we now suffer from.

This resolution demonstrates that the fuel shortage is felt throughout the whole of British Columbia, whether the people be dependent upon coal or upon wood fuel.

On January 16 the lower mainland of British Columbia experienced its coldest weather in thirty-three years. In twenty-four hours this brought about an acute fuel crisis. Many homes were caught without the necessary fuel. Young children had to be brought to the hospitals. People had to use their garden fences, and sometimes their neighbours' fences for fuel. Finally, after a week of frantic search as to what could be done, troops and conscientious objectors were used to cut wood.

Here is a peculiar situation: they had to make use of green fuel consisting of fir and alderwood cut adjacent to the city. The price set at that time for that type of wood was $9 a cord. A report in the Vancouver *Province* of January 25 said that experienced fuel men and military officials asserted that $5 a cord was a reasonable price for that kind of wood. However, the price was set at $9 a cord. This was the reason given by R. M. Brown, regional wood-fuel officer in Vancouver, for charging that relatively high price:

Wood prices, even if charged for army-cut wood, must have relationship to prevailing cost of cutting and distributing fuel on a commercial quality. If it were too low it would completely discourage private operators from cutting bush wood.

This seems to indicate that $9 a cord was a fairly high price for that wood. But within the last few days the price of $9 has been increased to $13. There may be plenty of wood, but if the price is set at a point the poorer people cannot afford to pay—and $13 a cord is a price poor people cannot pay—we have not solved our fuel problem.

I agree with the hon. member for Cape Breton South and other hon. members when they say that this fuel crisis has been developing for a considerable time. As is usual in so many of these questions, the party to which I belong is in the lead with a solution. The British Columbia section of the Cooperative Commonwealth Federation had made suggestions, as far back as last June, to meet such a crisis. At that time it made suggestions, many of which have been made in this house to-day. In a report following an investigation, this was said:

Fuel is a necessity of life, as food and water are, and it must be provided on the basis of need, not of profit.

Then the report went on to say that fuel should be declared an essential industry and dealt with as such by the federal authorities. Recommendations included the retention in the province of vital fuel supplies, the manufacture of sawdust for domestic use, the cutting of wood on publicly-owned lands, the establishment of a central office in each city, with power to pool orders and plan distribution, and the establishment of adequate hourly and weekly wages in the fuel industry in cases in which, as I have already said, the industry had been deserted by those formerly engaged in it, to take part in better paid occupations.

Mr. COLDWELL: Who made that report?

Mr. MacINNIS: It was made by a committee appointed by the British Columbia section of the Cooperative Commonwealth Federation in June, 1942. However, no attention was paid to the report, and very little was done about the fuel situation until the month of January, at which time it became clear that the situation was becoming acute.

Let it be noted that despite all efforts to maintain men in the mines, the number of men working, at least in British Columbia mines, has gradually decreased. I hold in my hand a copy of the votes and proceedings for the legislative assembly of British Columbia, under date of February 11, 1943. In this copy I find answers to a series of questions, the first of which was: "How many mine-workers were employed in and around the coal mines of the province of British Columbia in 1930?" There is a further question as to the number for the year 1940, and another as to the number at the present time. The answers are quite revealing, because they show that in 1930 there were 4,645 men employed in and about British Columbia mines. In 1940 that number had dwindled to 2,874, despite the fact that the demand for coal had greatly increased. In February, 1943, the number had dwindled to 2,365. So that we find that there were approximately twice as many men in British Columbia coal mines in 1930 as there were in 1940 when the demand was very much greater—possibly double that of 1930. Then, the number in 1940 was 500 more than that of 1943. These are facts which indicate what is wrong with the fuel situation at least in British Columbia. It is a condition which cannot be improved merely by tampering with price control structure.

The fuel industry will have to be organized under a competent authority. The whole industry will have to be surveyed to find out the need, and then the labour will have to be made available to meet the need. A difference of opinion arose this afternoon between the hon. member for Cape Breton South and the Minister of Labour and the Minister of Munitions and Supply with regard to who the members of the fuel control board are. I have here a press release dated March 7, 1943, which states:

> Under a new order in council, jurisdiction over the production and supply of coal, coke and wood fuel, has passed from the wartime prices and trade board into the hands of the wartime industries control board, it was announced to-day by the munitions and supply department.
>
> [Mr. MacInnis.]
>
> The order in council creates a new coal control, which will assume the powers, duties, and functions of the coal administration, including the continued operation of the dominion fuel board, which was absorbed by the coal administration in 1941. All supply orders issued by the administration have become orders of the coal control.
>
> The staffs of the coal administration and of the dominion fuel board have been transferred to the munitions and supply department. James McGregor Stewart, K.C., is now coal controller and will retain his title and powers as coal administrator, under which he will continue to regulate prices of coal, coke, and wood fuel. Frank G. Neate, who has been deputy coal administrator, is now deputy coal controller. D. Roy Cameron, formerly deputy administrator (wood fuel), and Gustave C. Piché, of Quebec and Montreal, a forestry engineer and formerly chief of the forest service for the province of Quebec, have been appointed as deputy wood fuel controllers.

It seems to me that the hon. member for Cape Breton South is rather better informed on this matter than the two ministers.

Mr. MITCHELL: In order to have the record straight—

Mr. MacINNIS: I am just about to finish, and the minister may say what he wants to say when I sit down.

I am not speaking now in a critical frame of mind because I realize that this is a situation which has developed on account of certain circumstances connected with the production and distribution of coal. As I have already said, I am satisfied it cannot be dealt with solely by tampering with the price control structure; it can be dealt with adequately only by organizing it on a national basis.

Mr. P. C. BLACK (Cumberland): Mr. Speaker, coming as I do from the province of Nova Scotia and the county of Cumberland I am interested in this discussion, from the point of view of both production and consumption. Both the province of Nova Scotia and the county of Cumberland are exporters of coal, but notwithstanding this fact they have problems with respect to getting supplies to heat their homes and keep the industries going. There are two large coal fields in Cumberland county, Springhill field and River Hebert-Joggins. I have not the exact figures, but we produce annually in the county about three quarters of a million tons of coal. I believe that if this industry had been properly organized and the skilled miners retained, we could have enlarged the production beyond 750,000 tons of coal and we would be producing a million tons.

Since the commencement of hostilities, the mines of Cumberland and Nova Scotia have been greatly handicapped on account of a

shortage of skilled man-power. I agree with what the hon. member for Cape Breton South (Mr. Gillis) has said with respect to the enlistment of miners who could have served their country better in the mines than in the armed forces, but I disagree with him in one respect. I do not believe the miners from the county of Cumberland enlisted because they wanted to get away from the coal mines. They enlisted from a sense of duty to their country; they enlisted voluntarily to serve in any theatre of war.

Some time ago 500 experienced miners had enlisted from the Springhill mines. I assume that the total figure is now 600 or 700. These mines require a daily working force of about 1,250 miners to carry on their present scale of production, but they have 1,600 to 1,700 on their payrolls. Many of the men are not experienced coal miners, and their morale has not been kept up as it should have been. The same condition applies in the River Hebert-Joggins field. In this district the mines are smaller and the seams are thinner, but I believe the percentage of enlistments has been as large as that from any part of Canada. These men also volunteered to serve in any theatre of war. The output of the mines has been reduced and the cost has been increased. If a proper policy of selective service had been put into effect early in the war, or were put into effect even now, it would have gone a long way in solving this fuel problem.

I referred to the morale of the miners in Cumberland and throughout Nova Scotia. This has not been what it should be, but I do not blame them. There has been dissatisfaction with regard to taxation, and this should have been avoided. However, most of the miners continued to work irrespective of the incidence of taxation. A single man begins to pay income taxes when he has earned $660, and a married man at $1,200, and they continue to work with hesitancy and without the goodwill they should have. When these earnings are exceeded almost 100 per cent is applied to taxation, and this leaves a bad taste.

Perhaps hon. members may have noticed in the press that the miners in Springhill have lately not been able to get coal which they mine themselves to heat their own homes. The coal had been assigned for shipment elsewhere. If things were properly handled, a condition such as this would not exist. The miners of the county of Cumberland and the province of Nova Scotia are willing and ready to do their duty, but they will not stand for injustice or unfair treatment.

There was also a feeling of resentment when the Minister of Munitions and Supply, (Mr. Howe), when he was Minister of Transport, converted the steamship *Charlottetown* from the burning of coal to the burning of oil without any explanation to the people of the coal producing communities which depended upon this for about 25,000 tons a year to give them a home market for their product. There was also resentment in connection with rationing because the miners felt that they should have been allowed larger quantities of food and beverages in their hazardous occupation. If they were satisfied that restrictions were necessary, they would willingly submit to them.

I agree with what the hon. member for Cape Breton South has said about the resentment over the fact that our coal mining districts have had no representative on the fuel board. The coal miners of our province would have more confidence in government policy if there were a representative of theirs on the fuel board. There are in that province a number of capable and experienced practical men who have the confidence of the coal miners. I was in the government at Halifax for eight years or more, and there was never a major matter having to do with the coal mining industry or labour when we did not consult the miners. On many occasions I came to Ottawa in connection with the payment of subventions which resulted in extending the market for Nova Scotia coal. We always consulted the heads of the miners' organizations, and on many occasions we asked them to accompany us and assist us in making our presentation to the government or to the fuel board and those in authority. In that way we obtained their good-will, and that feeling spread among the workmen in the industry. Had the government followed that policy and given our miners representation, it would have assisted in building up the morale of the miners in Nova Scotia and greatly helped the coal industry.

We have some capable men on the fuel board. Those of us in Nova Scotia who contended for many years for expansion of the Canadian market for our coal will be forever grateful to those responsible for putting our coal subvention policies into effect in central Canada. The man perhaps more helpful than any other is Mr. Frank Neate, who is now deputy coal administrator. The late hon. Wesley Gordon, at that time minister of mines, did us a fine service in approving a national fuel policy and appropriating large sums of money in order that we might market an additional tonnage of Nova Scotia coal in central Canada. It was our policy at that time

to establish a market within Canada, for a minimum of seven million tons of coal a year. We had to extend our territory from Montreal as far west as Toronto in order to market that output, but to-day we are supplying a market only as far west as Levis. A long educational process was required to teach the people of central Canada to fit their boilers for the use of Nova Scotia coal. That will have to be done over again. Nova Scotia, in view of all the sacrifices made in confederation, contends that it is entitled to that market, and the coal mines of Nova Scotia should be kept operating, in the years after the war, in supplying that market.

We have now on the fuel board Mr. J. McG. Stewart, K.C., from Nova Scotia. It is true that he is a lawyer, but he is a very able man and has done excellent service for the benefit not only of Nova Scotia and all Canada as chairman of the fuel board.

Mr. McGEER: Then why the collapse if his services have been so wonderful?

Mr. BLACK (Cumberland): He did not have the responsibility for man-power and operating policies.

In Cape Breton there has been considerable dissatisfaction. The people there have not been able to understand why they have not been supplied with sufficient cargo boats in order that coal might be transported up the St. Lawrence. It is true that the submarine menace has become greater, but the hon. minister for naval services (Mr. Macdonald) is here and will no doubt in due time be able to make an explanation. It appears to me that the St. Lawrence and all such narrow waters should be made absolutely safe for cargo boats to proceed close to the shore. In this day of science no enemy submarine should be allowed to menace shipping within three or four miles of the shore. I shall not press that any further, but the minister should make an explanation. The shipping of Nova Scotia coal up the St. Lawrence is interfered with, and we have lost a considerable portion of that market.

There are other areas in Nova Scotia where coal mining could be developed. There is a large coal field at Thorburn, Pictou county. The boards of trade there and members for the county in the provincial legislature have requested that that mine be opened. That could be done at a small cost and a large production obtained. I understand that five million tons could readily be mined in that area.

The town of Amherst and other parts of the county of Cumberland have submitted to restrictions with respect to the marketing of coal. Many of our people have been accustomed to using Springhill coal, but are denied the use of that coal, while people ten miles away in Sackville and elsewhere are allowed to buy it. We in the county of Cumberland who produce the coal are denied that privilege.

In conclusion, Mr. Speaker, I believe that the miners of Nova Scotia and the people of that province, if properly appealed to, will respond and do their full duty in mining and marketing coal and do their full duty as British subjects in winning the war.

Mrs. DORISE W. NIELSEN (North Battleford): Mr. Speaker, I had an opportunity last fall to visit Drumheller valley, Blairmore, the Crowsnest pass, and that large mining area in the province of Alberta. When I was there the first cold snap of winter came, and there was a very sudden demand for coal. Frantic appeals were made in the newspapers for the miners to work in the mines of Alberta. A shortage of coal was experienced in all the places supplied by that coal mining area. It has been the custom for a number of years for the miners there during the summer to work for only a few days a week. They have to cut down the production of coal during the summer months, because the coal in that particular area is soft coal and does not keep well. My information from the miners was that for years now they have worked for only a day or two a week, and this irregularity of employment has been a very serious matter for them. They also told me that there is a process now whereby soft coals can be kept successfully and stored for future use. Some men in that area have worked in the old countries of Europe, and they assured me that the coal mined in the Drumheller valley is in some instances much better than much of the coal mined in some areas of Germany. They say that in Germany soft coals have been processed for many years, making it possible to store the coal and to mine it continuously all through the year. The demand for coal during the summer months is not so great, so that in the mining areas of Alberta production of coal is curtailed during that period, and toward the fall the miners come back to full production.

I was told that through the years the mining operators have resisted any attempt to have processing plants built in the Drumheller valley. From their point of view it was generally understood that to have men working part time during the summer months was certainly cheaper, and that if there were a scarcity of coal in the fall prices were likely to rise, so that it was generally advantageous

to them to continue the present methods. I was talking to two men in particular who had been mining engineers for the greater part of their lives, and they assured me it was quite feasible to build a plant within that valley which could process the whole of the coal mined in the area, and that the initial cost would be in the region of $15,000,000. During peace time that may seem an enormous sum, but when we consider the amounts of money which are being spent to advance the production of war materials during this time of urgency, $15,000,000 is not exorbitant.

The question I would put to the ministers is this: have they explored every known possibility for the processing of soft coal, because, if there is a process which could be used, surely from every point of view it would be necessary in times like these to override the feelings of the mine operators and see to it that the processing of coal was carried on? In this way the miners of Alberta would be employed full time during the summer season, and coal then produced would accumulate toward the fall, to prevent shortages such as we have experienced this winter.

Mr. BERT H. SOPER (Lanark): I listened with some interest this afternoon to hon. members on the other side attacking the government over the fuel policy of the past winter. All of them seemed to come prepared. Evidently word had been passed around by the grapevine route that it was intended to attack the government, because all of them have quoted a number of figures, which I do not think amount to very much. They forgot to tell us that what happened to the fuel business this winter was that we had the most severe winter which Canada has known in fifty years, and that practically every house and every other building in Canada have burned from one to five tons of coal more than they ever did before. With the beginning of December came very severe storms and deep snow, something which we have seldom experienced. This prevented both the cutting and the trucking of wood. Consequently the coal men were called upon to supply people who formerly had burned wood. Then at the first of the year the coal strikes began in the anthracite fields of the United States. This held up shipping for about three weeks and practically exhausted the stocks of coal on hand, except those at the waterfronts where coal is brought in by water. At all points to which coal is shipped by rail our stocks were heavily depleted.

By November 1 of last year, through the policy of the fuel administrator, practically every coal man had delivered about seventy-five per cent of his coal, and we were expecting to go through the winter with a nice but not a large business; in fact some of us wondered what there would be for our help to do. This is where distribution troubles came in. We were not counting on a heavy winter's work and were not prepared to take care of all the extra business which was thrust upon us. Everybody came back for extra supplies, and we had to take care of many people who had formerly burned wood.

What has happened here this afternoon is the worst thing which has occurred for the fuel business, because within one month everybody will be clamouring for coal with the idea of hoarding it, and we shall be landed in the worst mess we have ever been in. I do not see anything for it now but that the fuel administrator will have to adopt rationing, assigning so much coal for each order received this spring. Hon. members have simply gone ahead and done what was done about butter. They started talking about rationing butter and sent everybody crazy. Watch what will happen in the next six weeks.

Mr. J. G. DIEFENBAKER (Lake Centre): I realize that so much has been said on the subject before the house that there is very little one can add, but I feel that the situation in Saskatchewan should be brought to the attention of the minister. I do not agree, however, with the last speaker (Mr. Soper), when he stated that what has occured here to-day will cause serious consequences in the months to come, in that fuel will be hoarded; for the fact is that a month ago or less the minister himself put an announcement before the country to the effect that if something were not done, serious consequences would follow next winter. What the hon. member for Vancouver South (Mr. Green) has done is to rivet the attention of the country on the fuel situation and the necessity of action being taken now and has given the members of the house an opportunity to suggest what should be done.

As far as Saskatchewan is concerned, the government was warned last fall by the city of Prince Albert, which is represented in this house by the Prime Minister (Mr. Mackenzie King), that serious consequences would follow unless something were done to assure a reasonable production of wood fuel in the area in the vicinity of Prince Albert. The wartime prices and trade board fixed the price of fuel wood in Saskatchewan on a 1941 basic price level, at which time the price of cordwood in Saskatchewan was scarcely higher than it had been during the years of the

depression, when the getting out of cordwood was a means whereby many settlers were able to assure themselves of a livelihood.

Take, for instance, the price of poplar wood. A man working reasonably hard can get out two cords a day. For that he received wages of four dollars, or two dollars a cord, out of which he had to pay to the provincial government stumpage fees of twenty cents a cord, or forty cents. The return was so low that the settlers would not get out wood for sale.

They could not get any help and if they did get it out they were working at a wage far below that paid by lumber industries in the far west and in northern Ontario. As a matter of fact most men who previously got out wood in Saskatchewan went to northern Ontario where they received $4.80 for a double cord of pulpwood, and had their fare paid both ways. There was no incentive whatever for anyone to produce wood in Saskatchewan. In the fall of 1942 the wartime prices and trade board was asked by the city of Prince Albert, and I believe a like communication was made to the Prime Minister as member for that constituency, that prices should be fixed at a level which would assure those engaged in the production of wood of a reasonable wage. The prices suggested were, $6 for poplar, $6.50 for jackpine and $8 for tamarac. But the wartime prices and trade board refused to do anything in that connection, although in Kenora in northern Ontario, for like wood, $7.50, $8.50 and $10 were the prices permitted to be paid.

The situation in Saskatchewan having been brought to the notice of the government in the fall of 1942, the government must assume the responsibility for the shortage that occurred in January and February, 1943. If fuel conditions in Vancouver, where the climate is so balmy, caused the discomfort referred to by several hon. members, the situation in Saskatchewan during the past winter can be imagined. In Prince Albert for a period of ten days forty per cent of the population had little or no fuel; yet adjacent to Prince Albert and throughout northern Saskatchewan are vast fuel resources uncut for the reason that there was no selective service system that would put men out to cut this wood; uncut because it was not profitable for the farmers or settlers to get it out and because it was impossible to secure men to work at wage levels lower than those paid in British Columbia and northern Ontario for similar work.

I have three suggestions to offer to the minister. These have come to me from various settlers in northern Saskatchewan who believe they would assure an ample supply of the necessary wood during the coming winter.

1. The dollar subsidy, if I may call it that, paid to the dealers will not meet the situation, because it will not be passed back to the producers. The subsidy should be paid direct to the producer, the settler, the farmer, or the labourer as the case may be.

2. The dominion government in order to encourage production should pay the provincial stumpage fees.

3. There are any number of farmers living in northern Saskatchewan in the wooded areas who would be very glad to get out wood if they had the necessary finances or financial assistance to enable them to do so. I suggest that the government finance the farmers by advancing a portion of the price of the wood once it has been placed on the skidways. That will enable the farmer to get and to pay the necessary help, and the remainder of the purchase price would be paid to him at the time he makes delivery.

4. The Indian reservations in Saskatchewan afford an opportunity to get man-power for this work. There are not as many adult men on these reserves as their were a few years ago, for the Indians have made a contribution to this country, have given an example of service, unequalled by any other race. I think every able-bodied man in every reserve in Saskatchewan, certainly those in northern Saskatchewan, has volunteered. But those who are at home on the reserves, if they were given an opportunity to earn money by getting out wood, would do so, provided that their earnings were turned over to them, not handled through the Indian department or the Indian agencies. I have it on good authority that there are at least 700 to 800 men, Indians, both on and off the reserves in the northern part of Saskatchewan, who are available to go out and cut wood.

I believe that unless something is done immediately, the fuel situation in Saskatchewan next winter will be a desperate one.

A similar shortage in production prevails in the lumbering industry. The labour is not available, because the government has not seen fit to direct men into the service that they should serve in, and has given them freedom to go from one part of Canada to another where wages are highest. Our labourers, lumber producers and the like will not stay in northern Saskatchewan producing lumber and fuelwood when the wages there are about half of what they can get in British Columbia or northern Ontario. They go where the wages

are best. In the production of fuel the government can carry into practical application the recent orders in council that, as the hon. member for Vancouver East (Mr. MacInnis) said, promised that much would be done, that look well on paper, but are not being properly carried into effect.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. F. D. SHAW (Red Deer): Mr. Speaker, during the course of the afternoon a number of hon. members engaged in the debate on the very important subject of fuel, and dealt with the conditions which prevailed earlier in the present winter and the conditions that may well be anticipated in future should there not be some radical change in policy with respect to the handling of the fuel question. My colleague the hon. member for Macleod (Mr. Hansell) reminded the house that if other groups or political parties in this country had adopted the same attitude toward the manpower question that we adopted in 1939 and 1940, and in fact still hold, many of the troubles which now confront us never would have occurred. I say that if other political parties had not spent their time in what I call political tomfoolery, probably there would have been no necessity for the conglomeration of regulations which emanate from government offices almost every week, and which serve to do little more than further confuse us. The hon. member for Lanark (Mr. Soper) attributed a good deal of our uneasiness to pessimism, if I interpreted his words correctly. I understand he is a dealer and incidentally a consumer; but evidently he has very little faith in his own Minister of Munitions and Supply (Mr. Howe), who indicated through the press that there was all the reason in the world for pessimism under the present government policy.

It seems rather strange that I, coming from the province of Alberta where we produce approximately eighty-five per cent of Canada's coal, and from a constituency in which there is a number of mines producing domestic coal, should have to take part in a debate of this kind on account of the fact that in my own constituency a good deal of hardship was caused by the acute shortage of fuel. So great was that shortage; so difficult were the problems which confronted a great many of the people of Red Deer constituency, that upon returning to this house in January I felt obliged to place upon the order paper a resolution, which I should like to read:

Whereas domestic fuel is a vital necessity in Canadian homes;

And whereas the acute shortage of domestic fuel available for home consumption has created severe hardship and in many instances acute suffering in many parts of Canada during the present winter;

Therefore be it resolved,—That, in the opinion of this house, parliament should immediately take such steps as are considered necessary to bring into production and distribution undeveloped fuel resources of Canada.

That resolution may appear rather restricted in its application. If I had been given an opportunity to sponsor the resolution, I would not have confined myself merely to the development and distribution of undeveloped resources; but having seen the figures of the estimated coal requirements in Canada, I was concerned about this fact, namely, that the sources of supply which had been developed could not, in my opinion, supply the needs. I do not intend to elaborate upon that resolution at this time. If I were sponsoring it, I would feel obliged to take the forty minutes at my disposal.

During the past winter, in the city of Red Deer particularly, acute hardships were experienced; in fact I am almost obliged to believe that the Minister of Munitions and Supply was referring to Red Deer or the residents of that city when he made reference to the fact that some people had burned their fences. I know that as a result of the shortage of fuel there the schools were closed and a great many business establishments either closed or nearly closed; and when I speak thus I do not confine my remarks merely to Red Deer but include many different towns in that constituency. Furthermore I know the situation became so acute that the two airports in that vicinity were contemplating either closing entirely or at least curtailing their operations.

The people of Red Deer were perturbed. The people of the other towns of my constituency were also rather disturbed. I must pay tribute to the dealers who in a splendid manner adopted a scheme of rationing, but I do not believe that responsibility should be placed on the dealers, for it put them in a very nasty position, if I may use that word.

Mr. HANSELL: You may.

Mr. SHAW: Thank you. A number of factors were responsible for the acute fuel shortage. I will not attempt for a moment to minimize the fact that we had a very severe winter, but as yet we have had no communique from anywhere indicating that next winter will be any milder. In fact, in war time, whatever the cause, we seem to encounter more severe weather than during

peace time. I will not try to elaborate upon that; I could not. In any event we in Red Deer were confronted with a serious problem in regard to transportation. As I say, we have numerous small mines in that district, but there was difficulty in securing the trucks necessary to move the coal. The coal was available, but there was greatly reduced production by reason of the insufficient number of miners available to keep those mines operating to capacity.

May I point out that there are a number of reasons why our truckers have difficulty in carrying on the hauling of coal. In the first place they are having a much harder time in procuring parts for their machines. They have difficulty in obtaining tires—and I am not complaining about this unnecessarily, because it is a situation which confronts us. Not only that, but many of our truckers have been directed to other places as a result of the higher rates of remuneration to be found in those places. I have in mind particularly the large numbers of truckers who accepted work on the Alaska highway. I know, further, that the Canadian Pacific Railway was undoubtedly confronted with problems in connection with transportation. I am told that freight cars loaded with coal stood near the mines for days and days, and could not be moved. I do not know the exact reason for this, but I can surmise as to what it may be.

With respect to the actual production of coal, to the best of my knowledge none of the mines has closed in that constituency on account of a shortage of man-power. I know that many smaller mines in Alberta have closed down completely because the miners have been taken or have gone elsewhere. As I said, that is to a degree responsible for the situation. Many of our men engaged in the mining industry volunteered for service in the army, the air force and the navy. They were encouraged to do so. Probably they received that encouragement from a spirit of adventure. Probably they were encouraged by more attractive employment, as has already been explained to-day.

Mr. HOMUTH: Give them some credit for patriotism, too.

Mr. SHAW: I think I am about the last one in the world who would cast any reflection upon the patriotism of any young man. Many of these men joined the service voluntarily; many of them were taken under the provisions of the National Resources Mobilization Act, and many others have taken employment in other branches of war industry because mine operators could not compete, from the point of view of wages, with the operators of other industries engaged in the production of war commodities.

From experience I know of the extreme difficulty with which many of us were confronted when we endeavoured to procure leaves of absence for some of the miners who were taken into the army under the National Resources Mobilization Act. I do not believe the government appreciated the situation. I will not try to determine the reason for that; but surely they should have had the facilities at their disposal to determine whether or not an individual was actually required in the coal mines, or somewhere else. But we went on for weeks and weeks and weeks until we have become sick and tired of the whole thing.

In order to conserve the time of the house I do not propose to elaborate upon these matters at any greater length. Let me come now to the question of wood. I am in absolute agreement with the hon. member who said this afternoon that we should give consideration to subsidizing the actual producer of wood—if "subsidizing" is the proper word. In my constituency the farmers in their spare time engaged in the cutting of wood. That is what they used to do, but now most of their labour has been taken, and as a result they have no spare time. When they had the spare time, however, they engaged in the cutting of firewood, and hauled it to town for sale. We have our dealers in the towns, too; but in my part of Alberta, in the smaller urban and rural areas, they constitute a small minority. I say we should give consideration to the subsidizing of those farmers, so that they will be encouraged to cut fuel and deliver it to the towns. Some of them have told me recently that it is not worth their while, and that they will not bother with it any more. In a sense, I do not blame them; and yet that course will not solve our fuel problems. On the other hand, I would urge that there be a redirection of miners from the armed services and from other branches of industry back to the mines. That is an absolute essential.

The question of the division of responsibility arises. My opinion in this connection is based to a great extent upon the statement of the Minister of Munitions and Supply that we shall have a fight between the federal government, the provincial governments and the municipal districts. It will be most unfortunate if the federal government fails to recognize its responsibility in this regard.

The solution of our fuel problem will not come through these three bodies fighting until such time as the next winter is upon us.

There is another matter with which I should like to deal in conclusion. We still have 22,000 gold miners engaged in the production of gold in Canada. I know this is a touchy question in the minds of some people, but I would remind the house that the President of the United States showed courage when he dealt with it. I reminded the house on March 1 that a committee of the house of representatives had stated that it would not be the better part of wisdom for the United States even to contemplate the acceptance of gold after this war as a method of settling debts as between the United States and other countries.

Mr. HOMUTH: But they are still producing gold.

Mr. SHAW: True; but it will be noticed that the action taken in the United States is far more drastic than was ever contemplated before.

Mr. HOMUTH: They produced more last year than the year before.

Mr. SHAW: I would ask the hon. member to give me the date upon which the President issued his most recent order.

Mr. HOMUTH: I cannot keep track of those dates.

Mr. SHAW: Then why ask me to? I trust there is no scheme being concocted to put us back on the gold standard. I am of opinion, and there are medical men in the house who could confirm my opinion, that it is now realized it is not the best thing for one's health to put gold in his teeth. This all leads to a more limited commercial use of the commodity. I am of opinion, one which is held by many people throughout the country, that the 22,000 skilled miners engaged in the production of gold should be put to work producing something which has been proven to be of far greater value in wartime, namely, coal.

Mr. MITCHELL: Does my hon. friend know the difference between a hard-rock miner and a soft-coal miner?

Mr. SHAW: Under the present policy the government is placing the men in such a position that if the mines are to carry on, and supply even part of our needs, they will have to take workers who have not the skill or the adaptability that these 22,000 gold miners would have.

Mr. MITCHELL: Does my hon. friend know that coal mining is a highly skilled employment? In some provinces there are regulations an individual has to pass before he can work in a coal mine.

Mr. SHAW: The point is that they have to be trained, in any event. I ask the Minister of Labour where he will get the men who must be directed to the production of coal in order to meet the requirements of this country. I say that we can take a miner engaged in gold mining and train him for that purpose much easier and in a shorter time than we can many of those upon whom he may have his eyes at the present time.

I realized before I mentioned that subject that it would be a touchy matter with some people, but it will be noticed that in the light of that I did not refrain from mentioning it. I contend that unless we give sound consideration forthwith to the whole man-power question—after all, this is part of the man-power question—we shall shortly be confronted with difficulties which few anticipate at the present time. I know that some will say I am a pessimist. I would sooner be a pessimist and avoid a terrible situation that might come along later on than be an extreme optimist, or, in other words, an ostrich, burying my head in the sand and hoping and praying that everything will work out satisfactorily. We have had altogether too much of that up to the present time.

Mr. HANSELL: Especially from the Liberal side of the house.

Mr. SHAW: The hon. member for Macleod says that that is especially so from across the floor on the government side of the house. I agree.

Mr. GEORGE BLACK (Yukon): Mr. Speaker, the debate which has taken place this afternoon on the shortage of fuel, particularly wood fuel, reminds me of that old rhyme, "How much wood would a woodchuck chuck, if a woodchuck could chuck wood." I think this applies particularly to the remarks of the speaker (Mr. Shaw) who has just preceded me. It may seem strange that we should have a fuel shortage in the Yukon, but this is due, to some extent, to war conditions. Those in the Yukon who owned trucks and tractors and who would ordinarily be engaged in the transportation of fuel, have for the most part leased or sold them to contractors on the Alaska highway, thereby doing much better for themselves than if they had continued to use their machines. In addition, many of the men who would be

engaged in this industry have volunteered for active service with the army, the navy or the air force.

Under an agreement between the governments of the United States and Canada, Canadian workmen are prevented from obtaining employment with United States contractors and earning the splendid wages paid United States workmen. I protested against this policy as being wholly unfair to Canadian workmen, but it is still in effect. Some Canadian workmen have been clever enough to find a way around this prohibition, and they are cutting poles for these contractors. I know of one expert Canadian axeman who cleared $135 in one day. One could not expect that man to cut wood for fuel when a ceiling of from seventy-five cents to $1 an hour was put on his wages by the labour board. As I say, the Canadian fuel shortage is due, to some extent, to war conditions, and also to the administration of the selective service policy.

I should like to bring to the attention of the Minister of Labour (Mr. Mitchell) one instance that came to my notice recently. A group of young men were trained as welders in a Winnipeg trades school and were sent by the selective service bureau at Winnipeg to Toronto to report to the selective service bureau there. Immediately upon arrival at Toronto they were told that they were urgently needed at Transcona and would have to leave at once. When they said that they had just come from there the Ontario selective service officer said to them, "No; you came from Winnipeg and we are sending you to Transcona." Evidently the official in the selective service bureau at Winnipeg did not know that welders were needed at Transcona, while the official in the selective service bureau at Toronto did not seem to know that Transcona is practically a part of Winnipeg and that the workmen go back and forth daily between Winnipeg and Transcona. Surely the Minister of Labour does not approve such stupidity on the part of his officials. I suggest that he supply them with geographies.

Mr. MITCHELL: If what my hon. friend is saying is true, I should like to have the details. It seems almost incredible.

Mr. BLACK (Yukon): If the Minister of Labour will apply to his own selective service bureaus at Winnipeg and at Toronto he will get the information officially. We hear about the overcrowding of railway trains. Why overcrowd a railway car to send a crowd of men from Winnipeg to Toronto and then back again to Winnipeg?

[Mr. George Black.]

In the Yukon we have no draft evaders, no conscientious objectors, no prisoners of war, no Doukhobors and no slackers, and we do not need any regimentation of labour. If the men there were allowed a fair wage for their work, they would get out the fuel. I say to the Minister of Labour that if he is so inclined he can solve the difficulty as far as the Yukon is concerned.

Mr. KARL K. HOMUTH (Waterloo South): Mr. Speaker, I intend to take only two or three minutes—

Some hon. MEMBERS: Hear, hear.

Mr. HOMUTH: I knew that would be pleasing to the house. That is the best cheer I have got since I came to the House of Commons. There is a suggestion which I wish to make to the minister, and there is something which I should like to draw to his attention and which I think will at least help in solving the fuel problem in western Ontario.

In the first place may I preface my remarks by saying that this is definitely the government's responsibility, it cannot be placed upon the municipalities. Under the expansion of war services the dominion government have taken charge of practically every provincial organization. They have taken charge of the administration of timber, mines and everything else that ordinarily would come under the jurisdiction of the provincial governments.

In western Ontario we have a very serious situation with regard to gas and oil fuel. On several occasions I brought this matter up in the house. For a year and a half there was a rather vacillating policy; nothing definite was done, and the result was that many people in western Ontario suffered serious hardships and went to tremendous expense to remove the gas-burners from their furnaces and put in coal burners and other methods of burning fuel.

It was felt that the wealthy gas companies, controlled principally in the United States, should have been compelled to reimburse the people for the expenses to which they had gone. Either that, or the government should have reimbursed them for the hundreds and hundreds of dollars they had spent in taking out of gas fixtures and rebuilding their chimneys in order to burn some other type of fuel. But that was not done, and in a part of the country where over ten per cent of the men have volunteered to go to war, we perhaps do not criticize as vehemently as we might some of the regulations put out by the government.

The other day the hon. member for Huron North (Mr. Cardiff) brought a letter to my attention because we had been discussing the

fuel situation only a day or so before, and I wish to read this letter to the minister and suggest that a great deal more of the cooperative spirit that is evident in this letter might well be shown in our war effort. The letter reads as follows:

Harrison, March 10, 1943.

Mr. E. Cardiff, M.P.,
Brussels, Ontario.

Dear friend:

I am writing you for information and advice, re the subsidy on fuel wood.

About February 1st a number of my neighbours who have no wood or bush of their own asked me to sell them firewood.

We have made a bargain whereby for every cord of firewood they cut and draw away they cut a cord for me. I am very proud of the way it is working. We have men from the village going in with farmers who have horses to do the hauling. We have had as many as 10 men and 4 teams working at once.

Now I think I am entitled to the $1 per cord subsidy, on all the fuel wood which is hauled away from my bush. There is no wood dealer involved in the whole transaction. No money is paid for the wood or for labour excepting to the man who operates the buzz-saw.

I do not think I am entitled to the subsidy on the wood which I keep and burn in my own home. I would be pleased to hear from you and have your opinion.

I know for a fact these men are not worrying about their supply of firewood for next winter, as we have about 120 cords cut already.

Yours truly,

Milton Leonard,
R.R. No. 2, Harrison, Ont.

That shows a spirit of cooperation which could be built up in Canada if the government would only go out and build it up. We have built thousands of homes across this country, war-time houses that are supposed to be wrecked when the war is over, but if we had carried on a campaign which would have aroused in the people a sense of their responsibility and of that patriotism of which they are capable it would not have been necessary to build a great many of these homes. We could have found many homes with rooms that are not occupied and many others which could have been subdivided, but the whole war-time housing programme was conducted through a series of newspaper advertisements, which must have cost a great deal of money, and nothing substantial came of it all. Surely the members of this house and the people of this country are prepared to carry on a campaign to stir up the patriotism of our people. Look at the tremendous number of war-time houses that have been built in the city of Hamilton, or in the city of Galt, in my riding, where fifty are being built now. If a campaign had been carried on to arouse the patriotism of the people, they would have opened their homes and taken people in, and these war-time houses would not have been required.

Similarly we could carry on a campaign to stimulate the cutting of wood fuel. There is no part of western Ontario that has not a good acreage of bush from which wood fuel could be cut. All that is required to stimulate production is cooperation. The writer of the letter I have read cannot get the subsidy. I called up the fuel controller's office and was told that under the order in council this man cannot get the subsidy. Why? Because he is not a dealer. Surely, Mr. Speaker, a man who is willing to sacrifice his bush and keep down the price of winter fuel ought to be entitled to the subsidy at least on that part of his fuel which goes to other homes than his own. Unfortunately, so many of these orders in council are drawn up by men who cannot see and have not seen or will not see the practical side of some of these problems. The hon. member for Huron North and I talked with Mr. Cameron, and he said, "It is a matter of administration. But the order in council does not provide for paying subsidy in this case." I believe that if the minister would advise his board to go out and try to build up some of the cooperative spirit shown by the writer of this letter, a great deal could be done to alleviate the fuel shortage across Canada. There is on the part of everybody in this country a spirit of cooperation and a desire to help the war effort. But these silly orders in council and these crazy regulations which make a man so dizzy that he does not know where he stands break down the desire on the part of the people to do something in the war effort. I point out to the minister that much can be done, not only in this fuel situation, but in connection with housing and many other problems that face the government if they would just approach the people in the proper way, explain the situation to them, appeal to their patriotism and be honest with them. There is no question that the people would cooperate heartily.

The hon. member for Lanark (Mr. Soper) this afternoon said that this was an idle debate which would cause a run on fuel. Let me point out to him that every time any of the controllers appointed by this government announces that there will be no control or rationing of this or that commodity, the people immediately go out and buy it. Why? Because they cannot believe the controllers. They know that the controllers say in February, there will be no control—and in March control

goes on. The controllers say in January, there will be no rationing—and in February rationing goes on. And so it goes. What we must have in this country is a spirit of cooperation, and I wish to tell the government that the people are prepared to cooperate with the government if the government is prepared to cooperate with them.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, this question is a very important one. The Minister of Munitions and Supply (Mr. Howe) and the premiers of the various provinces have often, in interviews given to the press, drawn the attention of the public to the importance of the fuel problem. In our part of the country coal is imported from other provinces and from some of the eastern United States. But most people use wood for fuel, hardwood like maple, the wild cherry tree, birch and other varieties which are most suitable for making the homes of our fellow-citizens warm and comfortable.

It has been suggested by some of the members that a subsidy should be paid to the farmers to encourage them to cut wood for fuel. Of course, it is a work that requires experience. No novice can pick up an axe and go out into the bush and cut down trees and split wood, but in our part of the country there is not a single farmer or a farmer's son who cannot do that kind of work. They are all familiar with it; they are expert woodcutters.

Some one has complained of the number of Canadian woodsmen who are working in the United States. The main reason is obvious. It is that we have reached a point, mostly on account of forest fires, when United States forests supply some Canadian mills along the border.

But there is another reason why Canadians cross the boundary to chop lumber in the United States; it is because over there they pay fair wages, considerably higher than those which are paid by some companies, one of which operates in my county. It is not at all surprising that young men or older men refuse to work for a company which pays so much less by the hour or by the contract than do the United States companies.

Is this the right time to offer a subsidy for cutting lumber? We know that the time to cut trees is when there is no sap in them. Spring will start, officially, on March 21. We have at times spells of cold weather, but the sap is about to run in the trees. It will then be too late to cut them.

One reason for the present scarcity of lumber is the very large quantity of snow which has fallen in our forests and which has made the cutting of trees more difficult.

[Mr. Homuth.]

The hon. member for Yukon (Mr. Black) spoke of the labour board; and in this matter we have every reason to complain of the wartime prices board, because, by making public a certain price which has been established for kindling wood and for furnace wood, they have removed all possibility for those who look after the transportation of that wood from the forest to the homes of the people to continue that work. The price has been published. The producer asked for the price which was originally paid by the consumer, and the middleman has nothing at all wherewith to pay for transportation. These regulations have been made by men who are bookworms and who have no experience in the lumber trade, particularly in that regard. By trying to improve conditions they have made the situation much worse than it was.

The hon. member for Red Deer (Mr. Shaw) made some apt remarks about the difficulty of transportation by trucks. I will not repeat what he has so accurately enumerated, but this is a great difficulty which is not easy to remedy. Then, of course, there are also the railways. But at the present time the railways are jammed. It has been remarked that anyone who travels from Toronto to Montreal, or who goes to St. Lambert, near Montreal, will see all the sidings full of war material which was made a year or two ago and which has not been moved. It would be a great help if that material, whether munitions, aeroplanes, or otherwise, could be forwarded to Russia, the United Kingdom, China, wherever it is needed, but it is left here to rot. We hope that it will not be destroyed completely. But it is in boxes and cases; rain and snow have been falling on it for years, and now what is being done? Those boxes and cases are being painted. But it is too late. Would it have been easier to transport fuel than it has proved to be to carry that mass of munitions which we see on all the sidings in eastern Canada?

The hon. member for York-Sunbury (Mr. Hanson) who for such a long time has been advocating total war, recited as his own this afternoon part of an article which I wrote in French and which was entitled, "Elliott Little was Right." Does he suffer from amnesia? I remember the time, which is not so far distant, when he insisted on sending all our young men to Libya. He blamed the government for not sending young Canadians to Libya; he wanted conscription for overseas at once. And now we see a number of these champions of conscription for overseas service asking the government not to apply conscription to the army. If they complain about something, they may weep for their own sins. We have

heard hon. gentlemen opposite rising in their places one after another asking for the conscription of all men for the army.

Mr. HOMUTH: Oh, no. Some of you fellows have been swallowing yourselves for years.

Mr. POULIOT: I can swallow myself without poisoning myself. It is different with the hon. gentleman.

Mr. HOMUTH: Well, you would be an awful mouthful.

Mr. SPEAKER: Order.

Mr. POULIOT: Here I am to apply the twilight—you know, the one by which a certain operation is administered without pain. I remember the time when a Tory member for Toronto, who is now out of the house, otherwise I would describe him in a picturesque way, was bold enough to say the member for Témiscouata was helping Hitler by fighting against conscription of men for overseas service. I realize fully that Canada alone cannot win the war; we need our allies, and if we put all our men in the army, what will be the result? The result will be a still greater mess than we have now in the fuel business. Are these hon. members logical? The other day I praised the hon. member for Dufferin-Simcoe (Mr. Rowe) for a very good speech that he made about the farmers and the importance of agriculture for the welfare of our country. And what did I read in that fine newspaper called the Toronto *Telegram,* reporting the last assizes of the Tory—I beg pardon, the Progressive Conservative party, where the hon. member for Dufferin-Simcoe complained bitterly that insufficient reinforcements were sent to our boys in England. He also complained that it was the reason why Europe was not yet invaded. Does he not know that at the present time there are in the Canadian army many farmers who have been sent there, who, although they were willing to get into the army, and had no objection at all to enlisting, knew very well that as soon as they enlisted the padlock would be put on the ancestral farm, on the old homestead, because the father who suffers from rheumatism is unable to find help and unable to replace his sons who are going away. This is a well known fact. How many young farmers are there in the army, men who had no objection at all to enlist, men who are not Doukhobors, not conscientious objectors, not Mennonites, but good Canadians of British or French origin, whose presence was urgently needed on the farm of their father or their own farm, but who, on account of that false patriotism that was preached by all members of the Tory party without exception—and I speak of those who rose in their places after their new christening—

Mr. HOMUTH: Who took them into the army? Your government, the one you supported yourself.

Mr. POULIOT: They were acting on suggestions like that of the hon. member for Waterloo South (Mr. Homuth). The former leader of the opposition, who probably had to give up his seat for that very reason, was fighting me.

Mr. HOMUTH: Are you still with the government or against it?

Mr. POULIOT: I ask my hon. friend to keep quiet, otherwise I shall go to his home town and tell his constituents how he is thought of in this house. I have been before in the province of Ontario and I have never been afraid to attend a joint meeting anywhere.

Mr. HOMUTH: That is all I need.

Mr. POULIOT: If my hon. friend is ready to find time for a discussion I will bring *Hansard* with me and it will be his own condemnation.

Mr. HOMUTH: You can bring the government with you, too.

Mr. POULIOT: Now, sir, what happened? We had a chairman of a board called the national war services board, now called the mobilization board, who although he was a judge did not understand one iota of his duty, so much so that I had to bring his case to the officials of the department and to the minister, who decided it was important and in the public interest to see how many injustices were inflicted on account of the stupid and criminal decisions of that man. He is replaced now by a better man, I admit, but the farmers who have been suffering just because that man lacked judgment completely are still there; they cannot come back. I remember that on July 13 last year the Minister of National Defence (Mr. Ralston) said from his place in the house that it would be very hard to give an opportunity to young men who are in the army, even if they did not volunteer, to come back to civilian jobs.

Who is the expert on fuel in the adjutant-general's branch? It would be interesting to know. At the present time it is impossible to get any definite information. I wrote today to an official of the department that when a man gets into the army he is under his commanding officer and he has to go to his officer commanding to ask for leave. How

is it that I receive letters from the Department of National Defence to the effect that leave has been refused, not by the officer commanding but by that mobilization board? We never know where we are; we have irresponsibility from A to Z. And this, sir, is why the country is now complaining about the mess that exists and is in a state of fear for the future. How many little homes are there in every part of the country, some of them far away from the forests, who get wood in railway cars in winter and in summer on trucks? Now a much smaller quantity of fuelwood has been cut; conditions are harder than ever. How can men haul lumber in the forests when we can hardly walk on the streets of Ottawa? The winter has been very hard. The situation is very difficult.

Will it be remedied by a subsidy? If so, what will be the rate of the subsidy? A dollar? Why, it is a joke. The subsidy should be much higher than that. Our people in a great many instances have not enough wood to finish the winter. Who would think that at this time of the year we would have a cold spell like the one we now have? Who would think of that? It takes a lot of wood or coal.

An hon. MEMBER: R. B. Bennett did it.

Mr. POULIOT: The least we can ask is for all hon. members to try to find ways and means to solve that problem, provided that the matter is discussed without prejudice. What is the easiest way to come to that? It is for hon. gentlemen opposite, and those on the government side, who have been beating the drum of conscription for overseas service to beat their breasts and say "Mea culpa! It is our own fault, our own mistake if there are such conditions as we all deplore to-day." So should they say. They are too proud to admit it; they will never admit that they are wrong. But after a discussion such as we have had this afternoon and this evening, is it not time to think deeply, to think in all sincerity and all earnestness of the problems that confront us? In my humble view the farmer on his farm is perhaps not performing deeds as heroic as those of the boys who offered their lives at Dieppe or who went to Hong Kong and were made prisoners after a gallant fight. But the work of the farmer is just as noble as that of the soldier; and by "soldier" I mean anyone in any of the three branches of the service. I have respect for all, and now we see that we depend upon them to the same degree.

Therefore, sir, is it not time to consider Canadian politics from a Canadian point of view? We have heard too much of international affairs, of Canada being a citizen of the world, of Canada being one of the great countries, when really Canada is only the trailer of our major allies in this war as far as external policies are concerned. Is it not time to think of our own people, of those who at times work under very difficult conditions without complaining and who deserve the sympathy, encouragement and support of this house? Even though one was considered to be speaking of a foreign country if he mentioned the name of Canada in this house, I always believed that in external policies, just as well as in domestic life, charity begins at home. That does not mean at all that we are isolationists. It means that we should first consider our problems from a Canadian point of view. So much propaganda has been put out by the various government agencies and by the press, which is supported by the war profiteers, that it is important for hon. members to have the courage to change their past utterances and come back to cold facts, and to realize that for the future welfare of Canada it is most important to consider everything from a truly Canadian point of view.

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, I should like to talk a little bit about fuel, after hearing everything under the sun discussed this afternoon. Hon. members ranged all the way from funny money to the plebiscite vote.

An hon. MEMBER: We shall have gas now.

Mr. CRUICKSHANK: Well, it is the kind of gas that does not heat very well in British Columbia. I rather thought we would solve the whole problem here to-night, for apparently every other problem has been solved from Winnipeg. I do not know what happened to the hon. member for Peel (Mr. Graydon), that he did not solve this problem also. I can see some advantages in his daily one o'clock conference; the filibuster that has been staged to-day must have been very well organized.

Mr. HOMUTH: Now, now.

Mr. CRUICKSHANK: That is all very well for the hon. member; he has had an intimation that a gentleman from Témiscouata is coming into his riding to speak. I do not want that gentleman in my riding; I do not know what might happen.

As I say, I should like to talk a little about fuel. The hon. member for Vancouver South (Mr. Green) does not always ask for my

advice about what he intends to say. I do not always agree with him, but I do not think he should criticize everything that comes from this side of the house. Apparently I am the only private Liberal member who is to speak in connection with this matter.

Mr. HOMUTH: Have you any fuel?

Mr. CRUICKSHANK: Now, listen; you tried to make a speech and could not, so let me try. I am sure the Minister of Munitions and Supply (Mr. Howe) will be interested to know that I still get my home newspaper, and in every issue for the last seven weeks the main item, apart from a word about milk and something about the Japs, has had to do with fuel and the lack of it. It is a very serious matter. The Minister of National Defence (Mr. Ralston) has one of the largest camps in British Columbia in my riding, and at the height of the worst storm of the winter there was not a pound of coal in that camp. I do not know who fell down there, but to the credit of those soldiers be it said that they got out and cut wood for themselves and also for the civilians in the surrounding district.

I am not particularly worried about mistakes that have been made in the past, but I am interested in what is to happen next year. In my province we had a hospital with over fifty beds, and it had not sufficient coal. That is not good enough. It is up to us to find ways and means of seeing that there is a supply for next winter. There is no reason to worry about what happened this winter, but what will happen in the future? It is absolutely unfair to say that this is a municipal problem. Speaking as an ex-municipal official I say that is not so, that the municipalities have not the facilities, the finances or the authority to handle it. It is our responsibility as a federal government.

In connection with the subsidy, as I see it the only people who will be affected by it are the small farmers, and they are very much interested to learn who will receive that subsidy. If it is to be paid as all the other subsidies are paid, I am afraid it will go, as other subsidies have done, to the large shipbuilders, the large tank builders, the large aeroplane builders and not to the actual working men. An assurance should be given by the minister that the subsidy is actually going to the producers. Personally I am of opinion that one might as well have no subsidy at all as one of $1 a cord. I was interested in what was said by the hon. member for York-Sunbury (Mr. Hanson) as to the price of hardwood in the maritimes. I think he said it was $16 a cord, in cordwood lengths. In the Fraser valley hardwood in stove lengths costs $10.50 a cord delivered. That is quite a difference. Two and a half months ago the federal government paid $5.50 a cord in British Columbia for cutting wood into four-foot lengths. That was what was done by the Department of Munitions and Supply. That being so, how are we to have stove-wood cut and delivered for $10.50? It simply cannot be done. Any man in British Columbia who wishes to cut wood can go into a logging camp, into a shipyard or anywhere else. The minister should revise the subsidy. I agree with the hon. member for Cape Breton South (Mr. Gillis) when he says that the subsidy should be based on the knowledge of practical men who cut wood, and not on the knowledge of experts from the Bank of Canada.

There is one other small item which affects British Columbia and which, I suppose affects the rest of Canada. A farmer cannot take wood weighing more than half a ton in his light delivery truck. In the constituency of Nanaimo one man was convicted and fined for doing what was advocated by everyone. He went out and cut wood for his own use and hauled it in his own truck. Because he hauled more than half a ton he was fined in the court at Nanaimo. Although the hon. member for New Westminster (Mr. Reid) is not in his place at the moment, I know that many farmers formerly crossed the river to bring wood, in small amounts, to their regular customers. They cannot do so to-day.

I do not wish to take up more time. There has been too much time wasted discussing conscription, and a few other items, instead of fuel. But for the benefit of the hon. member for Témiscouata (Mr. Pouliot), I have not taken back anything I said about compulsory selective service, and I do not intend to.

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, the whole problem comes down to a consideration of compulsory selective service. As long as we put off a proper consideration of this subject, we shall get nowhere. The hon. member for Témiscouata (Mr. Pouliot) said a few minutes ago that the problem confronting us is a Canadian problem; and that we should look at it from the Canadian point of view. His Canadian point of view may be different from our Canadian point of view, and my Canadian point of view.

Mr. POULIOT: Surely, surely.

Mr. ROSS (St. Paul's): There are a great many people in this world who want us to look at this matter from the Canadian point of view—and not a selfish, national Canadian point of view. The whole thing is a national problem. As far as that is concerned, it

divides itself into two or three different topics. There is the question of production, and the further question of distribution, each of which is most important. There is also the question of advance information to the public as to what they have to do.

Last year in the house the Minister of Munitions and Supply (Mr. Howe) made a statement respecting fuel oil. Had I not questioned him next day on his statement, and had it been left as it stood for a couple of weeks, all the oil furnaces in Toronto would have been converted into coal-burning units. He said we would have no fuel oil—or practically no fuel oil—for domestic purposes. Well, the next day he changed his mind. His controller told him that he was not saying the same thing. The answer to that is that these controllers are fellows who make all the decisions for the minister. As a matter of fact, the ministry ought to be able to make up their minds about what is going to happen.

I have heard in this House of Commons a great deal about wood, and I am not going to emphasize the wood situation, more than to say that I think the whole fuel position in Canada is just a question of wooden-headed government policy. The government is not thinking far enough ahead.

Mr. HOMUTH: That should supply some fuel.

Mr. ROSS (St. Paul's): It does, as far as wood is concerned.

Mr. McNIVEN: You mean cool-headed?

Mr. ROSS (St. Paul's): I know a young woman who worked in Toronto, but who owns a little place outside the city. She cannot get help or transportation, and when she comes home every week-end she has to cut her own wood. However, I must say there are a tremendous number of difficulties in connection with the fuel question.

There was a strike in the United States which delayed fuel deliveries in Toronto, with the result that we have had a very hard winter. In addition, we had a great deal of snow, which complicated matters considerably, as far as deliveries around the city were concerned. The people of Toronto have been trying to be as economical as they possibly can in their fuel consumption. In this connection I might give one illustration of where one controller over-controlled another controller. I know of one apartment block in Toronto—and I have no doubt many hon. members know of similar situations—the owner of which went to his tenants to discuss the coal situation with them. This one took up the matter before the fuel controller issued his orders with respect to fuel consumption. The owner said, "We want you to be economical in your use of coal this year." As a matter of fact, he issued a manifesto to his tenants. I believe there were 345 apartments in this particular apartment block. The owner said, "Will you please be careful of your coal this year. Be a little more careful of your hot water consumption, because the heating of the water requires coal. Keep your room temperatures down to 65 degrees. Keep your windows closed; do not shove them up to the top when you require fresh air. If you wish to keep the place warm, and at the same time be economical of heat, keep your windows closed." Well, what happened? Along came the rent controller, and he said to the apartment owner, "You must give the same service as you gave before. You cannot cut down on heat. You must give the same service, because they are paying the same money." Well! Well! Well!

Another question arises. Where are they going to get off? As I say, the people of Toronto have been trying to conserve their coal. In spite of the hard winter they have had they have used very little more coal than in the year before.

Here is another point. There are so many orders coming around that one is all the time running and taking out orders about coal; taking out orders about this and that, with nobody caring. As the hon. member for Waterloo South (Mr. Homuth) said, everybody is busy trying to keep up. One does not even have time to read the newspaper in the morning. The whole question comes down to one of national selective service.

What does one find when he visits 174 Spadina Avenue, Toronto? What do the returned boys call that place? They keep saying they want men. The returned boys call it the gestapo. If you are five minutes too early you have to wait; if you are five minutes too late you cannot get in. They just say, "You take the job." I know they told one man whom I know to take a job for three weeks driving a truck. This man was a machinist, but he accepted the truck-driving job. Now, instead of being classified as a machinist, he is classified as a truck driver. He cannot get a job as a machinist, because the gestapo has taken over. This all happens under the government's national selective service. The returned men are being treated like nobody's business, and something ought to be done about the matter.

The distribution of coal in Toronto is a most difficult problem. The coal dealers in Toronto can use every truck that they can

get; yet who decides who is to have a trucking licence in that city? Is it the transport division of the wartime prices and trade board or the oil controller? A man goes down there and says he wants to get a licence. First, he goes to the city hall to get a licence for his truck. The police department have charge of that, but they have been told not to issue licences unless they first receive authority from the transport division of the wartime prices and trade board. Accordingly he goes there, but to whom do they send him? They send him to the president of the trucking association of Toronto. In this particular instance this man says, "No; we turn you down."

I called up the wartime prices and trade board and told them that all the coal dealers wanted trucks. I told them about this man, and they said that if he could get a say-so from the president of the trucking association he would give the green light on him. What kind of system is that? These men want to get licences to work, but they are under the control of the president of the trucking association of Toronto. That is the situation. The coal dealers in that city can use every truck they can get their hands on, yet they are limited in getting trucks by the president of the trucking association.

There is one other matter to which I wish to refer. The people were asked by the minister to get in their coal last fall, or in other words to hoard coal, despite what my hon. friend over here says. They were told to get it in during the summer, and many did get coal in. A time-payment plan went into effect, and they budgeted for the amount of coal they needed. But this has been a heavy winter, and many find that they have run out of coal. They order five tons, two tons or whatever they think they need, and then what happens? They are all working people and they cannot pay for these commodities all at once. The next thing they know the twenty-fifth of the month comes along, and they are told they cannot have coal unless they pay for it in cash. The coal dealers in Toronto cannot give credit for this necessity of life to those who they think should have credit. That is a most ridiculous situation. A man may have only enough to buy half a ton, and that means that the dealer must go round half a dozen times before he has delivered all the man's coal.

This is about all I have to say, except that these controllers ought to get busy and use some judgment. The minister should get after them to see to it that they use a little judgment instead of putting everything on a hard and fast basis. As I say, we can use all the trucks we can get in Toronto; there is plenty of work for them, but the whole situation is controlled by the one man, the president of the trucking association.

Mr. G. J. TUSTIN (Prince Edward-Lennox): Mr. Speaker, I was interested this afternoon to see the Minister of Munitions and Supply (Mr. Howe) and the Minister of Labour (Mr. Mitchell) vying with each other in an effort to impress the hon. member for Cape Breton South (Mr. Gillis) with the fact that there was one experienced man on the board that governs fuel for this country. Be that as it may, to-day the government finds themselves in a most difficult position in regard to fuel. I intend to refer particularly to fuelwood.

In my district the people depend a great deal upon fuelwood for heating their homes. Shortage of labour has been blamed for the shortage of fuelwood, but I am not so sure that that is the situation. Personally I think the fault lies with the wartime prices and trade board. Last August, prices in my district were set at $2 a cord less than they were in the winter of 1941-42. A roadside price was set also. Just in passing, may I say that most of the fuelwood brought into my community must be brought a distance of about fifty miles. The roadside price was set at $6.50 a cord, and it costs anywhere from $4 to $5 a cord to bring it in; yet the ceiling price was put at $9 a cord.

Anyone who knows anything about cutting wood will realize that cutting must begin early in the fall. As I say, the price was set last August. That price was set either by a man who was inexperienced in fuel control, particularly as regards wood, or without any investigation whatever being made. There is a considerable amount of wood on the roadsides in certain parts of Ontario, but on account of the price that was set on it, it cannot be brought into the different communities to be disposed of.

It will be much harder to get wood in this winter because the placing of these controls upon the industry last fall has killed the industry entirely. It is too late now to give consideration to cutting wood for next winter's supply. The men who take out this wood usually work on farms in the summer months. In the very near future they will be upon the land. Another factor that had a great deal to do with the curtailing of the amount of fuelwood that reached the different communities was the order passed putting a thirty-five mile limit upon trucking. While this order has been postponed time and again,

it placed the man taking out wood in an impossible position because he did not know whether he would be able to truck it to those communities where he could sell his wood.

There is only one way in which the fuelwood situation can be successfully solved. Reservoirs of fuelwood must be created in the different communities, and those reservoirs must be in the dealers' hands. Very few of the men who take out wood are in a position to cut it into stove or furnace lengths; they sell their wood in four-foot lengths. I was surprised to hear what the hon. member for Temiscouata (Mr. Pouliot) had to say. He was quite vehement in some of his remarks about this group. Apparently he has made a right-about face. He seems to have forgotten what his leader said, and he seems to have forgotten also the statement made by the Minister of Labour (Mr. Mitchell) within the last few days. I refer to the man-power situation.

On March 24 last the Prime Minister (Mr. Mackenzie King) said that any man working on a farm would be frozen to that farm. In his announcement the other day the Minister of Labour said that any man who went to the bush to take out wood would be placed in the same category. I am of opinion that these men will not place any more trust in that statement than they did in the statement made last year by the Prime Minister.

I have not much more to say except that I was delighted to hear that the fuel control had been handed over to the Department of Munitions and Supply. In fact, it seemed to me, when I read that remark of Mr. Gordon the other day, that he was boasting of getting rid of it. I say to you, Mr. Speaker, that this country would certainly be much better off if the gentleman who is at the head of the wartime prices and trade board were able to hand over a great many more controls to responsible ministers of the crown.

Mr. J. W. NOSEWORTHY (York South): Mr. Speaker, serious as the fuel situation in Canada appears to be, I certainly hope for the good of the Canadian people that it is not as serious as it has been represented to this house this afternoon and evening. Certain contributory factors to our present fuel situation should be taken into consideration. There has undoubtedly been underproduction, particularly of coal. I well remember deputations coming here from the east and from the west last spring and summer asking why the coal miners could work for only two or three days a week. Yet apparently no solution of that problem was found.

There are other factors over which not even the Liberal government with its safe majority has much control. As already pointed out, we have had a very severe winter. I do not know how other members have fared, but I have personally just about gone bankrupt paying for coal. There are still other factors. There has been a great demand for man-power. It is quite evident that we cannot have a man in the armed forces, working in agriculture, working in a munitions factory, and at the same time cutting wood or digging coal. There is also this factor, that we have in the past depended to a large extent upon men who were living near the margin of subsistence to dig our coal and chop our wood. To-day these men are able to find employment at better wages elsewhere and are not anxious to dig coal or chop wood.

The question has been raised regarding the effect of the wartime prices and trade board regulations upon the fuel situation. I suggest that the root of the trouble as far as the wartime prices and trade board is concerned has not yet been mentioned in this house. To my mind it is this, that the regulations laid down by that board have in almost every instance militated against the primary producer and the small dealer. That has been brought out, I think, though it has not been specifically mentioned in the debate this afternoon and evening. We have learned that the primary producers of both wood and coal in New Brunswick, northern Saskatchewan and British Columbia were being underpaid and found it unprofitable to work in the production of fuel in competition with other lines of industry.

Last year I was approached by the retail coal dealers' association in Toronto, and it was pointed out to me at that time that more than one hundred small coal dealers in that city were forced out of business on account of government regulations and restrictions which favoured the big coal dealers in that city. I discussed that matter on numerous occasions with the coal administrator, and a special committee was sent to investigate the situation in Toronto. Our claim was that if these small dealers were forced out of business, there would not be sufficient equipment to deliver coal to the people of that city during the coming winter. The investigator who went to Toronto reported to me later that he was satisfied that the remaining coal dealers were quite capable of delivering all the coal that would require to be delivered in

Toronto during the following winter, and that no danger would result from large numbers of the small dealers being forced out of business. Yet last winter we had the spectacle in Toronto of women and children coming with baby carriages, go-carts and anything with runners or wheels, to carry home coal from the coal yards, because a hundred or more coal dealers who were equipped with one or more trucks for the delivery of coal had been forced out of business as a result of the competition of the larger firms.

I maintain that our fuel situation, in so far as the wartime prices and trade board affects the situation, is caused by the fact that its regulations, unintentionally or otherwise, in every instance have favoured the big business man.

It has been the practice to-day to offer suggestions to the minister. I wish to offer one that I know he will not accept any more than he will accept any of the others that have already been offered. My suggestion is that the minister follow the example of the United States government and send every one of these dollar-a-year men, who are to-day being paid by big business, back to the firms from which they came. They found they had to do that in the United States. Those whom they retained as dollar-a-year men they retained only in an advisory capacity, and not in administrative posts. If the minister will surround himself, not by men recruited from big business who have the outlook and the point of view of big business only, but with some who know the needs and have the outlook of the common primary producers, the small business men and the small dealers of this country, and will take their advice occasionally, we shall not get into such a muddle regarding our fuel problem.

Mr. MARK C. SENN (Haldimand): Mr. Speaker, I should like to bring to the attention of the minister a phase of the fuel situation which has not so far been discussed. It is true that it is somewhat of a local character and of local interest, but none the less it is important.

In the district from which I come and throughout all southern Ontario we have a fuel known as natural gas. It is used in the heating of homes, for cooking and also for lighting in a great many places, particularly where we have no hydro facilities. This gas is used not only in farm homes but in towns and villages, and is distributed in the larger centres such as Hamilton, Brantford, St. Catharines and so on.

This gas, as the house well knows, is produced from wells running anywhere from 600 to 1,200 feet in depth. The wells are put down by large drilling outfits which are operated by skilled labour, and each well costs anywhere from $800 to $1,500. Therefore the house will readily understand that the average farmer cannot himself finance such an operation.

The development is, of course, carried on by companies and syndicates, whose progress is seriously retarded for two reasons. First, there is the labour shortage. I can tell the minister of at least two large drilling outfits in my particular neighbourhood which are lying idle because the skilled labour that was operating them has been conscripted or taken into the army. The other reason, of which I would ask the minister to take particular note, is a shortage of gas pipe and casing for the wells. This material is, of course, made of iron or steel, and is very difficult to obtain at the present time, with the result that the development of these gas fields is being seriously delayed. Most of the operations take place during the summer months. It may be said that there will be little need of extra gas for fuel during the remainder of the winter or through out the summer; but if we are to have the operations expanded and the developments carried on, the work will be seriously affected if we have not some priorities for gas pipe and for the casings which are put into the well.

The supervision of this gas business has been carried on almost wholly by the provincial mining department. There has been a gas controller in our province for a great many years. However, last fall an order went out, I believe from the wartime prices and trade board, at least from the fuel administrator, disallowing the use of natural gas in furnaces. Many people were put to a good deal of trouble to re-equip their furnaces. In many instances they were unable to do so. Wood stoves and coal stoves are very difficult to buy at the moment, and their scarcity has caused many people a good deal of trouble in changing from the one sort of fuel to the other. After all, this gas fuel takes the place of coal and wood. It is very important in that particular district and, in fact, all through southern Ontario. I draw this matter to the attention of the minister because, if anything can be done to enable the companies which are developing these fields to get supplies, it would be of great assistance to the fuel situation in that particular district.

Mr. M. E. McGARRY (Inverness-Richmond): Although the matter I wish to deal with is substantially of a local nature, it is quite relevant to the subject under discussion.

In Port Hood, in my constituency, the people have been subjected to a serious shortage of fuel, and have suffered considerably as a consequence; and this, despite the fact that within the precincts of the town is a large block of coal, which is easily accessible, and which could be economically mined. A co-operative company which has in mind the opening of this mine would receive sufficient financial stimulus from the provincial government to start operations. An appeal has been made to the fuel controller, Mr. Stewart, but up to the present time nothing has been done: the request to open the mine has not been granted. In view of the conditions which prevail locally, the shortage of coal, the suffering entailed upon the people of Port Hood as a consequence, and the great cry which is heard now regarding the national shortage of coal, and in view of the fact that there is here a splendid block of coal which could be economically mined, and that there are enough men over military age in the town to do the work, it seems to me that it is rather senseless, and a demonstration neither of compassion nor of interest in the war effort to leave this block of coal unworked.

In the town of Inverness the largest producer has become somewhat reduced in volume, so that the production is not as great as it was some years ago. But there are in that area several seams which could be mined very economically and would produce large quantities of coal. I understand that the provincial government has in mind assistance for the opening and developing of some of these seams, but the retarding agency, as far as I can learn, is the fuel controller.

Last fall fifty per cent of the assessable property in the town of Port Hood was swept away by fire. The people are subjected to many economic disadvantages and are suffering in many ways. I believe that their ardour and morale should not be chilled further by requiring them, one might say, to sit on a great block of coal and suffer from the cold. The same may be said with regard to the town of Inverness. When the volume of coal mining was reduced, many of our miners had to go abroad. If these other seams of which I have spoken were developed, not only would something be done to alleviate the national fuel shortage, but it would mean something to the town of Inverness. Property holders who were obliged to leave the town would be able to come home, bringing their families with them. Any way you look at the subject I cannot see why, in instances of this kind, particularly in view of the complaints of shortage of fuel, these coal deposits at Inverness and Port Hood, which the provincial government is prepared to assist to develop, should be kept closed or undeveloped on account of what I would regard as a very foolish restriction.

Mr. G. G. McGEER (Vancouver-Burrard): In view of the resolution to adjourn having come from a Vancouver member, I feel there is the possibility of the impression going abroad that that city suffers such a climate that a fuel shortage at any time would be a serious matter, and is an idea which we who pride ourselves upon the mildness of Vancouver's winter should not allow to go unchallenged.

No one has more disagreements with some of the price control regulations than I have. But to blame them for the weather of Vancouver and the Dominion of Canada is, I think, going a little beyond what should be considered reasonable condemnation. It so happened that this winter in Vancouver, according to the Conservative paper, the Vancouver *Daily Province,* the temperature dropped to four degrees above zero January 22, the lowest since 1909. But by 9 o'clock on the same morning the temperature had risen ten degrees. During that period of extremely unusual weather—and it is not often we have unusual weather in Vancouver—there was a fuel crisis. Hardship and suffering undoubtedly occurred, and there was a tremendously increased demand for fuel. Steps were taken to meet that unusual situation and on February 2 the *Sun* newspaper reported as follows:

> Army authorities to-day released figures showing a total of 690 cords of bushwood had been cut by soldiers Sunday.
>
> Army crews continued operation at the same rate Monday and to-day, and will continue felling trees until the civic fuel committee declares the emergency over.

Shortly after that, the army that had gone into the woods to meet this emergency ceased their operations and, I presume, did so because the emergency had passed.

On January 25 the chairman of the wartime prices and trade board came to Vancouver, and of course he was faced with the problem of the fuel shortage. According to the *Province* newspaper Mr. Gordon is reported to have defended the part played by the war-

time prices and trade board in the fuel situation and answered a series of questions relating to his organization's operations in British Columbia.

He charged that the wartime prices and trade board had received no cooperation whatever from the marketing board.

He announced that plans were already being executed for the relief of the fuel situation in Vancouver and told of measures being taken to break the potato deadlock as well. Mr. Gordon, after pointing out that logs were now being cut in False Creek sawmills as an experimental expedient to solve the fuel problem, said that a general rationing of fuel such as had been done in respect of other products now on rations would be utterly unworkable.

The rationing of fuel in Canada, which is now proposed by hon. members opposite, would, I believe, be an extraordinary departure from the general underlying principle of rationing. True, wherever there is an actual shortage, and distribution on a basis of equality can be maintained only by rationing, all the difficulties and costs and inconveniences of rationing become necessary. But to suggest that here in Canada, with our abundance of coal and fuel, particularly in British Columbia, we must submit to all the inconvenience of rationing, when all that is necessary is to take some reasonable precautions to see to it that an abundant supply is available, is something that I cannot support.

Mr. DOUGLAS (Weyburn): May I ask the hon. member who suggested rationing fuel?

Mr. McGEER: The hon. member for Vancouver South, I understood.

Mr. GREEN: I said that perhaps rationing might be necessary.

Mr. McGEER: Oh, my hon. friend comes to "perhaps"; it sounded a little different as I got it across the floor.

Mr. GREEN: Well, read the speech if you do not believe what I say.

Mr. McGEER: I am not questioning the hon. member's word. I say that the force with which he presented it sent it across to me without the "perhaps." But I agree that "perhaps" rationing of everything may be necessary.

I appreciate, and I rather congratulate the hon. member for Vancouver South upon the course he has pursued this afternoon. I would not suggest for a moment that this fuel agitation is designed to counteract the influence of the social service programme announced in the press to-day by the government. I would hardly think there would be such a design as that, although it did seem to me, as I noticed the evident preparation of every one of the speakers who followed the mover of the motion to adjourn, that is was a fairly well-laid plan.

Coming from Vancouver, I know there are some persons there who do not believe that the government at Ottawa was responsible for the fuel shortage, and they were not Liberals. I quote from the Vancouver *Sun* of February 3, which says, "Labourites demand council supply wood." And the *Sun* reporting the meeting of the Vancouver and New Westminster district trades and labour council has this to say:

Full responsibility for the fuel shortage was placed on the aldermen by President Birt Showler as he countered a claim by delegate Jack Price, a city council member, that the coal shortage was partly due to down-town buildings changing from oil to coal. The coal used by large buildings could not be burned in a home furnace, the president asserted. The sole responsibility for the situation rests with the aldermen and they have done nothing but pass the buck to the provincial and federal governments.

I think this incident in the house this afternoon and evening does draw to the attention of the government the nature of the responsibility that comes with bringing down any programme of controlling prices and regulating production. If the government is to control the price of coal; if the government is to control the price of wood fuel or the price of any consumer's commodity, then the government must face the responsibility of guaranteeing or taking and exercising the powers of guaranteeing the supply of that commodity at that controlled price. I mention that because I believe I have observed a tendency on the part of the wartime prices and trade board to assume that mere regulation of prices is all that is necessary. Undoubtedly control of prices in this emergency is necessary. If prices had not been controlled in this emergency, and controlled in the effective way they have been, then the disaster to those unfortunates unable to pay the price that would have been demanded would have been much greater than their suffering from the temporary shortage which existed.

I think, however, the government would be well advised to take this as a lesson, and to recognize that controls go further than the mere regulation of price. I do not think we shall ever face a serious shortage of fuel on the Pacific coast, or in Vancouver, or throughout the west. True, we may experience extraordinary weather conditions from time to time; we may face the hardship of a temporary break

in the fuel supply, but there are a great many other features of our price control that we shall have to meet as time goes on. I am not in a position to question the methods already adopted to avoid a repetition of what has happened during this winter, not only in the west but throughout the whole dominion; but if we are to make a success of the control and regulation of prices, I think it is now fairly evident that we must also take steps to guarantee the maximum possible flow, where there are shortages, and the essential flow where there are not, of supplies of consumer needs. I do not know that to-day there is any serious shortage of fuel in Vancouver; I telegraphed to ascertain whether there is or not, but all the information I could secure before I left that city was to the effect that the situation was reasonably well in hand and that with better weather coming the emergency would pass.

Mr. A. R. ADAMSON (York West): Mr. Speaker, I had no notice whatever that this debate was coming on this afternoon. I wish to say that in reply to the hon. member for Vancouver-Burrard (Mr. McGeer), who has just resumed his seat, as far as I know, this was no move whatsoever, political or otherwise, to counteract the valuable statement on social security which was made to-day by the Minister of Pensions and National Health (Mr. Mackenzie). I do not think the hon. member does himself justice in making the statement he made.

With regard to this question of wood I should like to offer the suggestion that we utilize the services of prisoners of war on the bush lots of Ontario. Labour with which to cut the trees on the wood lots is practically non-existent. I know that to be so because I live on a wood lot myself. I believe prisoners of war would be only too willing to do this work, and the English experience has been that they are of great help. When that suggestion is made, the immediate reply is that a great many of them might escape. With that I disagree. The practice has been that those prisoners allowed outside the wire are the ones who have become known as reliable people and the experience in England has been that prisoners of war have provided very useful assistance in connection with agriculture. If their work can be utilized in England, which is in a far more vulnerable and in a far more dangerous position than Canada, surely we could try the experiment here and see if they could be used for work of this kind in this country, for among them are many expert woodsmen.

I wish to sound a note of warning in this regard. The farmers of old Ontario know how hard it is to get wood for fuel; there is hardly a farmer who has not gained that knowledge during the past year. As a result of this shortage there will be a tendency to go into the bush lots and wood lots of Ontario and further deplete them. This would be most dangerous. I believe there are sufficient windfalls already on the ground to provide a useful supply of wood fuel for a very large part of southern Ontario, and it is this fuel that I believe prisoners of war could harvest. I would further suggest that they could be utilized for reforestation work, to be done this year and this growing season. We know we are up against it for man-power. We know we have not the man-power for this type of work, and I suggest that it would be well worth while to make this experiment in the utilization of prisoners of war.

Mr. SLAGHT: Does the hon. member suggest that the farmers of Ontario would want, say fifty Germans, armed with axes, in their back wood lots?

Mr. ADAMSON: There would not be fifty; there would be perhaps four or five in any one place. That has been the practice in England. Could the hon. member imagine employing fifty men on one farm? They have proved eminently satisfactory and a great help in harvesting the crop that was grown in England this year.

Then I should like to mention the danger of overcutting and further denuding our forests in the agricultural districts of Canada. In this connection I wish to quote the editorial from this month's *American Forest*, to indicate the situation that exists at present. Speaking of Europe and the warring countries, it says:

> Most of these countries, even in peace-time, have to import lumber from the few nations with forest surpluses. As in England the war now is draining off forest growth over a wide expanse of the civilized world. Overcutting and destruction is reported everywhere in the warring and occupied countries. Every thinking forester knows that the forest depletion that is going on in England and European countries will have repercussions in America.
>
> Lack of wood and the tremendous demand that is building up for it when reconstruction of these countries is at hand means pressure on our own forests. It is a fair prediction that this pressure, involved as it will be in international relations, may be so great as to complicate seriously and intensify our own forest problems when the war is over. Skilful diplomacy will be called for in dealing with it; and that in turn will call for more exact information than we now have on our own forest situation and our own post-war needs. The one comforting fact is that we have the forest-growing soils in abundance.

This demand for farm wood, in order to keep the farm houses warm, must be scientifically administered. We cannot send the people at will into the remaining bush lands of Ontario, and say to them, "Go and cut the wood, at so much a cord." If we do that, we shall increase our problems of soil erosion, drifting and drought. There would be no surer way of causing permanent damage, damage that could never be repaired, than to allow indiscriminate, unregulated and unscientific destruction of our wood lots.

Mr. S. J. FURNISS (Muskoka-Ontario): Mr. Speaker, I do not rise frequently in the house, but I feel I should say a few words to-night to relieve the minister of the responsibility for conditions over which he has no control. The district of Muskoka, which I have the honour to represent, is one of the greatest sources of firewood in Ontario. It is within easy trucking distance of the line where coal meets wood, and the cheapness of either decides which will be used to the greater extent for fuel.

When I tell the house that the official record of the fall of snow at Muskoka airport, in the centre of the district, was recorded two weeks ago at fourteen feet seven inches, hon. members will understand why little or no wood has been cut in that district this winter. To make matters worse, the snow came early, before there was any frost in the ground, with the result that there are some places where water stands, and on which there is no solid bottom to work. The wood was cut in the winter, and swamped out where it could be easily loaded on trucks and trucked away. That snow has settled to possibly five or six feet, and in some places seven feet.

Only recently a Muskoka resident told me that in some places in the bush of Muskoka there is a depth of seven feet of snow, and he said further that wood-cutting and lumbering is at an absolute standstill. The hon. member (Mr. Adamson) who has just resumed his seat spoke about cutting fallen timber for wood. A sawmill was located within a quarter of a mile of my home this summer. Lumber was cut out of a hardwood bush in that vicinity, and it was paid for by the thousand feet. The lumbermen took the tree only up as far as the limbs, and the result was that they left hundreds of cords of wood in the bush. That timber was cut when the leaves were on the trees. The leaves dried on the limbs, and now there is a canopy of snow over the top of the trees. That timber will lie there until the snow is gone.

I understand the subsidy is a dollar a cord on all wood cut until June 30. I would suggest to the minister that that time might be extended in some districts until the end of October. Muskoka is not the best farming district in the world. The land is in scattered patches, and the farmer is not occupied all the summer in farming operations. He and his son, if the time were extended, could cut a considerable amount of wood which otherwise would not be cut. I know that wood cut when the leaves are on is not as good wood as that which is cut when they are off. Any practical woodman will corroborate that statement. But second quality wood is better than no wood at all. I believe honestly that if the time of cutting were extended, thousands of additional cords would be cut which otherwise would not be available for burning next winter. I ask the minister to give this matter serious consideration.

Hon. C. D. HOWE (Minister of Munitions and Supply): Mr. Speaker, when the orders of the day were called the hon. member for Vancouver South (Mr. Green) moved the adjournment of the house to discuss a matter of urgent public importance, namely, to inform the house and the country of the acute fuel situation. He then proceeded to tell the house that the government had informed the country very fully on the subject some two weeks before he spoke. Then he read lengthy extracts from the statement issued by the government. It seems to me that under the circumstances he was scarcely bringing to the attention of the house a matter of urgent public importance with which hon. members were not familiar. The advertisement from which he quoted had been published in almost every newspaper in Canada, and in addition radio announcements had been made calling the attention of the public to the situation.

The government has, of course, from the commencement of the war, given continuous attention to the fuel situation. The fuel administrator was the first appointment made by the wartime prices and trade board in the direction of the administration of an industry. That appointment dates back to 1939. The fact that nothing has been heard until recently about difficulties in obtaining fuel is, I believe, a tribute to the efficiency with which the fuel situation was administered by the wartime prices and trade board, and by the fuel administrator. I can speak freely on the subject, for it is only within the last two or three weeks that I have been directly responsible for the administration of the fuel situation. I think a splendid piece of work has been done.

We can hardly discuss coal and wood fuel as a single problem, because they differ materially. Coal is undoubtedly a national problem. It was so considered before the war, and it certainly has been so considered during

the war. The consumption of coal in war years has increased tremendously. In the pre-war year of 1939 the consumption was 29,600,000 tons. In the last calendar year the consumption was 43,000,000 tons, representing nearly fifty per cent increase. It is estimated that for the year 1943 the consumption will be 48,700,000 tons, a further very considerable increase. Of this coal only about one-sixth is used as domestic fuel. Of course the railroads are the largest single consumers, using about one-quarter of the total consumption. Heavy industry uses the remainder beyond that used by domestic users and the railroads.

The quantities of coal consumed have risen rapidly month by month, and probably will continue to rise as long as the present emergency exists. The production of Canadian coal unfortunately has not kept pace with the expanded consumption. Consumption of coal has risen almost fifty per cent in the period from the commencement of the war to date, while Canadian production has risen only fifteen per cent. Whereas Nova Scotia coal once came as far west as the lake St. John district, and Sudbury, and London and Hamilton, at the present time we find it necessary to bring United States coal as far east as Rivière du Loup. In other words, the maritime provinces production of coal is able to do little more than meet the requirements of the maritime provinces. Before the war the distribution of Alberta coal was a problem, while to-day we find that the prairie production of coal is barely able to meet the requirements of the prairie provinces. Therefore we must draw very heavily upon imports of coal from the United States. Imports of coal from England, which were very important before the war, have been reduced almost to nothing.

Last summer the difficulty of obtaining domestic coal was foreseen by the government, and hon. members will recall that an announcement was made that the government would arrange for the financing of purchases of coal by domestic users. This policy was taken advantage of to a considerable extent, with the result that far more coal was purchased last summer than is ordinarily the case. There was no difficulty about purchasing coal at that time; anyone could purchase all the coal he wished, and the financing was arranged for him by the government. I think people in general anticipated their normal requirements of coal and had that coal in their cellars. As the hon. member for Lanark (Mr. Soper) has said, the dealers anticipated that the bulk of their distribution for the year had been finished last autumn, and expected to have little to do this winter. We all know that we have experienced a very severe winter, the most severe in fifty years, and the result has been that the anticipated requirements for domestic coal have been greatly exceeded. The householder who thought he had a sufficient supply in his cellar has had to go to his dealer for additional quantities of coal.

Coal was available in Canada but unfortunately it was not always available where required, and the problem of distribution became grave. I think the efforts of the fuel controller and his staff have succeeded to a large extent in overcoming the difficulties of distribution and have put coal in the hands of users when it was required, with a very few exceptions. I know there have been threats of serious coal shortages, threats that schools would have to close, threats that families would be without heat, but I think, with very few exceptions, the situation has been met in time, and these threatened emergencies have not actually occurred.

I do not think the problem of wood fuel can be regarded as a national problem. At the present time this country consumes about 10,000,000 cords of wood fuel. About three-quarters of this, or 7,500,000 cords, are cut by the consumers themselves. In other words, about three-quarters of the wood fuel never appears on the market. The farmer is the greatest consumer of wood fuel, and that fuel is cut by him as a normal part of his farming operations, is hauled to his house, and burned there, without appearing on the market.

Mr. MacNICOL: Would that not include sales in villages and towns roundabout?

Mr. HOWE: Not the fuel about which I am speaking. I shall speak about that in a moment. About 2,500,000 cords are consumed by urban users, and this represents the marketable fuel upon which the urban householder depends. It is anticipated by the fuel controller that we shall be about 500,000 cords short of the required supply, as the situation stands at the present time. In order to stimulate the production of fuel and have it move into dealers' hands to the extent of 500,000 cords, a campaign was undertaken two weeks ago to inform the public of the situation and to offer certain forms of cooperation by this government, to municipalities, cities and dealers, in order that this threatened shortage may be overcome.

It has been said here to-day that in suggesting that the municipalities have a responsibility in the matter, the government was at-

tempting to relieve itself of the whole problem. I think that is far from the case. In fact, I think anyone reading the announcement will take the view that the government is offering a real and active partnership between itself and the municipalities in order to solve a problem that is local rather than national. In publishing this advertisement it was the wish of the government, first, to call attention to the situation; second, to be helpful in working toward a solution, and, third, to ask each municipality to direct a cooperative effort, in line with the broad needs of the locality, in an effort to meet its own particular situation.

The offer of the government has been stated here to-day. It is to pay a bonus of $1 a cord for wood cut before June 1 and in the hands of dealers on that date. The question was asked whether this $1 a cord would go to the dealer or to the producer of the wood. The $1 a cord is paid to the dealer, but it is not paid surreptitiously. Every producer is advised the the dealer is being paid this extra $1 a cord, and it is the intention of the government that he shall pass the bonus on to the producer. The dealers who have met with the government on this problem have all stated that it is their intention to pass on the $1 a cord to the producer, and I think I can say with great confidence that it will find its way into the pockets of the producer.

Mr. BLACK (Cumberland): What about the producer who is also a dealer, the man who sells direct to the consumer? Will he get the bonus?

Mr. HOWE: Yes.

Mr. GRAYDON: Have definite instructions actually been given to the wood dealers throughout Canada to pass on the dollar to the producer of wood?

Mr. HOWE: We have been told that the dealers were unable to operate because the price was too low. This gives the dealer a chance to operate at a price on which we believe he can operate. The farmer knows that the dealer is getting the dollar bonus, and he knows the ceiling price, and I think the producer will hardly sell at a rate lower than the ceiling price plus the dollar.

Mr. GRAYDON: I am trying to find out whether or not the government has instructed the dealer to pass the dollar on to the producer, or has the government simply left it to the good graces of the dealer himself to pass the dollar on to the producer?

Mr. HOWE: I can hardly say that the government has issued specific instructions to the dealer, but certainly every implication is there that that must be done. I think there is every certainty that it will be done.

Mr. ROSS (Souris): May I ask a question?

Mr. HOWE: Every one has had a chance to speak.

Mr. ROSS (Souris): This is a question I asked this afternoon. I wanted an answer.

Mr. HOWE: I have tried to answer it. I did not interrupt my hon. friend when he was speaking, and I would ask him not to interrupt me.

There were some difficulties last winter in the distribution of wood, and undoubtedly there was hardship in certain areas on account of the lack of wood fuel. It was due to rather unusual circumstances. In the Vancouver area it has been the custom to depend very heavily upon what is called mill waste and sawdust; that is, the chips and shavings which are surplus from the sawmills of that area. A great many householders in Vancouver have furnaces suitable for burning mill waste and sawdust but not for burning coal. There has been a reduction in the cut of lumber in the Vancouver area, with the result that certain mills which a year ago operated on a twenty-four hour basis have been operating on an eight-hour basis, and some have not been operating at all. The supply of mill waste and sawdust was consequently greatly reduced in that area. Another difficulty was that the snowfall in the Vancouver area stopped the production of logs for a considerable period, with the result that most of the mills were closed completely for a period of some two months. That was an interruption in the normal supply of wood fuel, which had a considerable effect in that area. Coal was diverted from Alberta into the Vancouver area to the amount of 100,000 tons. The fuel controller also arranged for the delivery of 100 million board feet of pulpwood, which was cut up into cordwood lengths and used as fuel. That very prompt action kept suffering to a minimum, but there was an unusual situation in the Vancouver area which caused hardship. The fuel controller did his best to meet that situation, and I think with some degree of success. That emergency has passed. It is to prevent exactly that kind of emergency that we are asking the cooperation of the municipalities with the government.

I have spoken of the bonus of $1 a cord to dealers. The notice mentioned several

kinds of assistance from the government. It mentioned the fact that the government would assist in the transportation of pulpwood in certain cases, where the fuel controller may think assistance is justified. The intention is to assist in moving fuel from one producing area, where there may be a surplus, to a producing area where there is a deficit. It is also the purpose to help out in trucking the wood from the roadside to destination where local equipment is not sufficient for the purpose, and to help generally in the transportation and distribution of fuel wood.

The notice also offers the help of the government in securing priorities for necessary equipment for cutting fuel wood. It also asks the farmers to take an active interest in producing an extra supply of fuel wood and undertakes to protect them against any possible violation of the war service regulations when so engaged. In other words, the notice is an offer of cooperation on the part of the government, and an invitation to local communities and the citizens to cooperate with the government in solving a problem which no section of the community can claim as peculiarly its own.

We have had various suggestions offered to-day for a solution of the problem. I think the one most often given was to increase the ceiling price. That is an easy solution for a great many problems, but it must be obvious to every member that if we were to adopt the practice of increasing the ceiling price to meet every problem that comes along, we should soon have no price ceiling and no price control at all, and thus be well on the road to inflation. Five hon. members of the Progressive Conservative party offered that solution. I urge them to avoid suggestions of that kind if they believe that price control is a sound policy in times such as this, because that policy can be maintained only by rigidly observing existing price ceilings. One breakthrough for a particular commodity invites a break-through for a number of other commodities. To maintain a price ceiling policy with frequent exceptions is an impossibility.

One hon. member of the Cooperative Commonwealth Federation suggested that the answer would be to pay higher wages to wood cutters. That, I think, is not a solution. The production of firewood is not an industry in the sense that it lends itself to organization on a full-time basis. It is a part-time industry. It always has been, and I think it can be operated economically only on that basis.

Mr. GILLIS: I made no reference to higher wages for wood cutters. I was speaking of the coal miners.

[Mr. Howe.]

Mr. HOWE: The hon. member for Lake Centre (Mr. Diefenbaker) made four constructive suggestions. I have dealt with one of them. He made the suggestion that the government should finance the producers of firewood. I think the policy of assisting the dealer and asking the cooperation of the municipalities leaves the way open to that kind of assistance. If the dealer is not willing to finance the producer, perhaps a plan can be worked out to meet special situations, where the financing of the producer would assist in the total production. That is a matter regarding which suggestions from a local organization would receive sympathetic consideration here.

We have had the suggestion from the hon. member for Muskoka-Ontario (Mr. Furniss) that the date be later than June 1. The reason why June 1 was set as a date is that ordinary wood should be cut by the first of June in order to be dry for use the following winter. We hope that sufficient wood can be delivered to dealers by June 1, but if later on it becomes apparent that sufficient wood will not be in dealers' hands to meet the situation, I have no doubt that the period for the bonus will be extended.

I think that covers most of the points I wish to discuss. I ask for the complete cooperation of coal miners, producers of wood, consumers, dealers, and everyone associated with the problem in Canada. Part of the difficulties of the fuel controller has arisen from needless labour disputes. The hon. member for Cumberland (Mr. Black) mentioned coal mining in his area. I happen to know that one mine in his area has been closed for two weeks over a trivial labour dispute arising out of a change of foremen. I sincerely hope that the practice of closing down this most essential industry for trivial reasons will not continue.

One of the difficulties on the Pacific coast this winter has been the fact that what was reported in the newspapers as a slow-down occurred in the mines of Vancouver island. In the period from June 1 to date the consequent reduction in normal production has amounted to 250,000 tons of coal in that area. Surely these situations can be avoided. I am sure that the Department of Labour is doing everything it can to maintain production at normal rates. The government asks for the cooperation of those engaged in these essential industries in seeing to it that Canada as a unit puts forth every possible effort to meet this situation.

I feel that our discussion to-day has been helpful. I hope it will assist the fuel controller in bringing home to the men and

women of Canada, both consumers and producers, the gravity of the problem and the need for action.

During the coming year we hope to have an ample supply of coal, and we hope that every consumer of coal will lay in an ample stock for the winter months. We also hope that those using wood fuel will see to it that their winter needs are supplied. If they are producers as well as consumers, we trust that they will cut a little extra to make sure that they have sufficient for the winter, and if they are dealers or producers for sale to dealers, that they will make an extra effort to see that the dealer has ample stocks in hand.

Another announcement of the government to help the situation was the offer to the dealers to buy back in June, 1944, any wood bought before June, 1943, which had not been disposed of. That, of course, is an inducement to dealers to overpurchase rather than underpurchase to meet the situation.

Mr. J. R. MacNICOL (Davenport): I have to buy quite a few tons of soft coal yearly for buildings in Toronto. My superintendent tells me that never in his experience has he seen soft coal of such a wretched quality; that it is almost dust, and that it takes perhaps a ton and a half to two tons of soft coal this year to equal in burning value a ton of soft coal in normal times. Has such a situation been brought to the minister's attention?

Mr. HOWE: The Toronto district is dependent upon coal from the United States. I assume that the quality depends upon the colliery from which the coal is bought. If the hon. member's superintendent would buy from a well-known colliery, his difficulty might be lessened.

Mr. T. L. CHURCH (Broadview): Coming from a district where there is a good deal of suffering, I would point out to the government that something should be done. Even if the dealers have coal, it is not possible to get it delivered. The men have been taken for the army and there is nobody to handle the deliveries. I cannot see that any appreciable progress has been made. The government can make all the statements it likes, but there are from eight to nine months in the year when we in Canada must have fuel, and in central Canada we are dependent upon the United States. We are away back to where we were during the last war, in 1917, when there was the same serious trouble. I fail to see that we are making any progress. The government is confronted with a most dangerous national problem in the present fuel situation. The first thing we know, the United States may put on an embargo, as they did in 1917. I urge on the government that something should be done. The small dealer cannot get men to deliver fuel. In 1922 I brought this national coal problem before parliament, but very little progress has been made. We are not through the present winter yet, let alone next winter.

Mr. ROSS (Souris): May I complete the question which I was trying to ask the minister? I inquired who actually got the money, and the minister said it went to the dealer. I am not just clear about the matter. Supposing a farmer producer with a wood lot cuts 100 cords of wood and sells it himself in town, is he entitled to the bonus, or must it go to a dealer?

Mr. HOWE: If the man in question cuts 100 cords of wood and sells it himself, he is a dealer and would be entitled to the bonus as a dealer.

Mr. T. C. DOUGLAS (Weyburn): The minister dealt with a number of suggestions which were offered this afternoon, but he said nothing about the question of man-power, and that is a particularly pressing matter with reference to the coal mines. The minister said that the prairie production barely met its own needs. I can speak only with regard to the part of the province from which I come. The southern part of Saskatchewan has tremendous coal potentialities, and they are not being fully used. Last year I took occasion to draw the attention of the government to the fact that the Estevan and Bienfait mining districts last summer were producing at about one-third capacity. Some of the pithead bosses told me that one mine normally producing seven hundred cars a month was down to about two hundred cars. A big briquetting plant which cost a million and a half dollars was completely closed for part of the year because man-power could not be obtained. That condition was remedied to some extent by an appeal being made in the fall for farmers who had any mining experience to go in the mines. A number of them have gone there, and the situation has been alleviated somewhat. These men will be going back to the farms within the next four weeks, or even less, and the situation will be back where it was.

I was hoping there would be some statement from the Minister of Labour (Mr. Mitchell) as to whether it will be possible to get labour into these coal mines. The price is not so much a problem as getting the necessary man-power. It seems to me some man-power could be found that we are not

using. I have in mind, for instance, some conscientious objectors in service camps, who were working in Banff putting in ski jumps and in the Prince Albert national park putting in tourist roads. I have in mind a number of cases of conscientious objectors who are in gaol. It seems to me that there is some man-power around that is not being used very beneficially. I should like the minister to make some statement as to whether or not it will be possible during the summer to have some man-power made available to the mines; otherwise next fall we shall have the same position as we have now.

Hon. HUMPHREY MITCHELL (Minister of Labour): I will say this to my hon. friend, and the hon. member for Cape Breton South (Mr. Gillis) will understand it better than he does: you cannot call men by phrases. Coal miners are coal miners, and we did attack this problem in a resolute way this fall. I think if the hon. member goes back to his own province he will find that we more than manned the mines in Saskatchewan last fall. We reached the point where there was an actual surplus of labour in the mines of Saskatchewan. We have 3,300 additional miners in the mines of western Canada, which is, I believe, no small achievement.

I am not afraid of the man-power situation, but I do not think it will be solved by mere declarations expressed in a few words. War in its very essence demands substitutes. Every nation engaged in this conflict will be confronted with the problem as long as the war lasts. But it can be said to the credit of the Canadian people when you view the thing in a big way on the production front—and I shall have more to say about this later in the session—when you take into consideration the agricultural production and the men we have placed in the fighting forces, the achievements of this nation, notwithstanding the opinions of some hon. members, will ring down through the pages of history.

Mr. DOUGLAS (Weyburn): These are more and more phrases.

Mr. MITCHELL: No; they are not phrases; that is what Mr. Churchill said the other day and what Mr. Bevin stated publicly when I was in England recently. I am not afraid of any debate on the so-called man-power muddle in this country. After all, it is largely a question of mechanics. With regard to people who talk about distributing the working classes of this country, I cannot altogether agree with that. I think it far better to make a man or a woman feel that he or she is part of the war effort and that they go voluntarily where we want them to go instead of being pushed around. I have always held the opinion that you can persuade the Canadian people, but you cannot boss them too much. As far as my department is concerned in our approach to the very difficult problem of man-power, my hon. friend who comes from the old country, where they have had this background of organization of the civil services, the development of unemployment insurance, and the use of the employment offices in connection with the man-power problem of that country, when he reflects on his own experiences, if he was old enough to reflect when he left there—

Mr. MacNICOL: Was he?

Mr. MITCHELL: I do not know. I do not say that in a sarcastic way. I think he will agree that our approach to the man-power problem has been a sound approach, a rational approach, and as far as my department is concerned it will continue to be so. The degree of regimentation to which the Canadian people have subjected themselves even in the last six months redounds to their credit.

At the last session we heard about labour poaching; we do not hear about poaching to-day. We heard about labour turnover; we do not hear a great deal about labour turnover to-day. I never thought I should see the day when, within six months, we should practically move the whole industrial and agricultural population of this country through the employment offices under the jurisdiction of the labour department. It may be true that in some respects the machinery is creaking a little. That is inevitable when one considers that the personnel of the labour department in the last few years has grown from practically nothing to almost 7,000. When an organization is built up that deals with the very delicate problem of moving human beings from one job to another, people who have not had a great deal of experience with that form of machinery, I think it is to the credit of the organization engaged in that difficult task, and also to the credit of the working people of this dominion, that we have been able to face up to the coal situation, to the lumber situation. I shall talk about that later this session. I feel proud of the work of this government in manning the lumber industry of this country during last winter. I believe we have a worth-while policy, although, of course it will not cure the situation. Good heavens; look at Germany to-day! I have heard my hon. friend speak about organization and regimentation. Give me the power of Hitler, and I will put, not

the people in this country, but the members of this House of Commons to work. They will not be making speeches here but doing what they are told. I think hon. members get my point. Even with the powers of compulsion that they have in the countries against which we are fighting at the present time there is a tremendous shortage of labour; in Germany they have to have a mass movement of the people from the countries that have been subject to their rule temporarily; they have had to pick up the populations of whole villages and put them down in Germany and set them to work.

I think our method of approach is the correct one, notwithstanding opinions to the contrary. It is largely a question of mechanics and machinery, and as our machinery gets, as I might say, more efficient—I am not taking the position that we have a perfect machine—when the people who are operating that machine gain more experience in the movement of labour in this country, they will reflect credit not only on the discipline of the Canadian people but also on the country as a whole.

Motion (Mr. Green) agreed to.

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

Wednesday, March 17, 1943

The house met at three o'clock.

FOURTH VICTORY LOAN

ANNOUNCEMENT OF LAUNCHING OF CAMPAIGN ON APRIL 26 WITH MINIMUM CASH OBJECTIVE OF $1,100,000,000

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I should like to make a statement with reference to the forthcoming victory loan.

In the budget speech I indicated that the estimated borrowing needs for the fiscal year ending March 31, 1944, would amount to $2,748,000,000.

As a first step in meeting these borrowing needs the national war finance committee will on April 26 launch Canada's fourth victory loan. We Canadians have reason to be proud of the record of our victory loan campaigns, and of our response to them. In October last the third victory loan was an outstanding success, accounting for $991,000,000 from over two million subscribers.

The present situation clearly calls for even more impressive results, and the minimum cash objective for the fourth victory loan will be $1,100,000,000. As I have emphasized in the budget speech we are primarily concerned with selling victory bonds in greater amounts and to a greater number of Canadians. The reason is threefold. First, because we have to raise huge sums of money in order that the war may be effectively prosecuted. Secondly, as I have pointed out many times, the increased spending power in the hands of our citizens, if not directed into savings, will lead inevitably to inflation. Thirdly, our desire is that more and more of our government obligations should find their way into the hands of our ordinary citizens—people of moderate means whose interests now and in the future can best be served by owning what I might describe as "a share in Canada". The fourth victory loan will present another opportunity for every Canadian citizen to acquire a proprietary interest in his own country and I hope that every Canadian will make a serious effort to take advantage of this opportunity.

In all these victory loan operations substantial support arises from the subscriptions of non-banking financial institutions and from industrial corporations. This source of borrowing can only go so far, however, as new corporate funds ordinarily available for investment are now subject to strict limitations such as the excess profits tax. In the third victory loan purchases by this class of investor accounted for the very large sum of $600,000,000. I am sure that such investors, as in the past, will do their utmost to provide leadership of the highest quality in the forthcoming victory loan.

It is evident, however, that in any case the balance remaining to be met by individual purchasers will be greatly increased. To succeed in passing the minimum objective of $1,100,000,000 will require purchases by individuals of $500,000,000 or more—an increase over third victory loan results of 33 p.c. or thereabouts for the country as a whole. To reach this objective for individuals we will need to obtain participation on a much wider scale than in the past, and individual purchases will need to be sharply increased. I am accordingly asking the national war finance committee to make every attempt to increase participation in the loan by Canadians in every walk of life.

I recognize that it will call for a supreme effort on the part of the Canadian people to face this new demand of the war effort. The fourth victory loan will be another challenge to the Canadian people—the greatest financial challenge with which they have ever been faced. While the need for money is greater than ever before it is equally true that the bond buying power of the majority of

Canadians is greater by far than at any previous time. The coverage therefore must be broader; more individuals must subscribe if the bond drive is to play its part in this present emergency. The results of the fourth victory loan campaign will measure our determination and unity of purpose to attain the primary and outstanding goal for which we all live today—the goal of achieving a complete and overwhelming victory. I am confident that we can and will meet this challenge.

MUNITIONS AND SUPPLY

AMENDMENT OF ACT CREATING DEPARTMENT—CHART OF DEPARTMENTAL ORGANIZATION

Hon. C. D. HOWE (Minister of Munitions and Supply): On March 1 last I tabled a chart of the Department of Munitions and Supply, and at the time the hon. member for York-Sunbury (Mr. Hanson) requested that additional copies be tabled for distribution. I now lay on the table 260 copies of this chart and would request that they be distributed to hon. members.

PUBLIC SERVICE

TRANSFER OF FUNCTIONS OF DOMINION FUEL BOARD TO COAL CONTROLLER

Right Hon. W. L. MACKENZIE KING (Prime Minister): Under the provisions of the Public Service Rearrangement and Transfer of Duties Act, I table a copy of the order in council transferring the functions of the dominion fuel board to the coal controller and transferring the functions of the Minister of Finance related thereto to the Minister of Munitions and Supply.

SPECIAL COMMITTEES

CHANGES IN PERSONNEL

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

That the name of Mr. Hanson (York-Sunbury) be substituted for that of Mr. Hazen on the select committee on railways and shipping.

That the names of Messrs. Bence, Ross (Calgary East) and MacKenzie (Neepawa) be substituted for those of Messrs. Stirling, Gershaw and Maybank on the select committee on reconstruction and reestablishment.

That the names of Messrs. Maybank and Fulford be substituted for those of Messrs. MacKenzie (Neepawa) and Telford on the select committee on social security.

That the name of Mr. Edwards be substituted for that of Mr. Ross (Calgary East) on the select committee on the defence of Canada regulations.

Motion agreed to.

[Mr. Ilsley.]

PRIVILEGE—MR. MULOCK

REFERENCE TO REMARKS OF MEMBER FOR GASPÉ IN DEBATE ON MARCH 15

Hon. W. P. MULOCK (Postmaster General): Mr. Speaker, the hon. member for Gaspé (Mr. Roy) is reported at page 1267 of *Hansard* of March 15, 1943, in part as follows:

At the time that three ships were sunk opposite Cap Chat in the first days of July the boat I just mentioned was carrying some sportsmen going on a fishing trip on the north shore. Said boat was escorted by a corvette as far as to the north shore, but if my information is correct, this corvette did not complete the fishing trip with the boat, but came back to the south shore.

These are the words to which I object:

My information is that the boat was escorted at the request of the Postmaster General (Mr. Mulock) because it was carrying the mail to the north shore.

That statement is absolutely and definitely not in accordance with the facts.

Mr. HANSON (York-Sunbury): At whose request was this boat escorted? Let the government tell us that.

Mr. MULOCK: I made a definite statement.

Mr. MACDONALD (Kingston City): The boat was not escorted at all.

Mr. HANSON (York-Sunbury): That is a question of fact.

JUDGES ACT

JUDGES NOT TO ACT AS COMMISSIONERS OR ARBITRATORS—TO BE BOUND BY DECISION OF COURT OF FINAL APPEAL

Mr. T. L. CHURCH (Broadview) moved for leave to introduce Bill No. 8, to amend the Judges Act.

Some hon. MEMBERS: Explain.

Mr. CHURCH: This bill contains two clauses. The first clause seeks to regulate the serving of judges on commissions, dominion, provincial or municipal, the work of which would take them away from their judicial duties. The second section deals with the question of judges following the decisions of the privy council or the court of last resort in connection with mixed marriages. Since the bill was before the house last year, only last week a judge in Montreal, Hon. Mr. Justice Forest, commented upon this to a representative of the church, Canon Morin, in a case before him. He said:

"Don't you think there should be some agreement between the Catholic church and the state on this matter of mixed marriages?" queried his lordship.

"I wish there were," replied Canon Morin.

I ask that this bill be given some consideration. This legislation is going to be more necessary than ever after the war, and I plead with the Minister of Justice (Mr. St. Laurent) to give consideration to both clauses of the bill.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN ARMY EMBLEM

Mr. LaCROIX (Quebec-Montmorency):

1. Has a distinctive emblem been adopted for the Canadian army in England?
2. If so, is it a banner or a flag?
3. Is the British flag that of the armies of South Africa, Australia and Canada?
4. Is there a non-official flag, but one recognized as that of the Canadian army overseas?

Mr. RALSTON:

1. See answer to question 4.

2. See answer to question 4.

3. The union, or union jack, is the device on the king's colour of Canadian regiments. The union jack is flown on selected forts, armouries, drill halls and other buildings occupied by the Canadian army in Canada.

4. Apart from, and in addition to, flags and colours carried by regiments, the King's regulations make provision for various flags to be flown at sea by members of the army council, by general officers commanding stations and by governors of colonies and lieutenant-governors. For use in the field, regulations provide for flags or pennons designating certain military headquarters and also for flags on motor cars and for mounted orderlies of general officers commanding-in-chief, and commanders of specified army formations. But there was no provision for a flag designating the commander or the headquarters of a dominion force at sea or in the field.

In 1939 Major-General (now Lieutenant-General) McNaughton suggested that a distinctive flag should be available to be flown by the commander of the senior formation of the Canadian active service force. A design was approved by the then Minister of National Defence, for the purpose indicated, and has been so used since the 1st Canadian division, then the senior formation of the Canadian active service force, proceeded overseas in December, 1939. Later the flag was successively transferred to the commander of the 1st Canadian corps and later to the commander of the first Canadian army, as each became in turn the senior formation of the Canadian army overseas.

This flag is for special identification: to afford a ready means of distinguishing the character of the headquarters over which it floats, and the portion of the commonwealth to which they belong. It has no status as a national flag. Its use does not interfere with, or infringe upon, the prescribed uses of the union flag.

Its use may be compared with the present use of the red ensign with the Canadian arms in the fly, flown on suitable occasions on buildings owned or occupied by the Canadian government and situate without Canada.

MOBILIZATION ACT—KINGSTON ADMINISTRATIVE DISTRICT

Mr. BENCE:

1. What are the names of the members of the board under the N.R.M.A. for the administrative district with headquarters at Kingston?
2. What is the name of the divisional registrar?
3. What are the names of the officers of this administrative division responsible to the board?
4. How long has each been employed in his present position?
5. How much money has each received for, (a) salary, (b) expenses?

Mr. MITCHELL:

1. Chairman: Hon. Mr. Justice A. W. Greene; deputy chairmen, James Roderick MacLaren, Esq., William A. Parisien, Esq.; member, His Honour Judge J. C. Reynolds.

2. Lorne McDonell, Esq.

3. The registrar, Lorne McDonell, is the officer in charge of registration and procedure and directs the staff and is the contact official with the Board.

4. Lorne McDonell, Esq., was appointed August 28, 1940.

5. (a) Salary $9,038.78; (b) expenses, $392.87.

ST. LAWRENCE SUGAR REFINERY

Mr. BLACKMORE:

1. Has the St. Lawrence Sugar Refinery been closed down?
2. If so, on what date?
3. Was it closed because of lack of supply of raw cane sugar?
4. How much refined sugar was produced by this company during each of the years 1939, 1940, 1941 and 1942?
5. Has the government adopted any measures adequate to make up the sugar deficiency resulting from the closing of this plant?

Mr. ILSLEY:

1. Yes.
2. February 1, 1943.
3. No.

4. 1939, 178,322,940 pounds; 1940, 189,812,517 pounds; 1941, 190,543,837 pounds; 1942, 130,740,188 pounds.

5. There will be no sugar deficiency from the closing of this refinery. Arrangements have been made between the St. Lawrence Sugar Refineries Ltd., and the Canada and Dominion Sugar Company to refine all sugar in the port of Montreal in the plant of the Canada and Dominion Sugar Company. This is feasible with the reduced production due to rationing.

PRINCE RUPERT-CEDARVALE HIGHWAY

Mr. HANSON (Skeena):

1. What percentage of work was done on the Prince Rupert-Cedarvale highway up to March 1, 1943?

2. Have arrangements been made to construct the road east of Cedarvale to link up with the now existing highway at Hazelton?

3. Has the contract been let on this gap between Cedarvale and Hazelton? If not, what is the reason?

Mr. MacKINNON (Edmonton West): I understand the hon. member is willing to let this question drop for the time being.

Mr. HANSON (Skeena): I have obtained the information I need from the minister, so that I ask that this question be dropped.

Question dropped.

SASKATOON, SASK., NAVAL BARRACKS

Mr. BENCE:

What steps has the administration taken to provide for the erection of a naval barracks in the city of Saskatoon?

Mr. MACDONALD (Kingston City): The general policy, so far as possible, is to provide satisfactory training and living accommodation at all Royal Canadian Naval Volunteer Reserve divisions.

Saskatoon is being actively studied with a view to providing better accommodation, but no definite decision has been reached as yet.

HELICOPTERS

Mr. FRASER (Peterborough West):

1. Is the government now building helicopters in Canada?

2. If not, do they contemplate building any?

3. Is any research work being done in this direction?

Mr. HOWE:

1. No.

2. No.

3. No.

[Mr. Ilsley.]

IMMIGRANTS BY RELIGIOUS AFFILIATION, 1939-42

Mr. BLACKMORE:

1. How many immigrants were admitted to Canada in each of the years 1939, 1940, 1941, 1942?

2. How many of those admitted were Protestants?

3. How many were Roman Catholics?

4. How many were Jews?

5. How many had no religious affiliations?

Mr. MacKINNON (Edmonton West):

1. Calendar year 1939, 16,994; calendar year 1940, 11,324; calendar year 1941, 9,329; calendar year 1942, 7,576.

2, 3, 4 and 5. Information is not available as to the religious persuasion of the immigrants.

EXPORTS OF DRESSED BEEF

Mr. MacINNIS:

1. Was any dressed beef exported from Canada to the United States during the calendar year 1942?

2. If so, what amount?

Mr. MacKINNON (Edmonton West): Mr. Speaker, I am tabling the official answer to this question. If the hon. member wishes to have certain other information—the whole information—for his own personal use, I have it here and shall be glad to send it to him.

Mr. GRAYDON: The minister tables what he says is an official answer to the question, and indicates that there is further information available to the hon. member. I think we ought to have made clear the difference between an official answer and an answer.

Mr. MacKINNON (Edmonton West): I have spoken at various times on questions of this kind. Censorship regulations rule out the publication of certain trade statistics, and these are in that class. I have no objection to giving the information to the hon. member for his own use, but we cannot start to pick and choose information to be made public in regard to shipping.

Mr. HANSON (York-Sunbury): There is no censorship on parliament.

Mr. MacKINNON (Edmonton West): Under the censorship regulations these figures are banned from publication, but where a member of the house desires such information for his own more or less confidential use I see no reason why he should not be given it. In this particular case I have the information here and am ready to give it to the hon. member.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FINANCE EMPLOYEES IN DEPARTMENTS AND SENATE AND HOUSE OF COMMONS

Mr. RAYMOND:

1. What are the names of the employees of the Department of Finance in the various departments including the Senate and the House of Commons, and the years and service of each one?

2. What are their individual salaries?

Mr. ILSLEY: Return tabled.

INTERNMENT OF WAR PRISONERS—RATES OF PAY TO OFFICERS AND MEN

Mr. FRASER (Peterborough West):

1. Do German and Italian officers and men receive any pay from this government while they are in internment camps in Canada?

2. If so, what are the rates of pay for men, non-commissioned officers and commissioned officers?

3. Do the German, Italian and Japanese governments pay Canadian officers and men interned in their countries?

4. If so, do they receive the rates of pay customarily paid to Canadian officers and men?

ASSISTANCE TO FISHING INDUSTRY

Mr. HANSON (Skeena):

1. What was the total financial assistance given by the federal government, by way of statute, bonus or otherwise, to the fishing industry (including shellfish), for 1942, (a) Atlantic coast, (b) Pacific coast, (c) inland fisheries, if any?

2. What was the amount in connection with shellfish?

GILMOUR BUILDING, REGINA—T. H. WOOD

Mr. PERLEY:

1. Has the government acquired the whole or any part of the Gilmour building on Scarth street in the city of Regina?

2. Was this building or any part of it leased by the government? If so, on what terms?

3. For what purpose?

4. Are any alterations necessary? If so, what is the cost thereof, and what part will be recoverable at the termination of the lease?

5. Were any tenants compelled to move from this building to get possession for the government? If so, how many?

6. Was one T. H. Wood, a photographer, allowed to remain in occupation of a studio in this building?

7. If so, was he treated differently from other tenants and why was he allowed to remain?

8. Has T. H. Wood a privileged position in the sale of photographic material to the government of Canada?

HAMILTON BUILDING, REGINA—M. L. FITZGERALD

Mr. PERLEY:

1. Is the Canadian government acquiring or has it acquired by purchase, lease or otherwise, the whole or any part of the Hamilton building, situate on the corners of Hamilton and South Railway streets in the city of Regina?

2. If so, from what person or persons?

3. How much floor space and upon what terms?

4. Are alterations being made? If so, at what cost, and who pays for same?

5. What alterations are being made and if any portion is being paid for by the government under lease arrangement, how much will be recoverable at termination of the lease?

6. Is M. L. Fitzgerald employed in Regina by the wartime prices and trade board?

7. If so, what are his duties?

8. By whom was he recommended for such position?

9. What is the rate of his remuneration?

10. Does the said M. L. Fitzgerald reside in the building above referred to?

11. Is he any relation to or connected with any of the owners from whom the government acquired the said premises?

12. For what particular use were the said premises acquired?

UNEMPLOYMENT INSURANCE COMMISSION—REGISTRATION OF UNEMPLOYMENT RELIEF

Mr. BLACKMORE:

1. What is the total number of permanent positions in the unemployment insurance branch of the government throughout the country?

2. Did the civil service commission in making these permanent appointments bar all competition from any persons outside the civil service?

3. If so, from whom did the civil service commission get permission to exclude candidates outside of the civil service from competing in these examinations?

4. Were the temporary employees, under the jurisdiction of the director of national registration of unemployment relief, blanketed into permanent positions in the unemployment insurance commission? If so, how many and why?

5. What is the name and present position in the civil service of the former director of national registration of unemployment relief?

OLD AGE PENSIONS

Mr. WRIGHT:

1. What amount, if any, of the $76,150 recovered by the province of British Columbia from the estates of old age pensioners during the calendar year 1942 has been paid to the dominion government?

2. How much, if any, of this money is recoverable by the dominion government?

3. What amounts, if any, have been paid by each of the provinces of Saskatchewan, Alberta, Ontario, Quebec, Nova Scotia, New Brunswick, and Prince Edward Island, from moneys collected from estates of old age pensioners to the dominion government in each of the years 1940, 1941, and 1942?

4. Is the placing of a caveat against the property of old age pensioners by the provinces required by the dominion government?

UPLANDS AIRPORT—IRON FIREMEN

Mr. DOUGLAS (Weyburn):

1. How many iron firemen were installed in the Uplands airport?
2. What was the cost of each, and what was the total cost including installation?
3. From whom were the iron firemen purchased and by whom were they installed?
4. Have there been any complaints with regard to the efficiency of these iron firemen?

INTERNMENTS—CAMILLIEN HOUDE

Mr. LACOMBE:

1. Has the Minister of Justice received copies of resolutions adopted by municipal councils in the province of Quebec requesting the release of Mr. Camillien Houde from the internment camp?
2. If so, what municipal councils have passed such resolutions and forwarded copies to the Minister of Justice?
3. How many of such councils have sent copies to the Minister of Justice?
4. Has the Minister of Justice received similar requests or resolutions from other public bodies in the province of Quebec?
5. If so, what are the names of these public bodies, and what is the total number?

MOTIONS FOR PAPERS

TRENTON COLD STORAGE LIMITED—SUBSIDIES

Mr. FRASER (Peterborough West):

For a copy of all letters, agreements, telegrams and any other documents in the possession of the Department of Agriculture, regarding the subsidies paid to the Trenton Cold Storage Limited, Trenton, Ontario, since 1939.

CANADIAN WHEAT BOARD—MARKETING OF 1943-44 CROP

Mr. DOUGLAS (Weyburn):

For a copy of all correspondence, memoranda and other documents received from the advisory committee to the wheat board, agricultural and cooperative organizations with reference to the marketing of the 1943-44 crop.

Mr. MacKINNON (Edmonton West): Mr. Speaker, I assume that this motion refers to correspondence, memoranda and other documents addressed by the organizations mentioned to the Minister of Trade and Commerce. I have no objection to the passing of the motion subject to the withholding of any confidential or privileged documents.

Motion agreed to.

FEDERAL DISTRICT COMMISSION

AUTHORIZATION OF ANNUAL PAYMENT OF $200,000 FOR TEN YEARS FROM APRIL 1, 1943

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Federal District Commission Act, 1927, by the authorization of payment to the federal district commission out of the consolidated revenue fund of a sum of $200,000 a year for a period of ten years from the first day of April, 1943.

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

Mr. T. L. CHURCH (Broadview): May I ask if there will be enough money in this appropriation to clean up the sidewalks around parliament hill, which are in a most dangerous condition? It is disgraceful in weather like this; someone will be killed. The matter is urgent and I am entitled to a reply.

Mr. SPEAKER: The motion is not debatable.

Mr. ILSLEY: I suggest that the question of the hon. member for Broadview is not in order, Mr. Speaker, either on the orders of the day, or on this resolution.

Motion agreed to.

ST. PATRICK'S DAY

IRISHMEN AND THE WAR

On the orders of the day:

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I rise to a question of privilege. We who have had the good fortune to be born in Ireland are mighty proud to-day of the way in which Irishmen are conducting themselves in this great war. We have two reasons to be proud. First General Anderson, General Alexander and General Montgomery have stopped the German Rommel in his tracks. We are also proud that the young men of northern Ireland in 1941 enlisted one hundred per cent in the armed services, so that there is a greater dearth of farm hands in northern Ireland than there is even in Canada. An Irish soldier in Africa received a letter from his wife stating that there was no possibility of getting any men to dig the garden. He wrote back, "Never mind, the guns are buried there." This letter was censored. Very soon a lorry full of soldiers arrived to dig the garden from end to end, so that all the wife had to do was to plant the spuds.

To-day we pay honour to the splendid successors of Wellington and Kitchener, Lord Roberts and Lord French. We wish Montgomery godspeed and a splendid victory over Hitler.

BUSINESS OF THE HOUSE

EASTER RECESS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I understand that the government has reached some decision with respect to the Easter recess. Is the Prime Minister in a position to-day to communicate the government's decision to the house?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the government proposes to have a fortnight's adjournment at Easter, subject to one reservation, which is that sufficient progress shall have been made with certain measures which are on the order paper to-day to enable us to take the fortnight at Easter.

There will be an adjournment for certain from April 21 until May 3. The 21st is the Wednesday preceding Good Friday. However, if the government feels justified in taking a few extra days, provided that we have made sufficient progress we would adjourn on Friday the 16th. That would mean that hon. members would get an additional five days at a sacrifice of two and a half sitting days. I hope it may be possible to have the fortnight's adjournment.

CANADIAN FORCES

SUBSISTENCE ALLOWANCES—REFERENCE TO WORDING OF QUESTION PASSED AS ORDER FOR RETURN ON MARCH 15

Mr. J. SASSEVILLE ROY (Gaspé): In *Hansard* of March 15, at page 1231 there is a question under my name of which the last part of the first paragraph reads: "and where are their barracks in Ottawa?" Preceding that should be inserted the words, "and who are stationed in Ottawa."

WHEAT AND COARSE GRAINS

PRESS REPORT AS TO PLAN TO MAKE ADVANCE TO FARMERS

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): I should like to direct the attention of the Minister of Trade and Commerce to a report in the western press which I hold in my hand. It is dated March 13 and is headed "Plan to Give Farmers Wheat Rise Benefit". It states that before Mr. McIvor, chairman of the wheat board, came to Ottawa he conferred with members of the Winnipeg grain exchange with respect to the increased prices of grain, and that he was taking the matter up with the minister when he came to Ottawa. The statement adds that it is expected that the minister will shortly issue a statement dealing with coarse grain and perhaps with wheat, that is, setting out the plan to give an advance to the farmers. Will the minister tell us when he can make that statement?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, this subject and kindred matters referred to by the hon. member for Qu'Appelle have been under consideration by members of the cabinet and the Canadian Wheat Board. I cannot say at the moment just when I shall be able to make a statement. As hon. members know, there has been a regrettable and unavoidable delay in these discussions, but just as soon as possible a statement will be made to the house.

HOUSING

REFERENCE TO CONDITIONS IN TORONTO

On the orders of the day:

Mr. T. L. CHURCH (Broadview): An order for return on housing was passed by the house on February 8, concerning the Department of Finance and the Department of Munitions and Supply. The return has not yet been brought down and I ask when we may expect it. A meeting in Massey Hall, Toronto, has been called for to-night in connection with housing and I should like to have the information asked for in the return. I do not like to move the adjournment of the house but I think I would be quite justified in doing so owing to the delay or inability of the two ministers to furnish this information or the failure to give a statement in the budget. I think I am entitled to receive it. The situation is grave, and if I do not get an answer I shall move the adjournment of the house.

Hon. C. D. HOWE (Minister of Munitions and Supply): The housing situation in Toronto has been under study more or less continuously for some months by the Department of Munitions and Supply and by the real estate administrator of the wartime prices and trade board. Until quite recently there was a difference of opinion within the government of the city of Toronto as to whether housing was needed, but within the last two or three weeks a unanimous request has come from the city government for housing. Since then new surveys have been made by both Wartime Housing and the real estate administrator and it has been found that the situa-

tion in Toronto is not so acute as to bring it within the purview of Wartime Housing Limited. The decision is that the situation in Toronto is not sufficiently grave to warrant action with respect to housing at this time.

DEFENCE OF CANADA REGULATIONS

INQUIRY AS TO MEETING OF SPECIAL COMMITTEE

On the orders of the day:

Mr. J. W. NOSEWORTHY (York South): As a member of the committee on the defence of Canada regulations, I should like to know from the Minister of Justice when and by whom that committee is to be called together.

Hon. L. S. ST. LAURENT (Minister of Justice): I am not a member of the committee. I understand it is the privilege of anyone who is a member of that committee to cause it to be called at any time, with notice.

E. B. EDDY COMPANY

REPORT AS TO CLOSING OF NEWSPRINT BRANCH AT HULL

On the orders of the day:

Mr. RODOLPHE LEDUC (Wright): Recently in the Ottawa press I read a report that the newsprint branch of the E. B. Eddy Company of Hull had been closed. Could the Minister of Labour tell me what has been done to take care of those who had been employed in that branch?

Mr. SPEAKER: This is a question of the kind which I stated the other day should not be asked on the orders of the day.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Monday, March 15, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Coldwell.

Mr. J. G. ROSS (Moose Jaw): Mr. Speaker, I hope that you and the house will bear with me this afternoon, because I am afraid my voice has been affected somewhat by a chill received from the terrible shortage of fuel which was brought to our attention yesterday in the house.

May I first of all congratulate the Minister of Finance (Mr. Ilsley) upon the budget he has brought down this year. It is a budget which shows a great deal of courage and demonstrates that the minister and the government are well aware of the part they have to play in this war and are willing to do everything possible in the war to help our allies.

Speaking in this chamber a few weeks ago I mentioned the need of a plan for agriculture of five years or two years after the war. I did not mention that plan simply with a view of putting money into the pockets of the farmers of Canada, but because I believed that in the very near future the united nations would be sorely in need of food for human consumption and feed for live stock. North America must be relied upon to produce the needed supplies. Anything which can be produced in the Argentine or Australia cannot reach the European theatre of war, because of lack of transportation or because it may be needed in the Pacific zone.

The governments of Canada and United States and most of the people of both countries are viewing with a good deal of satisfaction what they think are huge surpluses of grain on the North American continent, not realizing that these stock piles of grain are being used up faster than they can be replenished.

I hold in my hand the best available estimates of the bureau of statistics of the grain position of the United States and Canada for wheat, corn, oats, barley and rye, projected until July 1, 1944 for the United States and July 31, 1944 for Canada. If the house will give permission I should like to place these on *Hansard* in order that people may see exactly what the stock piles are and the projected amounts until that date.

Mr. SPEAKER: With the unanimous consent of the house.

Mr. ROSS (Moose Jaw): The tables are as follows:

Canada's Grain Supplies

	Wheat	Oats	Barley	Rye	Total
		(Millions of bushels)			
Crop year 1941-42					
Carryover, July 31, 1941	480	42	11	5	538
Production, 1941	312	305	111	12	740
Total supply	792	347	122	17	1,278
Total disappearance	368	319	110	14	811
Carryover, July 31, 1942	424	28	12	3	467
Crop year 1942-43					
Carryover, July 31, 1942	424	28	12	3	467
Production, 1942	593	652	259	25	1,529
Total supply	1,017	680	271	28	1,996
Total disappearance	345	483	155	13	996
Estimated carryover, July 31, 1943	672	197	116	15	1,000
Crop year 1943-44 (estimated)					
Carryover, July 31, 1943	672	197	116	15	1,000
Production, 1943	318	477	186	12	993
Total supply	990	674	302	27	1,993
Total disappearance	370	520	180	16	1,086
Carryover, July 31, 1944	620	154	122	11	907

Note:

(1) In connection with the 1942-43 figures some allowance should be made for the possibility of further reduction in the 1942 harvest because of unharvested acreage.

(2) In the 1943-44 estimates production has been calculated on the basis of average yields on the acreage goals set for 1943 while liberal allowance has been made for feeding to animals and exports to the United States.

United States Grain Supplies

	Wheat	Corn	Oats	Barley	Rye	Total
			(Millions of bushels)			
Crop year 1942-43						
Carryover, July 1, 1942	633	525	194	81	31	1,464
Production, 1942	981	3,175	1,359	426	57	5,998
Estimated imports	2	....	45	25	15	87
Total supply	1,616	3,700	1,598	532	103	7,549
Total disappearance	1,000	3,160	1,404	451	53	6,068
Carryover, June 30, 1943	616	540	194	81	50	1,481
Crop year 1943-44 (estimated)						
Carryover, July 1, 1943	616	540	194	81	50	1,481
Production, 1943	850	2,828	1,174	392	40	5,284
Estimated imports	5	....	60	23	10	98
Total supply	1,471	3,368	1,428	496	100	6,863
Total disappearance	950	3,202	1,278	446	57	5,933
Carryover, June 30, 1944	521	166	150	50	43	930

Note:

(1) In 1942-43 allowance has been made for record size feeding of wheat to live stock and for substantial imports of oats and barley from Canada.

(2) In the estimates for 1943-44 production is based on yields on the basis of the average of the past five years, but no allowance has been made for the increase in acreage to corn and wheat which might result from the recent measures which permit over-planting in both crops in 1943.

(3) In 1943-44 a high rate of wheat feeding and imports of oats and barley from Canada has been allowed for.

These figures may seem rather impressive to some, but to me they foretell a shortage of grain on the North American continent within fifteen to eighteen months. I have stated consistently in this house, since the beginning of the war, that all the wheat that could be grown in Canada would be needed and needed badly before the war was over. Let me say again that there will be a shortage of wheat in Canada and on this continent within less than two years. I believe 1942 will go down in history as the banner year on this continent for all farm products, but regardless of these figures, that entire grain surplus will have been used up by 1944 and we shall be eating heavily into the carry-over. The farmers of the United States and Canada have been asked to produce in 1943 some hundreds of millions more dozen eggs than in 1942, about three billion pounds more milk, five million more sheep, seven million more cattle, and forty-two and a half million more hogs. Under ordinary circumstances this would mean an additional one billion bushels of grain for feed, but these are not ordinary circumstances. To-day the continent of North America is short more than two million tons of high protein concentrates, and that deficiency must be made up by the feeding of additional grain, which will mean the addition of at least two hundred million bushels to the figures I have already mentioned. Figure it any way you like; in less than two years we shall land up without sufficient food in North America.

What of other foods? Again we set an all-time record of abundance in 1942; yet months before another harvest and even before some of the crops are sown they are beginning in the United States to ration peas, beans, dried fruits, canned fruits and vegetables, in spite of the fact that the crop of peas and beans in the United States this year was double the average. We in Canada took away from the west coast some twenty-five thousand Japanese who had been employed in fishing or in the production of fruits and vegetables; and just in passing may I tell the hon. member for Vancouver South (Mr. Green) that a few of them cut wood out near Vancouver. The government of the United States moved some 150,000 Japanese away from the west coast, practically all of whom had been engaged in the production of fruits and vegetables. In addition many thousands of people on this continent who were carrying on market gardening to some extent have now gone into war industries, so that to-day instead of producing food they are purchasing it.

Let me say again, Mr. Speaker, that we should establish dryers and storage facilities for dried fruits and vegetables in every province of this dominion. There are strategic positions, I do not doubt, in every province. Let me suggest that in the province of Saskatchewan one plant be established, perhaps at the Estevan coal fields, and another at Lloydminster, where there is natural gas. In Alberta, plants might be established at Medicine Hat and Edmonton. The production of these small fruits and vegetables will require no additional man-power. All that will be required is a guaranteed price f.o.b. cars in each province; and the women and children, the old men and women on the farms, in the villages and towns, will produce the goods. Dried fruits and vegetables, and other dried food products, will require only about one-tenth the tonnage that would be required to take overseas an equivalent amount of fresh fruits, vegetables, and so on. They can be used very readily for feeding the people of Europe. I will admit that it is a good thing to have a great deal of grain to send over there, but that grain also will have to be processed to a large extent before it leaves this country, because I question very much whether cities like Amsterdam, Rotterdam, Antwerp, Hamburg and similar places will have any mills left standing by the time we invade the continent of Europe.

In addition to the provision of food I suggest that the governments of Canada and the United States get together and arrange to set prices for farm products; that each should accept financial responsibility commensurate with its ability, and supply our allies with needed foodstuffs, at the same time pooling our supplies on this continent, with equal rations on both sides of the border and the elimination of the border altogether as far as foodstuffs are concerned. Food has been the problem of the ages. Until some three hundred years ago the population of the world was about what it had been for a thousand years, less than five hundred million people, all of whom were in constant dread of starvation. About that time men began to use their brains in an endeavour to increase the production of foodstuffs and we had the beginning of a scientific agricultural movement. With the use of fertilizer and the improvement of domestic animals we had an increase in the production of foodstuffs, and at the same time an increase in the population of the world. By the end of the eighteenth century the world's population had increased to about one billion, and at that time most of the thinking people of the world agreed with Thomas Robert Malthus in the great book he wrote to prove that the human population increased faster than the production of food supplies, and that misery, want, starvation and war were the inevitable consequences. Then began the machine age,

the capitalistic system, so much maligned to-day by people who think loosely; the development of foodstuffs by the application of science and invention to agriculture; the use of machinery on the farm; careful development of farm animals for the production of meat, milk, fats and wool; the storing of food in order to carry the surplus of a bountiful period over to one of scarcity; the refrigeration of food; the canning industry; the transport system which transfers surpluses to areas of scarcity. These various developments under that system have brought the world to an era of plenty, in which starvation no longer faces the people but in which the problem is said to be one of too much food. The problem of the world to-day is one of the balancing of distribution of an abundance brought about not by outworn and outdated monetary theory, not by a planned economy of a few supermen and experts, but by the gradual evolution of democratic ideas, called by some the capitalistic system. My hon. friends of the Social Credit group would wreck the whole thing by issuing worthless paper money.

Mr. HANSELL: It's a lie.

Mr. ROSS (Moose Jaw): Mr. Speaker, I ask the hon. member to withdraw that statement.

Mr. SPEAKER: Did I understand the hon. gentleman to say "it is a lie"?

Mr. HANSELL: Yes, Mr. Speaker, I did, and if I must withdraw I withdraw, but I am saying to the hon. member that what he says is not according to the facts.

Mr. SPEAKER: I think the hon. member will have to withdraw without reservation.

Mr. HANSELL: I will withdraw my statement without reservation in respect to the term "lie", but I say that the hon. gentleman is not stating the truth. That is all there is to it. I suggest he should withdraw his statement; it is not true.

Mr. SPEAKER: The hon. gentleman of course knows that what he is now stating is just an accentuation of the first statement. He must withdraw without reservation.

Mr. HANSELL: If that is your ruling, Mr. Speaker, I will withdraw. We still have some men to speak in the debate and we can correct the hon. gentleman's statement then.

Mr. ROSS (Moose Jaw): The Social Credit party always have plenty of members who can speak in the debate, and they can state their own opinions, just as I am stating mine at the moment. My opinion is the truth to me; my hon. friend's opinion may be the truth to him.

I said that the Social Credit party would wreck this system by printing worthless money. The Cooperative Commonwealth Federation would cast aside the progress of ages and do away with the system that has brought all these benefits to mankind, because that system appears to be a little out of balance at the moment, has developed some minor defects. There in that corner sits the main reactionary group in the House of Commons. They would cast away all these benefits and take us back a thousand years.

I do not say these things to be unkind, as the hon. member for Macleod (Mr. Hansell) thought. I grant on the part of hon. members of the Social Credit party and the Cooperative Commonwealth Federation a sincere desire, as it is ours, to help the lot of mankind. But I submit that their theories are wrong. Along with many other people in this country I have perhaps gone through the throes of their loose thinking since 1930, in a sincere endeavour to explain the paradox of scarcity amidst plenty. One must endeavour to propose a remedy when one questions the sincere theories of others in this house. Let us therefore look to see where the flaw in the present system is. Let us go back to the start of this great acceleration of production. Before the machine age, before the steam engine was invented, the labour of at least four or five men on the farm was necessary to maintain themselves and one man in a city. At that time more than four-fifths of man's needs came from the farm. Then the machine age began, bringing greater demands for those things that can stand heavy pressure and hard use. And part of the production of the farm had to give way to the production of the mines. At this time one man's labour on the farm maintained him and one man in the city. Then came the full effect of the machine age, the use of science in both industry and agriculture. One man on the farm provided abundance for himself and nine men in the city. The product of the oil well, the mine and the forest advanced to the point where only one-third of man's needs came from the farm. Motive power changed from the horse, and the consequent use of millions of acres for feed, to coal, gasoline and electricity. Nature in her wisdom throughout millions of years has stored up the products of the farm and the forest in the oil well and the mine. It can therefore be urged that for a period at least man's labour can get four to five times the tonnage from the mine, the oil well or the forest than can be got annually from the farms. Therefore why waste labour on the farm? Is it not a good thing to produce more with less labour?

But labour is also wasted when it is available but not used. That waste is called unemployment. The most uneconomic period in the world's history preceded this war in what we call the great depression. What was the cause of it? In my opinion it was largely a loss of balance between agriculture and industry. Industry turned for its raw materials and its power to oil wells, mines and forests. Agriculture could no longer sell sufficient of its products to industry, and therefore farm products began to pile up in surpluses. Industry could no longer sell its products because the farmer could not purchase them. Industry declined and farm products piled higher. The products of industry piled up. Men were laid off by industry and were out of work. Machines were idle, and we had want in a land of plenty. That was the condition because the balance between industry and agriculture was gone. It can be corrected, because most of the raw materials taken from the mines and the oil wells are simply annual farm crops in a different form, but still containing the same ingredients which were placed in the ground by nature many years ago.

Can these raw materials be purchased by industry from the farmers? Largely they can. Industry and agriculture are natural partners, because when agriculture loses its markets industry suffers from a lack of employment for its thousands of men. Balance the two and you correct the evils of both. The time will come when most of the raw materials for industry will be obtained annually from the farms, and part of the processing will take place on the farms.

What can we in the house do to further these thoughts? When we reach the agricultural estimates it is my intention to move an amendment which I hope the government will see fit to accept. The purport of my amendment will be that the government appropriate $500,000 a year for agricultural research; that that research be carried on in the centre of the greatest agricultural section of the country; that if possible the contribution be matched by an amount of $50,000 to $100,000 a year from each of the nine provinces; that the Canadian Manufacturers' Association be asked to contribute $200,000 a year, as industry's share. May I suggest here that any Canadian industry should be allowed to donate, as a legitimate expense, a reasonable amount to a fund to endow this research.

Let me take four agricultural products, to illustrate what can be done. First of all, I shall discuss the question as it relates to wheat. For my purposes, wheat will be broken down into three component parts, namely, the starch, the protein or gluten, and the germ. I shall discuss starch, first, in detail.

Starch has been imported into Canada—corn starch, starch from tapioca, sago and potatoes. In Canada we have endeavoured to produce some corn starch and some potato starch. None of these is as good an edible starch as is that produced from wheat. Wheat starch demands a higher price in the textile market than does any other. It is used in the making of paper boxes, soap, perfumes, fireworks, asbestos, yeast, twine and cordage, window shades, wood veneers, glue, and dry-cell batteries. Pound for pound wheat starches produce syrup or glucose identical in yield to corn starch. This syrup or glucose is used as an industrial sweetener in jams and canned fruits, and for table use.

The difference between the flour produced in eastern Canada, known as cake and pastry flour, and that produced from western wheat, is the percentage of protein and starch in the flour. On the west coast we have been importing cake and pastry flours to some extent. Sometimes we have imported them into eastern Canada. The very same kind of flours can be made by taking wheat starch out of our western wheat, and adding it to the quantity of starch in high grade flours. Just as good, in fact better, cake and pastry flours can be made in this way.

There has been a great deal of talk about power alcohol in Canada. Both alcohol and glycol can be made from wheat starch, and can be economically transformed into butadiene, the major component of synthetic rubber. A new process of fermentation is now reaching a state of perfection which will produce alcohol and butylene-glycol, which can be transformed into butadiene more economically than that which is made from petroleum.

Wheat protein is used for many things. First of all, let me deal with gluten concentrate. In the past many countries bought a certain amount of Canadian wheat in order to strengthen their flour, and to increase the size of the loaf of bread. The reason for that was that Canadian wheat contained a larger amount of gluten. This gluten can be taken out of Canadian wheat, and the other parts of the wheat used in this country or others. The gluten concentrate can be shipped to these other countries to build up a new industry and a new outlet for the agricultural products of Canada.

Another commodity which prior to the war was made in Japan out of Canadian wheat

was called sodium-glutemate. Sodium-glutemate was made from a secret process in Japan, and shipped to every other country. The fact is, however, that it came from Canadian wheat. It is a flavouring compound which produces a meaty flavour in soups, sauces, biscuits and meat-like concentrates, meat extracts and the like. It, too, can be made in this country.

Then, gluten as a plastic covers the field of artificial fibres, wool substitutes, rayons, and the new and improved methods of processing nylon.

I come now to plastics. Depending on price and combination with other chemicals, plastics can be used to make buttons, ornamental coverings, for the treatment of plywood, as plastic glues, protective coverings instead of oil paints, and in medicine for protective coverings for pills, capsules, et cetera, as an easily digestible protector.

Wheat gluten can be processed to be used instead of chicle in the manufacture of chewing gum.

Wheat germ is separated mechanically from the wheat in this country, but wheat germ oil is not extracted here. We import from other countries large quantities of germ oil which is processed from Canadian wheat. This wheat germ oil is the most concentrated form known of vitamin E, which is used for medicinal purposes to prevent abortion and to increase fertility in all forms of life. Wheat germ oil is an excellent means of preventing rancidity in various types of foods such as powdered milk, powdered eggs, butter, margarine, shortening or any of the edible oils. It takes only one-half of one per cent of added wheat germ oil to protect these products from rancidity for long periods.

Wheat chaff and wheat bran can be used for the purpose of manufacturing furfurol, which is the basis of a large group of plastic materials. It is used in the refining of oil and in the flotation process in the mining industry. It can also be produced from oat hulls. In passing, let me say that it is in large production in the United States to-day. As a matter of fact one of the large Quaker Oats mills in the United States is making furfurol from oat hulls. This is a primary product, and the highly advertised Quaker Oats are a secondary product of that mill.

Furfurol is used as a binder in plastics, for the manufacture of fibre-board, pressed woods, and the insulating and building materials so badly needed in the heart of the wheat country where lumber is so scarce. As a matter of fact, there is to-day in the once great timber producing state of Minnesota a company making a wood-like product for building materials from furfurol and wheat-straw wastes. Containers of paper-like substance used for the distribution of milk and other perishable products can be made from the now discarded wheat straw and chaff. To-day furfurol is bought in tank carlots and used as a germicide, a fungicide, a wood preservative, an improver of tobacco flavour, a solvent for dyes and leather dressings, and for plastics and nitrocellulose. So much for wheat.

Flax has been grown in Canada for many years. It contains about forty per cent oil, the remainder being a high protein feed of about thirty six to thirty nine per cent protein. Linseed oil which is manufactured from flax seed is used in paints, varnishes and enamels as well as in the manufacture of linoleum, oilcloth and gasproof clothing. On account of war conditions industrialists in Canada have learned to process a quick-drying oil from flax to take the place of tung oil or Chinawood oil, of which we used to import several million pounds from China prior to the war. It is replacing perilla oil which we used to import for the same purposes from Japan, and octicica oil, which we imported from Brazil. The replacing of these importations will be continued after the war. Within the past few weeks scientists in Canada and the United States have been able to perfect a process for deodorizing, stabilizing and hardening linseed oils in order to produce an acceptable domestic shortening.

Linseed oil also enters into the manufacture of a type of synthetic rubber known as norepal. This substance is in production, but I am afraid that at the moment the price factor is against it. Linseed oil is also used in the manufacture of the alkyd type of plastics. These are the durable, heavy duty plastics intended for long-wearing uses to replace wood and metal finishes, eliminating the need of refinishing or refreshing finishes, such as are used in pullman cars, houses, etcetera. So much for flax. I shall deal with the proteins later when I take up sunflower seed oil.

This country has ordinarily imported all of its vegetable oils for edible purposes and fifty per cent of its oils for non-comestible purposes, and therefore a vast new field is opened up in this connection for both agriculture and industry. Sunflower seed produces from twenty-five to thirty per cent of oil, depending upon the variety. The oil is an excellent edible oil, fully equal and in many ways superior to soybean oil, cottonseed oil and corn oil. For many purposes it is more adaptable than many of these oils. Sunflower

seed oil is recognized as being by far the most available source of edible vegetable oil for Canadians.

In addition to its edible properties, the oil can be used in the manufacture of soap, as a textile lubricant, for sulphonation purposes in dyeing, in the leather and tanning industry, as a plasticizer in plastics and for certain types of lubrication. If the production of domestic shortening from sunflower oil and linseed oil is developed in Canada, this country can be entirely independent in the matter of edible vegetable oils, and there would be no need of further importations from any country in the world. I shall not give the exact quantity, but last year we imported several million pounds of sunflower seed oil from the Argentine with an unnecessary risk and use of bottoms. This product could have been produced in this country.

I speak with some experience in this matter. Sunflower seed is the Canadian counterpart of the soybean, the wonder bean of the United States. Every article that can be made in the United States from the soybean can be made in Canada from either sunflower seed or flax seed. Our climate is much more adaptable to the growing of these two crops. After the oil is compressed from flax seed and sunflower seed, there is left a protein meal of high feed value. Sunflower hulls can be used for the production of furfurol, which I have mentioned already.

Mr. SPEAKER: The hon. member's time has expired.

Mr. HANSON (York-Sunbury): Go ahead.

Some hon. MEMBERS: Go on.

Some hon. members: No.

Mr. ROSS (Moose Jaw): Will hon. members give their consent?

Mr. SPEAKER: There is objection.

An hon. MEMBER: Time.

Mr. SPEAKER: Objection is taken.

Mr. ROSS (Moose Jaw): Do my hon. friends object?

Mr. NICHOLSON: The hon. member appears to have his speech on paper.

Mr. ROSS (Moose Jaw): I needed considerable notes to keep track of the different items.

Mr. SPEAKER: There is objection taken; there is not unanimous consent.

Mr. HANSON (York-Sunbury): I had hoped that hon. gentlemen might withdraw their objection. This is a most interesting subject. Perhaps I am not without some self-interest because I hope to speak to-morrow and I may want five minutes more myself. I had hoped that hon. members might withdraw their objection and let the hon. member proceed.

An hon. MEMBER: No.

Mr. SPEAKER: Do I understand that there is no objection to the hon. member continuing?

Mr. NICHOLSON: I think the hon. gentleman has occupied his full time, Mr. Speaker.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I should very much like to have heard the hon. member for Moose Jaw (Mr. Ross) complete his address. One thing I noted was that when he reached that part of his speech which was replete with scientific and technical terms there were very few interruptions.

To come now to the budget, it is not my intention to devote myself to an examination of the financial side of the minister's proposals but I should like to deal generally with one or two matters which I wish to bring to the attention of the house.

As I listened to the Minister of Finance (Mr. Ilsley) to-day announcing another victory loan campaign, it indicated to me that during the next year the war effort of this dominion is to be extended beyond that of the past year. At least the people of Canada are to be asked to contribute more in this loan than ever before. According to the minister, the borrowing needs of the dominion during the past year were $2,748,000,000, and the people of Canada will be asked in the new loan to contribute in cash $1,100,000,000. There has been a trend during the past year toward an expansion of borrowings from the Bank of Canada and the chartered banks, amounting in all to $983,000,000. If that trend is not stopped, it must inevitably lead to a degree of inflation that we have not heretofore had.

The people of Canada will respond to the call of the Minister of Finance for larger and larger contributions, provided that he gives on behalf of the government the assurance that where there is wasteful expenditure it shall be stopped; for if there is one thing that the people demand and have a right to demand, it is that waste shall not become a virtue in any department of government. A few years ago when budgets were brought before parliament the aim was to lower taxes, to reduce the public debt, and to balance the budget. These are no longer the aims of ministers of finance. The people of Canada are willing to make sacrifices, but the government at the earliest possible opportunity should give to

the Canadian people the assurance that there will be no wasteful expenditure and in addition should do its part to ensure that civil servants who can give evidence to this end should be called before the public accounts committee and given an opportunity of placing their views and suggestions before it. While we are increasing the amount of our expenditures in 1943, the year when we anticipate our armies will go on the offensive, many people in Canada have fallen within recent months into a lethargy, a passivity, that does not bode well for the war effort. They need to be told that the few successes we have had are but the beginning of the march to final victory. That can be done only by the ministers of the crown, assisted by the members of this house.

There was some reference by the minister to post-war trade and the necessity of making at this time arrangements in that regard with other nations. Parliament is concerned primarily with the winning of the war and with the measures necessary to that end. That must, of course, be the primary objective. Parliament to-day is concerned with post-war economic reconstruction within Canada. But there is another subject which I think parliament should have an opportunity of debating in this house, namely, international reconstruction after the war. The visit of the Right Hon. Anthony Eden to Washington at the present time has, according to press dispatches, for one of its purposes the securing of a united front among the united nations on after-the-war international problems. When Mr. Eden visits Ottawa the government will have an opportunity to place before him Canada's attitude in regard to international and political post-war problems. No longer can Canada stay in the position of isolationism, shall I call it benevolent isolationism, such as existed before the war, for with the air development that has taken place during the past three years Canada is on the air highways of the world. Canada, with its line of airports between Edmonton and White Horse, is placed in the geopolitical centre of the world, and her world position is more important than ever before. After the war no place on earth will be more distant than fifty hours' flying from any other place, and we must consider at this time Canada's relation to the post-war world in the matter of air development. It is things like these that might engender ill feeling between nations after the war unless arrangements are made beforehand.

Take, for instance, the production of cargo-carrying aeroplanes. The United States is producing them at a rate unequalled anywhere else in the world. She is also producing aircraft at the rate of 10,000 a month, as compared with Britain's 2,500, Germany's 2,500, and Japan's 500 to 1,000. When the war is over and aircraft transportation becomes of first consequence, one of the united nations will have practically all the cargo-carrying planes. Something should be done now to assure all of the united nations of a reasonable share in the distribution of these cargo-carrying planes after the war. As far as Canada is concerned, her aircraft production cannot be used for cargo-carrying purposes, and she will be dependent therefore on the other united nations. When the war is over, the freedom of the skyways may well during the next one hundred years be as important as the freedom of the seas has been in the past three hundred years. We should now be in a position to say whether, when the war is over, the many airports in the dominion and the air schools operated by private companies are to be returned to the government, whether Canada's position in this new world of air development shall be a state-owned air policy or a private ownership air policy.

I come now to the international sphere. In the British parliament opportunity is given on many occasions to hon. members to discuss the international situation as well as the relationships between the various component parts of the empire. A similar opportunity should be given to this parliament before the visit of Mr. Eden, so that the government will have before it the views of the people of Canada as secured from their representatives in parliament. In the international sphere the contribution of the people of Canada to the war effort has made this country a world power. Her sacrifices in the first world war gave her an empire and a world status. Canada to-day, the fourth trading nation in the world, must necessarily, by reason of her new national and international position, undertake after the war greater responsibilities in the new world of inter-empire and international relationships. I believe that, when the war is over, the United Kingdom should not be permitted any longer to assume the entire defence of the empire, if armaments must be maintained. Canada after the war will have great importance as a reservoir of food for many nations. With an enhanced position go increased responsibilities. Canada's parliament should declare now that Canada supports the declarations of empire statesmen that the axis nations shall be prevented from ever again plunging the world into war; that Canada supports the other united nations in assuring punishment to the axis criminals; more than that, because words without actions will mean little, that Canada will contribute her share to the measures necessary to achieve

those aims, namely the establishment of a world court and an international police force. I repeat that Canada to-day, by reason of her contribution in this war, has achieved an importance which makes it necessary for her to express her viewpoint among the united nations. I believe that Canada's parliament, without neglecting the work of mobilizing for victory, should have an opportunity to express its views at this time, not after the war, on such questions as the establishment of a world monetary stabilization institution and a united nations tariff board to be set up with a view to preventing a recurrence of international trade jealousies and disputes after the war.

I believe, too, that Canada's parliament, without in any way detracting from her efforts to mobilize this nation for war, should be concerned as well, as one of the great nations constituting the united nations, with the new world political organization which has to come and which will come, in order to assure peace in the world. Canada can give leadership in determining now whether the nations of the world shall return to the nationalism which characterized many of them before the war, whether a new or better league of nations shall be set up and constituted, or whether there shall be a world federation of the united nations wherein each shall surrender a portion of its sovereignty.

These matters are important to-day. They are so important that statesmen in various parts of the empire are meeting to consider them. Mr. Eden has come to America to discuss with the United States, among other problems, these very questions. Our purpose should be, with and alongside of Britain to co-operate with the United States, doing everything we can to assure, before the end of the war, agreements among the united nations which will contribute to the future peace and welfare of the world. A reading of Lloyd George's "Memoirs" shows that if the representatives of the allied nations in the last war had been able to meet and exchange their ideas on international post-war problems before they met at Versailles, many of the difficulties which resulted in cleavages among the allies would have been avoided and many of the troubles which subsequently arose would have been prevented.

Three contributions which Canada is making to the war effort might be mentioned. The first is the production of munitions and ships; the second, the contribution of man-power, to assure supplies of man-power not only for the armed forces but for industry and agriculture; the third, food supplies or agricultural production. I will not deal to-day with the first named, because an opportunity will be given to discuss it when the war appropriation bill is before the house. I intend in the time at my disposal to deal first with the matter of man-power, and second, if sufficient time remains, with the matter of agricultural production.

In spite of the fact that one hon. member after another has raised the question on man-power in this house, the Minister of Labour (Mr. Mitchell), who is charged with the responsibility of administration in connection with this problem, has not yet seen fit to rise in his place and tell parliament and the country just what the plans of his department are. Last night he gave us some indication, but I cannot refer to that, because it is in another debate. He did not answer the suggestions which were made that selective service, as it is being practised, has fallen down.

Mr. MITCHELL: I had only ten minutes.

Mr. DIEFENBAKER: We have not been able to get any answer. For some reason we cannot get an authoritative declaration on this subject of man-power. Take, for instance, lumber production in Canada, which has fallen away below the war needs of this nation, solely because the necessary man-power has not been allocated to the work. In 1941 the production in this country was over five billion feet; in 1942 it was less than four billion feet, and the demands for defence purposes and other needs total ten billion feet. According to one of Canada's outstanding writers, this country cannot produce to-day beyond 25 per cent of the minimum requirements of lumber for the railways. The difficulty lies in the allocation of man-power rather than in shortage of man-power. The minister has had an opportunity to say what the government will do; for if 1943 is to be the year in which we move on the offensive, surely we have a right to know at this time what are the man-power plans. What allocation of man-power is to be made to industry, what allocation to the army? I will deal with the call-ups in a moment, but one circumstance is revealed in that connection, that during the past few months the needs of the army are not being met by the call-ups. Shortage of man-power? I do not think it is a shortage of man-power in Canada when we find some eight thousand employable people out of work in Winnipeg; I think it is a failure to carry into effect the principles that have been enunciated in orders in council, letters and directions.

Mr. MITCHELL: Where does my hon. friend get the figure of eight thousand employables?

Mr. DIEFENBAKER: I cannot get any figures from the minister, it is true, but I took that figure from the press, the only way in which members of parliament can get any information about the man-power situation, and there never was any denial of its accuracy. I also obtained some figures from some of the pamphlets put out by the government. Why, Mr. Speaker, the pamphlet "Canada at War" in its January and February issues told the story of man-power in the armed forces so graphically and showed that the situation had become so bad, that it exposed the government to criticism; and if you look at the March issue you will see that the portion dealing with enlistments and call-ups has been omitted. The only conclusion which can be drawn is that too much information was being furnished with regard to man-power and the armed forces. On January 7 the shortage of man-power in industry was as follows:

Lumbering	46,064
Coal mining	2,621
Other mines	2,406
Iron and steel	21,728
Railways	3,340
Construction	13,352

That is the statement that was given on February 8 as to conditions prevailing on January 7. Do those conditions prevail today? If they do they indicate a complete break-down in the administration of selective service in this country.

May I now pass on to the matters of call-ups, under the National Resources Mobilization Act? It is most interesting to note what is recorded in this pamphlet "Canada at War," which reveals three conclusions. The first is that Canada is not getting the men who are being called up. At page 23 is shown the record of men requisitioned by the army, which between March 20 1941, and April 9, 1942, amounted to 56,390, of whom 55,250, or 97·9 per cent, were accepted for training. But what about the next period, from May 15, to December 26, 1942? The men requisitioned numbered 94,000, of whom only 52,428, or 55·7 per cent were accepted. That must mean one of two things: either the selective service have no records as to the available pool of men and are calling up indiscriminately, whether men are in the services or not, or the number of defaulters is multiplying month by month. According to the records shown in "Canada at War" the number of defaulters is just under 100,000. The number must be a great deal larger than that; in fact, estimates up to 225,000 do not seem exaggerated. Is the army getting the required number of men by voluntary enlistment? Let us look at the records. None is given in the March issue, but a comparison of the figures for January and February would indicate that total enlistments in the army all over Canada in one month amounted to only 3,327 men.

Mr. RALSTON: Does my hon. friend say that was for February?

Mr. DIEFENBAKER: No; 3,377 men enlisted.

Mr. RALSTON: For what month?

Mr. DIEFENBAKER: The month of January.

Mr. RALSTON: For what period?

Mr. DIEFENBAKER: Thirty-one days.

Mr. RALSTON: I am afraid my hon. friend is wrong.

Mr. DIEFENBAKER: Then the record is wrong. I have in my hand a return brought down yesterday at the request of the hon. member for Peterborough West (Mr. Fraser). Subtracting the number of men who are shown to be in the army as of January 31, 1943, from the number appearing in the last issue of "Canada at War" on December 31, 1942, you will find that the total enlistments during the month amounted to the figure I mentioned.

Mr. RALSTON: If my hon. friend will permit me, he is making some sort of arithmetical calculation. I do not have them right at hand, but I can give him the exact figures of enlistments for January, February and March. He does not have to take the strength of the army on one date and deduct the strength of the army on another date. That does not necessarily show the enlistments. It must be borne in mind that men are sent overseas.

Mr. DIEFENBAKER: These records show that the number of men enlisted in the army up to the end of December was 433,876. The number of men who enlisted in the army up to January 31 was 437,203. Taking the one from the other leaves the figure I have placed before the house. There cannot be any different figures; those are the figures showing the enlistments.

Mr. RALSTON: I could give a different figure.

Mr. DIEFENBAKER: Well, I should like it to be given. This session has been going on for several weeks now, and we have been asking for information. Several returns for which I have asked during the last two and a

half weeks still remain as orders for returns, and we are unable to get the information for which we are asking.

Mr. RALSTON: As far as I know I have not been asked for information with regard to enlistments. I did not expect that I would make a statement with regard to the army, the enlistments and so on, until the war appropriation bill came up; I thought that was the proper place to give the information.

Mr. HANSON (York-Sunbury): Does the minister not think we should have the information before that bill is brought down?

Mr. RALSTON: I am perfectly willing to give the information, but I do not propose to make three speeches on the subject.

Mr. HANSON (York-Sunbury): Let us have the figures.

Mr. RALSTON: The figures are available; all my hon. friend has to do is ask for them.

Mr. DIEFENBAKER: If the figures in "Canada at War" are correct, then the figures I have placed before the house are correct; but if the minister says the conclusions I have drawn are not correct, then the information being put out in "Canada at War" is not correct.

Mr. RALSTON: I would say to my hon. friend that the enlistements for the thirty-one days of January were between 8,000 and 9,000.

Mr. DIEFENBAKER: That is not what the record shows.

Mr. RALSTON: That is one record.

Mr. DIEFENBAKER: The figures are given by military districts for enlistments in the army between December 31, 1942, and January 31, 1943, and I shall read them. I shall leave out the figure for Quebec, because it indicates that there were eighty-nine fewer on January 31 than on December 31, so that there is obviously a mistake, but the other figures are as follows:

London	271
Toronto	748
Kingston	100
Montreal	39
Halifax	614
Saint John	161
Winnipeg	358
Victoria	415
Regina	346
Calgary	358

Those are the figures gained from a comparison of the records in the February issue of "Canada At War", and the return that I mentioned, which was brought down the day before yesterday. That is one phase that I think should be brought to the attention of the country, namely, in connection with call-ups. I raised the question the other day in regard to enlistments. It is only fair that in the calling up of men for service under the National Resources Mobilization Act there should be as nearly as possible equality between all parts of Canada. I can see no objection to that.

Mr. RALSTON: Will my hon. friend permit me? I have the figures for January and February enlistments: January 11,631; February 8,927.

Mr. DIEFENBAKER: In the army?

Mr. RALSTON: In the army.

Mr. DIEFENBAKER: Then the minister had better get in touch with the department of information and bring them up to date so that we can have correct information on the subject.

Mr. RALSTON: I am giving what the figures really are.

Mr. HANSON: (York-Sunbury): Then the information is being concealed from the public.

Mr. RALSTON: It has been given to the public right straight along.

Mr. HANSON (York-Sunbury): No, it has not. This is an official document.

Mr. DIEFENBAKER: In connection with the matter of call-ups, at page 22 of the February issue there is a table showing by military districts the total male population between the ages of nineteen and forty-five. The next columns show the enlistments, in the army, the air force and the navy. Then appears the number of "R" recruits enlisted. In order to arrive at a true picture in this matter there must be subtracted from the total available pool the number who have enlisted. When that is done it will be found that in one province 10·6 per cent of the available man-power is being called up, and it ranges from that percentage to 4·7 per cent. I cannot understand the reason why, in the enforcement of a law to ensure the defence of Canada within the territorial limits of Canada, or as extended by order in council to Newfoundland and Alaska, there should be any inequalities in the matter of call-up. The country has a right to an explanation in regard to that question. If there is one thing that can be accepted as a canon of administration it is this, that in order to achieve a united confederation, in the execution of such a measure of compulsory military service it is absolutely

necessary that the call-up shall be as nearly as possible equal in all parts of Canada. I think the people of Canada should be told frankly by the government why it is that there is inequity and inequality in the call-up under this act. I am going to ask the minister when he speaks to deal with that phase of the situation.

What is being done toward enforcing the law? I have mentioned the question of evaders. What did the government do? The enforcement officers brought fewer than three hundred before the courts. The government has now sent out a letter by the Minister of Labour which amounts to an invitation to evasions of the provisions of the act. This seems a rather unusual statement. Here are a few items that go to establish the accuracy of it. In an interpretative letter sent out to the various boards in Canada they were advised as to how they were to interpret the plain law. The law says that the only men who are entitled to postponement in so far as agriculture is concerned are men who were bona fide engaged in farming on March 23, 1942. That was in order to prevent men from going back to the farms in order to evade service. But the Minister of Labour sent out an instruction as to how the boards are to interpret that. In the letter he says:

> A person who may not have been employed in agriculture on March 23, 1942, but who has become engaged in agriculture since that time, and is shown to be essential to agriculture may be considered for postponement on application if the merits of the case are established.

In other words, a direction is given to the board not to interpret those regulations as the law reads and is to interpret them in a way that many constitute a complete evasion or a large measure of evasion of the provisions of the act.

Next, under the law, Doukhobors and the like are entitled to accept alternative service, for the duration of the war. A man who is called up for service in the army in Canada serves for the duration of the war, no matter whether he is a farmer or what he is. But what about the conscientious objector? This is what the letter says:

> Application for leave should be invited from agricultural workers engaged in alternative service, and such applications should be given favourable consideration.

The law says they shall serve in alternative service; the department does not change the law, but it asks the boards throughout Canada deliberately to flout the law and interpret it in accordance with the desires of the Department of Labour. Is there any wonder that when this letter was sent out there were some replies? I have tried to get all the replies from the various boards. I have not succeeded yet; I have had only two, one from British Columbia and one from Saskatchewan, both of which were sent to me by the Secretary of State. In both cases the boards are headed by judges, who are not asking to be told how to interpret the law. If the law is to be changed, let the regulations be changed; do not place the responsibility on a board to interpret the law contrary to its meaning. Mr. Justice Embury wrote from Regina on February 19, 1943, as follows:

> With reference to your interpretative letter No. 1:—

That is the interpretative letter sent out by the Department of Labour.

> This, of course, must be taken with this reservation that our board shall not be required to be a consenting party to a deliberate and patent evasion and that what appears to be a clear fraud on the country shall not be recognized as a basis for consideration.
>
> Yours very truly,
>
> Mr. Justice J. F. L. Embury.

Mr. Justice Manson from British Columbia said this, again with reference to the interpretative letter:

> I have seen a copy of the letter from the chairman of M division—

That is Saskatchewan.

> —to you, under date of the 19th instant. My board agrees with his comments.
>
> Very truly yours,
>
> Hon. Mr. Justice A. M. Manson.

Mr. HANSON (York-Sunbury): What about New Brunswick?

Mr. DIEFENBAKER: Two weeks ago I asked for a return with respect to the other provinces. I have been able to get only two as of this date; so that I do not know what replies were received from the other provincial boards.

I suggest to the government that if the law is to be changed and agricultural workers are to be granted postponements, whether they started farming after March 19, 1942, that it be placed in the regulations. I again point out that in Great Britain there are no regulations dealing with man-power; the law is in a statute. It was in a statute at the time of the last war. It should be in a statute to-day, for it is only when it is in a statute that the rights of individuals and the rights of the state are completely protected.

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services): Mr. Speaker, it is now some ten months since the hon. member for Gaspé (Mr. Roy) raised in this house the question of sinkings in the

gulf and river St. Lawrence. At that time, in May of 1942, two ships had been sunk in the lower reaches of the river not far from Gaspé. My hon. friend raised certain questions in the house, and raised further questions in July—questions which, I believe from newspaper reports, were referred to by that gentleman known as Lord Haw Haw in Berlin on the very next night.

In one way or another, and at one time or another, through the summer, the autumn and the winter, certain newspapers and some members of this house, as well as other citizens in Canada, have returned to this question of sinkings. Some newspapers have demanded that the sinkings of ships should be made known immediately, in spite of the fact that that custom is not followed in any country I know of. But the whole matter has recently come into prominence because of a speech made in the Quebec legislature by the hon. Onesime Gagnon, a member of that legislature, formerly a member of this house, and also formerly a member of the Bennett administration.

Mr. Gagnon declared in a speech in the Quebec legislature that upwards of thirty ships were sunk in the St. Lawrence river and gulf last summer, and he alleged that the statement I had made to the effect that twenty was the correct number was incorrect. Mr. Gagnon went on to say that he took full responsibility for what he was saying, that he had the names of the ships and the dates on which they were sunk.

I have read the reports of Mr. Gagnon's speech as they appeared in many newspapers. I have read them as they appeared in the French newspapers *Le Droit* and *L'Action Catholique,* and in the English newspapers Montreal *Star,* Montreal *Gazette,* Toronto *Globe and Mail,* Ottawa *Journal* and Ottawa *Citizen.* Every one of these newspapers, without exception, in their headlines featured the statement that thirty ships or more than thirty ships had been sunk, showing clearly that they regarded the statement as the kernel, the core and the heart of Mr. Gagnon's remarks.

Since Mr. Gagnon's statement was in direct contradiction of an earlier statement of mine, and since Mr. Gagnon stated he could produce the names of the ships and the dates on which they were sunk, I asked him to produce those names and dates. Mr. Gagnon has not replied to that challenge or request. He has not replied to it because he cannot reply to it, and because more than thirty ships, or thirty ships, were not sunk in the gulf and river St. Lawrence. Consequently he is unable to produce, and those who speak for him are unable to produce, the names of any such thirty ships.

I made an offer to Mr. Gagnon to appoint a naval officer who would act with somebody appointed by Mr. Gagnon, and if necessary a third neutral person selected by the two, to investigate this question of sinkings. Mr. Gagnon has not seen fit to accept this offer either, though it was made some ten days ago.

Therefore, Mr. Speaker, in order that this matter may be set at rest—and I hope set at rest once and for all—I propose to give now to the house, and through the house to the public of Canada, the names of the ships sunk in the gulf and river St. Lawrence by enemy action in the year 1942. I know that in doing so I am adopting an unusual course. I know it is not the practice—in fact it is directly contrary to the practice of any of the allied powers to give public information of this kind in such detail. Nevertheless in this instance the sinkings have occurred at intervals of six to ten months, and unless I give the names to the people of the country, and of course to the house, I shall have to spend a great deal of time, and my staff will have to spend much time, in answering every rumour, every unfounded allegation, and every bit of gossip which may circulate in any part of the country.

Here, Mr. Speaker, are the names of the ships:

Leto	*Mount Pindus*
Nicoya	*Oakton*
Dinaric	*Mount Taygetos*
Hainaut	*Saturnus*
Anastassios Pateras	*Inger Elisabeth*
Chatham	*Joannis*
Arlyn	*Carolus*
Donald Stewart	*Waterton*
Aeas	*Caribou*

There you have the names of eighteen merchantmen which were sunk. In order that there may be no confusion, I add to that the names of two ships-of-war sunk by enemy action—at least one, the corvette *Charlottetown,* was so sunk, and the other, the Canadian ship *Raccoon,* is presumed to have been sunk by enemy action. No one knows just what happened to it.

There you have a total of twenty ships. There is only one possibility of the number being anything different, and I shall tell the house about that. It is with respect to the *Frederika Lensen.* This vessel was attacked by enemy submarine and was beached by her crew in an endeavour to salvage her. However, later she broke up, owing mainly, I understand, to the stress of weather and sea. I have not included her in the number.

There you have twenty ships of all kinds. I was more generous in some of my statements. I said that there were twenty merchantmen sunk, but I find that there were but eighteen merchantmen sunk, while two of the ships were—

Mr. HANSON (York-Sunbury): Would the minister give the geographical location of those sinkings?

Mr. MACDONALD (Kingston City): I am coming to that now. These are the ships sunk in the gulf and river St. Lawrence. I take the gulf of St. Lawrence to include the strait of Belle Isle up to and including the island of Belle Isle, which lies at the northern mouth of the strait. I take it to include Cabot strait and that water which lies east and north of a line drawn from Scatari island on the east shore of Cape Breton through the south coast of St. Pierre to Taylor Bay in Newfoundland. All the area marked in blue on this map which I show to hon. members I take to be the gulf of St. Lawrence. I do not think anyone can enlarge the boundaries of that gulf beyond the limits delineated in blue on this map. I may tell the house that those are the limits fixed by the international hydrographers' association.

The waters in question extend from the city of Quebec to the furthermost end of the strait of Belle Isle, a distance of some 700 miles. It would be quite impossible for Mr. Gagnon, for the hon. member for Gaspé (Mr. Roy) or for anybody else, even if he used the fastest aeroplane in the world, to obtain accurate personal knowledge of everything that went on in every part of that area. No man can be in two or a hundred places at the same time. It would be impossible for me to have, and I do not have, personal knowledge of these matters, but I think I can say that I know whereof I speak when I speak of these sinkings. Through a system of naval control of shipping we know the movement and the fate of ships moving in this area.

On the eastern coast there are six naval officers who are known as naval control service officers. They are stationed at St. John's Newfoundland; Sydney, Nova Scotia; Halifax, Nova Scotia; Saint John, New Brunswick; Quebec and Montreal. Under them are twelve other officers known as reporting officers, and under them again are eighty sub-reporting officers. Every port of any consequence whatever in eastern Canada, in Quebec and the maritime provinces, has stationed at it one or other of these naval control service officers or naval reporting officers or sub-reporting officers. They have complete knowledge of the movement of ships. They give orders to ships, certainly to all ocean-going ships, as to how and when they shall proceed. If a ship does not turn up at the next port, checking proceedings are instituted immediately and the fate of the ship is ascertained.

With this system of naval control, with the reports that we receive from our escort vessels, and with the other sources of information that we have, I think I can say that I am in a much better position to estimate the number of losses in this area than is Mr. Gagnon or the hon. member for Gaspé or even the hon. member for Témiscouata (Mr. Pouliot). I have gone into this matter at some length because the question has narrowed down to a dispute between two men. I think it is proper to inquire what is the source of information open to these men. I think the answer to that question will have a great bearing upon the credence which can be given to any statement they may make.

I am speaking now from the official records of the naval department. Mr. Gagnon is speaking, the hon. member for Gaspé is speaking, and all who join with them are speaking, not from what they have seen, because they could not see everything; not from what they know officially, but from the gossip of the riverfront and the countryside. That is the source of their information.

These are the facts, facts which I think the people of Canada should consider. They are facts which they should consider when they are assessing the weight which can be given to the statements of Mr. Gagnon. I have named the ships sunk in this area. Let Mr. Gagnon now add to that list if he can. Let him produce the names of the ten other ships or the more than ten other ships which he claims were sunk in this area. If he cannot do that in a matter of this importance, then he is discredited before the people of this country. Perhaps some others will be discredited with him. Perhaps some of the hon. members of this house—they are not all in the far corner—who have apparently placed some faith in the statements of Mr. Gagnon will now change their point of view.

Mr. Gagnon's main theme in the Quebec legislature, as I have said, was to state the number of ships sunk. He made definite allegations in that regard. I immediately denied those allegations, and that is the question at issue between us. At the time of his speech in Quebec Mr. Gagnon said nothing, as I read the newspapers, about a commission to examine into other matters. I will agree that he did say something about the building of roads, about blackouts and about what he

alleged was a long delay in getting an aeroplane to a certain point in the river. But he was completely, absolutely and entirely silent on the question of a general investigation.

But what does Mr. Gagnon do now? Finding that he cannot make good on his statements, finding that he cannot name the thirty ships, finding that there is a great difference between cold print and gossip, Mr. Gagnon resorts to a very ancient and palpable method of evasion. He says, "Oh, yes, I am willing to have a commission investigate the number of sinkings in the St. Lawrence, but I must have thirteen other matters investigated as well." He produced fourteen points. Some of Mr. Gagnon's statements are mere allegations, unsupported by any evidence whatever. Some of them are like the questions often put in this house. Hon. members make certain assumptions, and then try to turn the assumptions into fact and base questions upon those assumed facts.

For example, Mr. Gagnon wants to know why the navy department did not take measures to prevent disaster in the strait of Belle Isle. That is one of the things he wants a commission to investigate. Mr. Gagnon knows that we have taken measures. He knows that every warship that we have at sea, whether in the St. Lawrence or in the Atlantic or elsewhere, is protecting the strait of Belle Isle and the shores of this country. That is true, no matter where the ship may be.

Mr. Gagnon then went on to ask what orders had been given to officers of the navy and the air force concerning torpedoing and the direction of convoys. Mr. Gagnon knows very well that this sort of thing is secret and cannot be given to the public.

Nothing could better illustrate the unreliability of rumour and the folly and futility of accepting rumour without investigation than some of the statements made on Monday night in this house by the hon. member for Gaspé (Mr. Roy). I take, for instance, two or three statements in the speech the hon. member for Gaspé made on Monday night to show how little he has ever done to investigate rumours. In his speech on Monday night, near the beginning of his remarks he said this. He referred to—

> —the activities of the corvette which was supposed to have escorted a boat called the *Jean Briand* from Rimouski to the north shore . . . I should like to tell the house what information I have about this corvette.

Then he went on to say :

> . . . in the first days of July the boat I just mentioned was carrying some sportsmen going on a fishing trip on the north shore. Said boat was escorted by a corvette as far as to the north shore.

[Mr. A. L. Macdonald.]

I need not read the rest. I think that is enough. My hon. friend makes the statement in this house that the *Jean Briand* was escorted by a corvette to the north shore, that the boat *Jean Briand* was carrying some fishermen on a fishing trip. It happens that I have some information on that point. I have in the first place an affidavit from Mr. Jean Brillant himself, the man after whom the boat was named, and the man who I think owns the boat.

Mr. POULIOT: He is dead.

Mr. MACDONALD (Kingston City): It is Jules Brillant, a relative of the man after whom the boat was named. Mr. Jules Brillant makes this affidavit:

> I, Jules A. Brillant, manufacturer and member of the legislative council of the province of Quebec, residing in the city of Rimouski, being duly sworn, state:—
>
> On June 17, 1942, I was a passenger on the *Jean Brillant*, the property of the Lower St. Lawrence Navigation Company, which left Rimouski on that morning for her regular trip, around 8.30 a.m. Neither at sailing time nor at any time during the trip, the said ship was ever convoyed or escorted in any way whatever.
>
> And I have signed.
>
> (signed) J. A. Brillant.
>
> Sworn before me, in Rimouski,
> this 21st day of July, 1942.
> N. Gendreau
> C.S.C. for Rimouski District.

Now I wish to read the affidavit of Mr. Seraphin Morissette, of the town of Rimouski:

> I, Seraphin Morissette, of the town of Rimouski, being duly sworn, state:
>
> I am the local manager of the lower St. Lawrence Navigation Company, in Rimouski. On June 17th, 1942, around 8.30 a.m., the *Jean Brillant*, a ship owned by the company which I represent, left Rimouski as usual with passengers for Baie Comeau and Sept-Iles, and freight. Mr. J. A. Brillant was aboard the ship as a passenger on his way to Natashquan, as he has been doing quite often for some years.
>
> I have never asked, nor did any of my employees ever ask that the said ship be convoyed or escorted.
>
> I was present when the boat left on the morning in question and there was no escort accompanying her.
>
> And I have signed.
>
> (signed) S. Morissette.
>
> Sworn before me, in Rimouski,
> this 21st day of July, 1942.
> (signed) J. Gendreau,
> C.S.C. District of Rimouski.

Then I have here the affidavit of the captain of the ship:

> I, William J. E. A. Tremblay, Lieutenant Commander, R.C.N.R., of St. Joseph de la Rive, P.Q., being duly sworn state:
>
> I am Captain of the *Jean Brillant*, a ship owned by the Lower St. Lawrence Navigation

Company and I was in charge of the said ship on the occasion of the trip from Rimouski to the North Shore on June 17th, 1942. At no time during this trip has the *Jean Brillant* been escorted or convoyed.

And I have signed.

(signed) Capt. Wm. Tremblay.

These are the affidavits of Mr. Brillant, a respected and responsible citizen of the province of Quebec and a member of the legislative council of that province; of Mr. Morissette, agent for the shipping company; and of the captain of the ship.

I have only one thing to add. After getting these affidavits I thought there might be some possibility that it was some other trip that was in question. So I wired Mr. Brillant and asked him if he had undertaken any other voyage on that ship. He replied under date of July 31 last year in these words:

No other voyage undertaken on the St. Lawrence river apart from the trip made on the 17th. Mailing copy Tremblay's affidavit.

J. A. Brillant.

In those affidavits and telegrams you have definite proof, as definite as proof can be, sworn proof of the inaccuracy of the statements made by the hon. member for Gaspé. I believe that from that evidence alone this house and this country will know how much reliance can be placed on anything else which that hon. gentleman may state.

Mr. GRAYDON: Mr. Speaker—

Mr. MACDONALD (Kingston City): Furthermore—

Mr. GRAYDON: On a point of order—may I ask the minister to sit down while I am stating my point of order?

Mr. MACDONALD (Kingston City): I know the rules as well as the hon. gentleman does.

Mr. GRAYDON: The hon. member for Gaspé is not in his seat.

Mr. MACDONALD (Kingston City): He ought to be here.

Mr. GRAYDON: The minister has gone hysterical over this matter, and I think it is about time he levelled his remarks off.

Mr. MACKENZIE (Vancouver Centre): The hon. member is not in order in making that statement.

Some hon. MEMBERS: Order.

Mr. MACDONALD (Kingston City): I rise to a point of order. The use of the word "hysterical" by an hon. member in this house in reference to another hon. member is unparliamentary.

Mr. GRAYDON: I withdraw the word.

Mr. POULIOT: It is not a point of order; it is a question of privilege, if there is any.

Mr. GRAYDON: May I say, Mr. Speaker—

Mr. MACDONALD (Kingston City): May I ask that the hon. member for Témiscouata (Mr. Pouliot) be taught to observe the rules of this house about which he speaks so often.

Mr. POULIOT: I always do sir.

Mr. SPEAKER: There is a point of order before the house.

Mr. GRAYDON: Mr. Speaker, may I withdraw the remark which I made with respect to the Minister of National Defence for Naval Services, because I see that he has now regained his usual good humour. But I should like to say this on the point of order. The minister, if I recall aright, having tried to prove by affidavit or otherwise—

Mr. MARTIN: Having proved.

Mr. GRAYDON: May I say to the hon. member for Essex East (Mr. Martin) that he as a lawyer ought to know this—

Mr. HOMUTH: He is not a good lawyer, though.

Mr. SPEAKER: Order. There is a point of order before the chair, and the chair wishes to know what the point of order is.

Mr. GRAYDON: I said that the Minister of National Defence for Naval Services attempts to prove, and I use the word "attempts" advisedly, for, as the hon. member for Essex must know, without cross-examination on an affidavit it is not necessarily any proof at all.

Mr. HANSON (York-Sunbury): It is not evidence.

Mr. GRAYDON: When the Minister of National Defence for Naval Services tried to prove that certain things were not correct in the speech of the hon. member for Gaspé, I was prepared to allow that to pass unnoticed. But when he said that after this we shall all know how much dependence can be placed on the statements of the hon. member he said something which surely he must withdraw. If ever there was a reflection on any hon. member since I have been in this house, this is definitely one.

Mr. POULIOT: Speaking to the point of order, even if the remarks of the Minister of National Defence for Naval Services on one point were correct, which I doubt, he would not only be speaking against the rules of the house, but he would also be philosophically wrong, because he would conclude from the

particular to the general. Therefore, sir, to act in accordance with the best traditions of this house when you are in the Chair, I hope that even if the minister is right on one single point he will not conclude that he is right on every other point.

Mr. SPEAKER: The point of order was raised by the leader of the opposition that a statement made by the Minister of National Defence for Naval Services was improper, namely, as I caught it, that the country would know what reliance to place on the words of the hon. member for Gaspé in future.

An hon. MEMBER: The statements.

Mr. SPEAKER: I think that that is a statement which should not be applied to any hon. member of the house.

Mr. MACDONALD (Kingston City): I am delighted, Mr. Speaker, to withdraw any statement which should not be made concerning any hon. member. But what I have said with regard to the affidavits and telegrams carries its own weight, speaks for itself, and I need say no more on that particular point.

Mr. HANSON (York-Sunbury): Much ado about nothing.

Mr. MACDONALD (Kingston City): Oh, it is not much ado about nothing. The hon. member for York-Sunbury this afternoon tried to raise this same question. When the Postmaster General (Mr. Mulock) denied that he had asked for a convoy for that ship because it was carrying mail, the hon. gentleman still assumed that it was convoyed and said, "Then who ordered it convoyed?"

Mr. HANSON (York-Sunbury): I asked a question.

Mr. MACDONALD (Kingston City): No, the hon. member made a statement of fact. You said "Who ordered it convoyed?" My hon. friend assumed that it had been convoyed.

Mr. HANSON (York-Sunbury): Still much ado about nothing.

Mr. MACDONALD (Kingston City): Well, Mr. Speaker, I will go on to another statement made by the hon. member for Gaspé. He referred to an important battle which had taken place near his home, off Griffon cove, a battle which went on between two corvettes and a submarine, lasting an hour and a half, and he said that no planes arrived in all that time to help out the corvettes. Well, I have investigated that. I have had reports from the logs of the ships, and I find that I must regretfully disappoint the hon. member for Gaspé; I must tell him that he has not had the privilege of witnessing a battle at all, and that all he heard was gun practice between two corvettes which were going up the river. Ships at sea, as hon. members realize, have at certain times to carry out gun practice so that their guns shall be in proper shape and the men shall receive a certain amount of training in gunnery. That was all my hon. friend saw. The point which I protest against, Mr. Speaker—

Mr. HANSON (York-Sunbury): That is all we are getting now, is gun practice.

Mr. MACDONALD (Kingston City): Some of my hon. friends are not standing up to the fire very well, either. I think that shot went home.

Mr. MACKENZIE (Vancouver Centre): And there are many more in the locker.

Mr. MACDONALD (Kingston City): Yes. The point on which I criticize the hon. member for Gaspé in the *Brillant* case is this. He knows Mr. Brillant, he knows some of the other gentlemen who were on that trip, and he could have asked them. "Were you accompanied by a corvette when going on the fishing trip?" He never took that trouble; he assumed the worst. The same is true of this matter of the so-called fight between the corvettes and the submarine. The hon. member never thought of going over to the Gaspé naval base and asking the naval commander of the base what had happened in this fight, how it turned out, whether the corvettes prevailed over the submarine, or generally what happened. Apparently he made no attempt to investigate, but he comes to this house and says that for an hour and a half a battle went on, with no planes around, when there was no battle at all.

In the next place, in his speech he said that on September 15 ships were attacked somewhere in the vicinity of Cap des Rosiers and that no planes were around to help the ships. Now, I had that investigated, and I find that there was a plane with the convoy on that occasion. That plane at the particular time was flying some distance ahead of the convoy, as planes often do, and evidently the submarine was submerged when the plane went over the spot. Then after the plane had gone ahead, circling up the river, the submarine appeared on the surface, where it was seen by some people, and it did some damage. But there was a plane accompanying that convoy. A plane cannot be everywhere, and it was unfortunate that in this instance the luck of events went to the submarine in that the plane did not notice it. But I have it from

the air staff that their aircraft have carried out eight attacks on submarines in the St. Lawrence area, during each of which depth charges were dropped. While they have no concrete evidence as to the results of the attacks, they believe that some damage was done on at least some of the occasions.

Let me say a word with regard to the sinking of submarines and the communicating of information to the officers in charge of either the navy or the air force. In this case on September 15 the naval officer at Quebec did did not receive any word about the submarine until after the submarine had launched its torpedoes. I do not know whose fault that was, if it was anybody's fault. I can understand that on a long stretch of coast where people may have to go some little distance to a telephone and make a call to someone else, who in turn perhaps has to relay the communication to some other person, some time might be lost. But I do know the time at which the naval officer at Quebec received the information, and unfortunately it was then too late to do anything about the matter. Submarines strike very quickly and they can submerge very quickly.

Mr. ROY: Can the minister tell the house whether there is a telephone in the lighthouse at Cap des Rosiers, and whether the telephone exchange is very far from this lighthouse?

Mr. MACDONALD (Kingston City): I do not know definitely. I assume there would be a telephone in the lighthouse, but I do not know how far the man who saw the submarine had to go to reach the lighthouse; I do not know how long it took him to get there, nor do I know how long it took to get the call through to Quebec. All I am telling this house is that the naval officer at Quebec did not get the information until it was too late to do anything about it. In connection with this matter of sighting submarines, I want to say that eighty per cent of the reported sightings—I think that is the general figure throughout the world—turn out to be unsubstantiated; that is, the objects sighted and reported as submarines are not submarines at all. So that while it is all to the credit of the people in the constituency of Gaspé that they report everything they see which they think might be a submarine, the hon. member must not feel that every time they think they see a submarine there is actually one there.

Mr. SPEAKER: I am sorry; the minister's time has expired.

Mr. MACDONALD (Kingston City): I had hoped I might be able to go on, because I could finish in a few moments.

Some hon. MEMBERS: Go on.

Mr. SPEAKER: By unanimous consent.

Mr. MACDONALD (Kingston City): I shall trouble the house for only a few more moments. In fairness to Mr. Gagnon I must say that I have no doubt whatever that he is acting on what he believes to be accurate information. I can understand how he might have one man reporting a ship sunk and another man perhaps reporting the same ship sunk. But what I do criticize in Mr. Gagnon, or in the hon. member for Gaspé, or in anyone else who talks as they talk, is that fuller and more complete investigation was not made by them before charges so serious were launched in this house or in the Quebec legislature, or brought before the people of this country.

As to an investigation, as asked for by Mr. Gagnon, I will say this: Mr. Gagnon or anyone else can have an investigation if some person with knowledge will make charges and take the responsibility for what he says. But if the charges are not charges at all but mere rumours, unconfirmed and uninvestigated, then the case is different. If at every time when a difference arises and allegations are made, one party to the dispute says, "Produce your proof or let us submit the matter to a third party who will ascertain the facts," and the other person says, "Now wait a minute; there are many other things to be considered"—if that is done you will never get the facts. It would be very much as if when one man accused another of being a thief, the accused should say, "Well, prove that I am a thief," and the first man replies, "Oh, no. We have to investigate a great many other things first. We have to determine whether you are a murderer, a wife-beater, a robber, a burglar and so on, before we can investigate the charge of theft. We must investigate twelve or thirteen other charges which I am now bringing forward." It would be very much like the radio comedian I heard last winter who said he went into a shop to buy a collar button and asked how much it would be. The clerk replied that it would cost $75. "Well," the comedian said, "that is a terrible price for a collar button." The clerk replied, "Yes, but with the collar button we throw in a dress shirt, collar and tie; a pair of dress shoes and socks, a tuxedo jacket and two pairs of trousers." If you go on adding this, that and the other thing you will never reach an end. Mr. Gagnon insists on an investigation, but the first thing

to settle, the first thing in dispute and the issue I raised with Mr. Gagnon, is the number of sinkings.

To return to the hon. member for Gaspé. At page 1270 of *Hansard* he said that the battle of the St. Lawrence gulf was lost through selfishness and lack of organization. I say that the battle of the St. Lawrence gulf has not been lost. I am not going to give the exact figures, which would perhaps help the enemy, but I can say that of the total tonnage which used that river and the gulf last year, only three out of every thousand tons was sunk. That is a fairly good record. I know the general average of convoy sinkings throughout the world, and I can say that if you only lose three tons out of every thousand which you have at sea you are doing pretty well, in fact somewhat better than the average. We have not lost the battle of the gulf. Some people think the gulf is easily defended. Yesterday the hon. member for Cumberland (Mr. Black) said it was impossible for him to think that ships equipped with all the modern scientific appliances could not go up that river and be safe from attack. When some people speak of a river they think of a fairly small stream that can be bridged or that can be easily netted; they think of a river perhaps half a mile or a mile wide. Let them remember that the St. Lawrence river, at the point farthest inland where an attack was made last year, is thirty miles wide. This is almost like the open sea. It is wider than the straits of Dover between England and France. If the great British navy with all its experience and skill and strength and devotion to duty has not succeeded in making the straits of Dover absolutely safe from submarines—indeed only a year ago it was unable to prevent certain great enemy ships from going through the straits—if that cannot be done there, is it to be wondered at that we cannot guarantee complete immunity to ships in the river St. Lawrence, remembering that at points it is wider than the straits of Dover?

Mr. GRAYDON: May I ask the minister before he sits down if he would comment on what Premier Godbout said in the Quebec legislature, namely, that everyone knows there are spies all along the St. Lawrence and that there must be bases, perhaps not in the St. Lawrence but possibly in Newfoundland?

Mr. MACDONALD (Kingston City): Yes, I will divert for a moment to speak of that. The French version of Premier Godbout's remarks is not as my friend gave it. I assume Premier Godbout was speaking in French and I would assume that the French reporter would have a more correct summary of his speech.

Mr. POULIOT: It was a text.

Mr. MACDONALD (Kingston City): The French version says that Premier Godbout said that there might be spies in the St. Lawrence area and perhaps in Newfoundland. That of course is so; I have said it myself.

Mr. GRAYDON: What about bases?

Mr. MACDONALD (Kingston City): There may be bases in some remote spot; there is no knowledge of bases in my department or through the police or anyone else. It is a possibility, a remote possibility, I should think.

The St. Lawrence is not an easy river to defend, but as I said in another place two or three weeks ago, I believe the defence of the river this year, so far as the naval service is concerned, and I think so far as the air force and the army are concerned, will be stronger than it was last year. We shall have more ships, I hope, to guard the gulf and river. But I am not here to say that even if we double or treble the number of ships we had last year we shall be able to guarantee complete safety for every ship sailing up and down that river. It cannot be done; if you had the whole Canadian navy strung out in the gulf of St. Lawrence, abandoning all the other places you have to protect, you still could not guarantee complete immunity from submarine attack. That cannot be done; it has not been done by any nation in the world. To-day off the very shores of Japan United States submarines are operating and sinking ships; Japanese submarines approached the west coast of America last winter and fired shells on American soil; there are sinkings on the British coast; submarines get there in spite of all they can do. But every effort that can be made by the navy or the air force or the army will be put forth this summer in order to make that river and that gulf as safe as possible.

The hon. member for Gaspé referred to the worry of the people there. I question very much if my hon. friend's speech in this house, containing as it did certain matters which he had not investigated, certain matters which were pure rumour, will do anything to allay the worry of the people of his constituency and the people along the river. I think my hon. friend would have been much better employed if he had investigated some of these rumours, found out the facts and said to his people: I have looked into this matter, and there is nothing to worry about so far as

this particular incident is concerned; I have looked into it and am able to tell you that. That would have been a better course, a more loyal course—

Some hon. MEMBERS: Oh, oh.

Mr. MACDONALD (Kingston City): —a course of more benefit to his constituents—

Mr. HARRIS (Danforth): The minister suggests that it would have been a more loyal course. I suggest that in making that observation the minister is imputing insufficient loyalty on the part of the hon. member.

Mr. MACDONALD (Kingston City): My hon. friend ought to read the old grammars on the comparison of adjectives and remember that there is a positive, comparative and superlative—many, more, most. I say my friend would have pursued a more loyal course to his own constituents and to this country if he had investigated these rumours and endeavoured to allay the fears of his people.

Mr. CHURCH: Will the minister make a statement about the escort strength? We seem to have been trusting to Providence more than the Canadian navy.

Mr. ROY: On a point of order, Mr. Speaker, if the course I have taken is not a loyal one or not loyal enough, then it was disloyal to a certain extent. I ask the minister to withdraw that expression.

Mr. MACDONALD (Kingston City): My time is up. I have spoken to the point of order and I declare to you that there is no reference there which is out of order.

I am sorry that I cannot answer the hon. member for Broadview (Mr. Church) as it is six o'clock and my time has gone. On the war appropriation discussion I will deal with him and with the gibes which from time to time in this house he has made against the Canadian navy. I am getting heartily sick and tired of the sneers—

Mr. CHURCH: I never made any sneers or gibes.

Mr. HANSON (York-Sunbury): Mr. Speaker, it is now six o'clock and I move the adjournment of the debate. But before I do so I suggest to the Minister of National Defence for Naval Services that he had better reflect on the reflections which he has made on the hon. member for Broadview.

Motion agreed to and debate adjourned.

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

72537—85½

Thursday, March 18, 1943.

The house met at three o'clock.

SOCIAL SECURITY

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Hon. CYRUS MACMILLAN (Queens) moved:

That the first report of special committee on social security, presented on March 16, be concurred in.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I have just a word to say about this. I wish to congratulate the hon. members of this committee on social security upon having made such a happy choice in the selection of a chairman. In fact there could be no better chairman than my hon. friend, the hon. member for Queens. I sincerely believe that social security will be in safe hands as long as he presides over the committee as he has over other committees during previous sessions.

I ask hon. members to be very careful about the report presented by Professor Marsh. I have glanced over it in the press, but have not yet had an opportunity to read the full text. I remember distinctly that a report on unemployment which he submitted some years ago to the federation of mayors was not at all comprehensive. I always have great fear about the idealistic tendencies of those who may be described as book worms. There are great differences between university professors. There are those who teach real science and are properly called learned men. There are others, of course, who live in the clouds and have but a vague idea of what is going on on mother earth. Those men are most dangerous. I am not ready yet to say that Professor Marsh is one of them. I shall wait and see.

Mr. E. G. HANSELL (Macleod): Speaking, sir, to the motion to adopt the report of the committee I must confess that I was a bit alarmed at the tremendous publicity which this committee got at its first sitting. The material presented to the committee was hailed by press and radio as perhaps one of the greatest things that ever happened to Canada. I do not so regard it. I regard it as something that could have happened at any time. While the material presented to the committee was tremendously voluminous I think upon analysis it all boils down to one thing, that some scheme of insurance is being attempted that could have been attempted at any time and by any set of

men who had desired to initiate some scheme —any insurance company, for instance. I say I am alarmed because I think there is somewhere in the picture a perfectly devised propaganda machine for the purpose of making something look big when after all it does not amount to a row of pins. That is my own conviction. I am not going to hold up the debate by any discussion of the details of the report, because the time will come when we can discuss it more fully.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

POSTAL SERVICE—LONDON "ECHO"

Mr. NOSEWORTHY:

1. Has the Post Office Department a certified copy of a list of bona fide subscribers to the London *Echo*?

2. How many of these subscribers are in the city of London?

3. Is the London *Echo* being delivered by letter carriers to non-subscribers at the same postage rate as that charged to subscribers?

4. Does the London *Echo*, which received the status of a regular newspaper in 1879, comply now with the present day statutory requirements?

Mr. MULOCK:

1. As previously stated, postal privileges were granted in 1879. It is not the practice to require publishers to file copies of their subscription list with the Post Office after statutory postal privileges have been granted.

2. See answer to No. 1.

3. Rate on copies mailed for local delivery within letter carrier area is the same for copies addressed to non-subscribers as that for copies addressed to subscribers.

4. Yes. See subsections (a), (b) and (d) of section 23 of the Post Office Act. As regards subsection (c), see answer to No. 3.

CANADIAN PACIFIC AIR SERVICE LINE TO BAGOTVILLE, QUE.

Mr. WARD:

1. Has the Canadian Pacific Railway Company been granted a licence for a new air service line to Bagotville, Quebec?

2. If so, has the Trans-Canada Air Lines been given the refusal of extending its own services into this territory?

Mr. HOWE:

1. Owing to congestion on the railways the Canadian Pacific Air Lines have been given temporary permission for the carriage of mail and express between Quebec and Saguenay airport. No licence has been issued.

2. The matter was discussed with TCA and it has been decided that as this route is in the nature of a feeder line and not equipped with the regular aids to air navigation for a main line operation, the proposed service could be provided more conveniently by Canadian Pacific Air Lines for the time being as an extension of their existing Montreal-Quebec service.

NATIONAL WAR SERVICES—HELEN DOHERTY

Mr. FRASER (Peterborough West):

1. In what capacity is Miss Helen Doherty employed in the Department of National War Services?

2. What are the duties attached to such position?

3. How long has she been employed in such position?

4. What is the total remuneration which has been paid to her, either by way of salary or honorarium?

5. What is the total which has been paid to her by way of travelling expenses and living allowance?

Mr. LaFLECHE:

1. General assistant.

2. Assists generally, makes surveys and special studies of activities of the department, exercises supervision as required.

3. Two years and six months.

4. $9,190.

5. $162.85 travelling expenses.

MUNITIONS AND SUPPLY—NEW BRUNSWICK CONTRACTS FOR SHELL BOXES

Mr. HATFIELD:

1. How many contracts have been let in the province of New Brunswick by the Department of Munitions and Supply for the manufacture of shell boxes?

2. What are the names of firms manufacturing shell boxes in New Brunswick?

Mr. HOWE:

1. 35 contracts.

2. Enamel & Heating Products Limited, Sackville, N.B.; J. & D. A. Harquail Co. Limited, Campbellton, N.B.; Murray & Gregory Limited, Saint John, N.B.; Provincial Wood Products Limited, Saint John, N.B.; T. S. Simms & Co. Limited, Saint John, N.B.; Wallace Manufacturing Co., Sussex, N.B.; Wilson Boxes, Saint John, N.B.

CHARTERED BANKS—RATION COUPON BANKING

Mr. FRASER (Peterborough West):

1. Has any provision been made to reimburse the members of all chartered bank staffs in Canada for the increased duties imposed upon them by ration coupon banking, etc.?

2. If so, give the details.

Mr. ILSLEY:

1. This question relates to a matter of internal management of the individual banks.

2. See No. 1.

INCREASE IN RAILWAY PASSENGER RATES

Mr. GREEN:

1. Has there been an increase within the last three months in railway passenger rates to the Pacific coast?

2. If so, what was the amount of such increase?

3. Was it approved by the government or any board, agency, controller or other authority appointed by, or under the government?

Mr. ILSLEY:

1. Yes. Passenger fares from eastern Canada by Canadian Lines to Pacific coast points were on a lower than normal basis to meet the competition of the combination on the United States frontier plus the lower fares through the United States. The portion of these fares via United States routes which was charged within the United States was increased by order of the United States interstate commerce commission resulting in higher fares via the United States' routes than the lower rates available via Canadian routes. This situation affected not only fares from eastern Canadian points but also fares from many eastern United States points and the United States Lines insisted that the Canadian fares must be advanced to the level made effective within the United States; otherwise United States lines would be obliged to eliminate the Canadian Lines routings from their tariffs which would eliminate United States travel through Canada and have a very serious effect on the Canadian economy.

2. The amount by which individual fares were increased varies with the point of origin. Specimen of the one-way and round trip fares which were in force on the 19th January, 1943, and on the 20th January, 1943, showing the increase in dollars and the percentage increase in each case is attached.

3. Yes. The increase was approved by the Board of Transport Commissioners for Canada and its decision was concurred in by the wartime prices and trade board.

TO VANCOUVER, B.C.

One-Way Fares

From	First Class				Intermediate Class				Coach Class			
	In effect Jan. 19/43	In effect Jan. 20/43	Increase		In effect Jan. 19/43	In effect Jan. 20/43	Increase		In effect Jan. 19/43	In effect Jan. 20/43	Increase	
	$ cts.	$ cts.	$ cts.	%	$ cts.	$ cts.	$ cts.	%	$ cts.	$ cts.	$ cts.	%
Toronto, Ont.	76 25	83 65	7 40	9·70	56 70	62 14	5 44	9·59	47 90	52 50	4 60	9·60
Ottawa, Ont.	83 70	89 74	6 04	7·22	63 20	68 64	5 44	8·61	54 40	59 00	4 60	8·46
Montreal, P.Q.	87 55	93 59	6 04	6·90	66 50	71 19	4 69	7·05	57 70	61 55	3 85	6·67
Saint John, N.B.	103 55	109 99	6 44	6·22	78 60	83 39	4 79	6·10	69 80	73 75	3 95	5·66
Halifax, N.S.	108 90	114 94	6 04	5·55	84 10	89 04	4 94	5·87	75 30	79 40	4 10	5·44
Totals	459 95	491 91	31 96	6·95	349 10	374 40	25 30	7·25	305 10	326 20	21 10	6·91

Round-Trip Fares

Time Limit—3 months

	$ cts.	$ cts.	$ cts.	%	$ cts.	$ cts.	$ cts.	%	$ cts.	$ cts.	$ cts.	%
Toronto, Ont.	113 00	124 15	11 15	9·86	96 70	106 20	9 50	9·82	81 30	87 55	6 25	7·68
Ottawa, Ont.	128 30	139 45	11 15	8·69	112 00	121 50	9 50	8·48	93 20	100 85	7 65	8·20
Montreal, P.Q.	133 70	144 85	11 15	8·34	117 40	126 90	9 50	8·09	93 20	101 50	8 30	8·90
Saint John, N.B.	161 65	172 80	11 15	6·89	145 35	154 85	9 50	6·53	116 50	124 85	8 35	7·16
Halifax, N.S.	168 30	179 45	11 15	6·62	152 00	161 50	9 50	6·25	123 30	131 60	8 30	6·73
Totals	704 95	760 70	55 75	7·90	623 45	670 95	47 50	7·61	507 50	546 35	38 85	7·65
Grand Totals	1,164 90	1,252 61	87 71	7·52	972 33	1,045 35	72 80	7·48	812 60	872 55	59 95	7·38

Same fares also apply to Victoria, B.C., Prince Rupert, B.C., and New Westminster, B.C.

QUESTIONS PASSED AS ORDERS FOR RETURNS

COMMODITY STABILIZATION BOARD

Mr. HATFIELD:

1. What amount has been paid out by the commodity stabilization board to date since it was organized?

2. On what commodities and what amount was paid out on each commodity?

COST-OF-LIVING BONUS—COST-OF-LIVING INDEX USED AS BASE

Mr. KNOWLES:

What commodities are used to arrive at the base for the cost-of-living index which is used in computing the amount of the cost-of-living bonus?

Mr. MacKINNON (Edmonton West): Return tabled.

FLAX PRODUCTION AND PROCESSING

Mr. BENCE:

1. Was there any flax seed from which linseed oil and feed products is manufactured exported from Canada in, (a) the month of January, 1943, (b) the month of February, 1943?

2. If so, how much was exported in each month?

3. Was there any flax processing plant in Canada idle at any time from January 1, 1943, to March 15, 1943, because of lack of flax seed?

4. If so, for what period or periods was any such plant or plants so idle and what was the name and location of any such plant or plants?

5. What was the reason for such lack of flax seed?

6. What is the estimated total amount of flax seed in Canada?

7. Has the government received representations to the effect that there is a demand for the oil cake and other feed products derived from the processing of flax seed, for live stock purposes?

8. Is there a shortage of oil cake and other feed products produced from the processing of flax seed, for the purpose of feeding live stock?

PENITENTIARIES—KINGSTON AND ST. VINCENT DE PAUL

Mr. LACOMBE:

1. What are the working hours per day of the guards at, (a) Kingston penitentiary, (b) St. Vincent de Paul penitentiary?

2. What are the names of the permanent guards at St. Vincent de Paul penitentiary?

3. How long have such permanent guards been employed?

4. Do guards at St. Vincent de Paul penitentiary work on religious and legal holidays?

IRON ORES

PRESS REPORT AS TO OPERATIONS OF STEEP ROCK MINES LIMITED

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to direct a question to the Minister of Munitions and Supply or the Minister of Finance. I have sent a copy of the question to the Minister of Munitions and Supply. The papers to-day contain a synopsis of certain agreements relating to the exploitation of Canadian iron ores by the Steep Rock Mines Limited. Will the minister table any agreements made to provide subventions on the transportation of the ore or relating to financial commitments to the company or railways in connection with the provision of transportation facilities, and so forth?

Hon. C. D. HOWE (Minister of Munitions and Supply): Mr. Speaker, the provisions in question were contained in an order in council and published in the *Canada Gazette,* which is a public document, but I shall be glad to find them and table them at the next sitting.

FARM WORKERS

ACTION IN UNITED STATES SENATE TO DENY AGRICULTURAL WORKERS TO THE ARMED FORCES

On the orders of the day:

Mr. ROBERT FAIR (Battle River): Mr. Speaker, I should like to direct a question to the government based on a news report in this morning's paper. It is a dispatch from Washington, as follows:

> Washington, March 17.—Moved to militant action by reports of imminent food shortages, the United States Senate overrode war department protests to-day to pass, 50 to 24, a bill denying any more agricultural workers to the armed forces.

Some hon. MEMBERS: Order.

Mr. FAIR: Is it the intention of the government to take similar action here?

Mr. SPEAKER: Order. The other day I gave a ruling in regard to the reading of reports from newspapers and basing questions thereon, and I wish the hon. member would read that ruling again. The question is one that should be placed on the order paper.

LABOUR CONDITIONS

OCEAN FALLS, B.C.—EVICTION OF FAMILIES OF MEN CALLED FOR MILITARY SERVICE

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I should like to direct a question to the Minister of Labour. I have received a telegram from the president of the paper makers' union at Ocean Falls, in which he calls my attention to a serious condition developing in that town. I should like to say a word as a background for my question. Ocean Falls is a company town. The houses in which the employees of the company live are company houses. When married employees of the company are called for military service—

Mr. SPEAKER: Order. I am afraid I must refer the hon. member to the ruling I gave the other day with regard to questions on the orders of the day. The hon. gentleman is making statements of fact before asking his question. I gather that the question is not of sufficient urgency to warrant an answer on the orders of the day.

Mr. MacINNIS: I just wanted to give two or three facts in order to make my question intelligible.

Some hon. MEMBERS: Order.

Mr. MacINNIS: The Speaker is here to preside over this house and I shall be quite willing to abide by his decision. I wanted to give a few statements of fact as a background to my question so that it would be intelligible.

Mr. SPEAKER: The hon. gentleman is doing what I was endeavouring to rule on the other day, making statements of fact. After all his question is being asked for the purpose of receiving an answer, not for the giving of facts. I suggest to the hon. member that he follow the ruling I have already given.

Mr. MacINNIS: Then I will ask my question at once. Can the minister assure the house that action will be taken to prevent the eviction of the families affected until other accommodation is provided for them? I am told that the situation is urgent.

Hon. HUMPHREY MITCHELL (Minister of Labour): The hon. member was good enough to give me notice of the question. I think I should say to him that this was the first I had heard of the matter, and it was just before the house assembled this afternoon. He can rest assured that I shall certainly have the matter looked into by my department in an effort to see if anything can be done, if the facts are as he has indicated them to be.

[Mr. Speaker.]

PASSPORTS

INCONVENIENCES RESULTING FROM RECENT CHANGES IN PROCEDURE

On the orders of the day:

Mr. NORMAN J. M. LOCKHART (Lincoln): One rises, Mr. Speaker, in some fear and trepidation these days to ask a question.

Some hon. MEMBERS. Order.

Mr. SPEAKER: I assure the hon. member that he need not rise in fear and trepidation if his question is in order.

Mr. LOCKHART: I desire to direct a question to the Prime Minister. Apparently I may not make any explanation. There is a definite misconception of the passport regulations at border points. The new regulations make it evident that a man living at say Kingston must come to Ottawa to have the new form completed, which is a very serious inconvenience. Will the Prime Minister see that a full and definite statement is made so that people will know whether it is better to follow the present procedure or whether they can choose between it and the old form of passport, which some of them seem to think they cannot now obtain because of the new regulations?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I made a statement on the subject at the time the change was made. But I shall direct the attention of the passport office to the apparent incompleteness of the statement in the light of what my hon. friend has said, and shall make a new statement at an early date.

PRIVILEGE—Mr. CHURCH

REFERENCE TO REMARKS OF MINISTER OF NATIONAL DEFENCE FOR NAVAL SERVICES IN DEBATE ON MARCH 17

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I rise to a question of privilege. About the time the house closed yesterday afternoon, a derogatory reference was made to me when I asked a question about the very grave danger from lack of escorts in the Atlantic and the gulf of St. Lawrence. My remarks on this subject are reported in *Hansard* of Wednesday and Thursday, March 10 and 11, and I wish to read three or four sentences in justification of my position. On March 10, as reported at pages 1150 and 1151, I said:

To-day I had occasion to ask one of the ministers a question, in a desire to encourage him in his work. . . .

I then pointed out that I was one of those who supported the increased estimates brought down before the war, and I added:

> Those estimates were opposed by a great many hon. members . . . Since the beginning of the war I have believed in giving the government of the day all possible support, because they are the government and need encouragement. Our forces on land and sea and in the air have been magnificent. The history of courage has been gloriously rewritten in this war by those young Canadians who are serving in our armed forces and by the splendid showing of our navy. . . .
>
> I sympathize with the hon. gentleman who is head of our department of naval services; he is not to blame, but I must say that a year ago I pointed out to him the condition that had been found by General de Gaulle around St. Pierre and Miquelon and in the gulf of St. Lawrence and the German submarines there.

I said further, on page 1151:

> At that time I also told the minister that we were in danger of being invaded; as the axis had submarines capable of crossing the Atlantic without refuelling; and all during the sessions of 1936, 1937, 1938 and 1939, until the war started, . . . I asked if we were to wait until the enemy came up the St. Lawrence by land, by sea and in the air . . . before doing anything to defend ourselves.

I pointed out, in general, the grave danger of invasion.

Now, one or two sentences from my remarks when I continued the debate last Thursday. I referred to the cry about home defence, and in support of what the minister had said, I pointed out that many of the countries of Europe had been invaded by mechanized hordes, that there is no such thing as home defence, that we have to go and meet the foe wherever he is. I had previously called attention to what Mr. Lyttelton, minister of production, had said in New York last November, and to the statement of Mr. Knox at Washington. I quoted statements made by Mr. Churchill in the House of Commons on two occasions as to the grave danger to the North African expedition from lack of escorts, and endeavoured to strengthen the minister in what he had said to the people in Quebec as to the danger to Atlantic and gulf shipping.

I have been a member of this house for many years, and never in my life have I sneered or gibed at anybody. I believe the minister's statement was right that at times there is not the same danger in the gulf as out in the ocean, and all I was urging was that we should have a statement as to our escort strength in the north Atlantic and gulf and the approaches to Canada. If the minister had been good enough to respond to that question a month ago I believe the effects would have been very satisfactory. When the war started I urged the Prime Minister (Mr. Mackenzie King) to give the utmost information possible to the people. After all, I could have secured this information in the reading room, from our Canadian papers or from American and British publications.

All I want is fair play here. I admit I sometimes take part in debates, but I do so as a member of the opposition, not because I want to—far from it. Since I have been a member of this house I have never indulged in any sneers or gibes or said one word against the armed forces. The present Minister of Pensions and National Health (Mr. Mackenzie) when he was defence minister did do something to strengthen our military forces as did the late Norman Rogers, and I referred to this in my speech on March 10 and 11 on rearmament.

I am here for one object only. I am not a yes man or a nodder. While the war is on I shall support the government as long as they are the government and provided they make a total war effort, but I intend to do my duty no matter if I suffer from doing so.

May I say in conclusion that I think the remark of the minister was most unfair. However, I will let it go; I do not wish to have any run-in with the minister. I never met him in my life until he came to the house. I think that yesterday was a day he might have left an Irishman alone, since he is grand master of the knights of Scotland.

THE RED CROSS

QUESTION AS TO CONTRIBUTIONS OF WESTERN FARMERS IN THE FORM OF WHEAT

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I wish to address to the Minister of Trade and Commerce a question which has to do with the current Red Cross campaign, namely, whether the government will give consideration to allowing farmers in the prairie provinces who wish to contribute to the Red Cross to do so by making deliveries for the purpose outside of the quotas now fixed for the delivery of wheat.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): The hon. member for Lake Centre was kind enough to give me notice that he intended to ask this question. The government has not considered this particular charity but a great deal of consideration was given recently to a request on behalf of another charity in a similar campaign. The whole matter is tied up with the wheat quota existing in connection

with farm deliveries in western Canada. The basis of that is to maintain equity between one producer and another; and, particularly this year, when there is such a lack of transportation and storage, our difficulties would be greatly augmented if we decided to accept quantities of grain over the quota.

Mr. DIEFENBAKER: It is assumed that about a million bushels would be donated.

Mr. MacKINNON: Well, the greater the return in the campaign, the more generous the response, the greater the difficulty would be for those administering the wheat quota system. As a matter of fact there would be a direct detrimental effect to the other producers in the west.

RURAL MAIL COURIERS

STATEMENT OF POSTMASTER GENERAL AS TO STATUS AND COMPENSATION

On the orders of the day:

Hon. W. P. MULOCK (Postmaster General): The hon. member for Peterborough West (Mr. Fraser) has asked if I would make a statement to the house dealing with representations by the rural mail couriers' organizations, relating to permanency of appointment, basic salaries and allowances, as well as cost-of-living bonuses.

The hon. member's statement that representations had been made by rural mail couriers' organizations relating to permanency of appointment, basic salaries and cost of living bonuses, is correct. Action has already been taken under order in council P.C. 8490 of 31st October, 1941, to grant a bonus of five per cent to all mail contractors whose contracts were awarded on tenders dated on or before the 29th April, 1941, in accordance with section 66 of the Post Office Act, or whose contracts involving an annual expenditure of less than $200 were made in accordance with section 73 of the Post Office Act at rates determined on or before the 29th April, 1941, with the proviso that the increase shall apply only to payments made for work performed as from the 1st August, 1941.

On the question of permanency of appointment for rural mail couriers, which was one of the points raised by the hon. member for Peterborough West, I would advise hon. members that there are two serious objections to any such change being made at the present time.

The first objection is that if all the present mail couriers were given permanency, all men now serving in the armed forces of Canada would be automatically deprived of the opportunity of obtaining mail contracts for many years to come.

The second serious objection is that such a proposal presupposes that all the present couriers are the most suitable couriers obtainable. As a matter of fact, the present couriers secured their positions because they underbid the previous contractors under a tender system which they now criticize.

On the question of basic salaries, which is another point raised, payment is sought on a flat mileage basis rather than as a result of public tenders. The objection to this suggestion arises from the fact that no two mail routes can be regarded as identical. Road conditions, number of boxes and way post offices to be served, severity of weather conditions and hours of service, all vary to such an extent as to make the determination of a fair uniform mileage rate for the whole dominion impractical.

The whole question of mail contract procedure is constantly under review, and while it is admitted that the tender system may lead to the completion of some contracts at rates too low for the work involved, largely because the tenderer failed to make a proper estimate of costs, the difficulty is, no alternative procedure has as yet been advanced which under ordinary conditions would be any more equitable to all concerned. War-time conditions, however, have in a number of cases, resulted in greatly enhanced expenditures by the contractor, unforeseen when the original contract was signed. These may be adjusted while war-time conditions exist, but no general change in the existing procedure is contemplated at the present time.

THE BUDGET

DEBATE ON THE FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Wednesday, March 17, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Coldwell.

Hon. R. B. HANSON (York-Sunbury): Mr. Speaker, in rising to make a contribution to this debate I find myself in some difficulty. There is such a multiplicity of topics to which one could direct his attention that it is difficult to pick and choose among them.

I think my first duty is to make reference to the announcement yesterday by the Minister

of Finance (Mr. Ilsley) of the fourth victory loan, and to give him and the national committee the assurance that this party will be one hundred per cent behind this, the greatest national effort the Canadian people have ever made with respect to finance.

Financial support is one of the sinews of war; it is more than a mere measure of our effort. This nation will respond in full measure to the national appeal. With all my heart I endorse the minister's appeal. In the past as opportunity offered I tried to pull my full weight in these financial campaigns. The Easter recess will afford every one of us another opportunity for service to Canada, and I appeal to every member of parliament as he goes home for the recess to get in touch with his provincial and county committees, and to offer his services in any capacity, so as to help put this loan over the top. By so doing, hon. members will be rendering a national service and giving the leadership which is so necessary if this huge loan is to be a success. Members of parliament from one end of Canada to the other should be, and I hope are, leaders of public opinion in their respective communities. Here is another chance to show our people our faith in our country and the cause for which we fight.

I have said in the house many a time and oft that the Canadian people would support the government to the limit provided that they were sure of equality of service and equality of sacrifice, and that there should be an end to waste and extravagance. I wish I could think there has been an end to waste and extravagance in government spending, but in all truth and honesty I do not think so. I beseech the minister, the watchdog of the treasury, to prevent improvident expenditures.

I wish to make brief reference to the speech of the hon. member for Lambton West (Mr. Gray), who is now in his seat. Referring to the man-power question the hon. member made reference to myself and my stand on the policy of national selective service. I am grateful to him for his commendation of my stand, but I suggest to him that his remarks were hardly fair to the membership of this party and its stand on this important question. If the hon. member has not yet read the resolution of the national convention of the Progressive Conservative party as passed at Winnipeg, he should do so at once. In that resolution this party declared for compulsory selective service and total mobilization of resources, in the following words—I propose to put them on record:

> Recognizing that the world struggle in which Canada is engaged requires a total war effort, we believe in compulsory national selective service, and that all those selected to serve in the armed forces should be available for service wherever required. We believe in the effective total utlization and proper allocation for war, by compulsion where necessary, of all the resources of Canada, including agriculture, industry and finance, as well as man-power, and that our aim should be at all times to bring about, so far as human means can achieve it, an equality in sacrifice.

I commend to the hon. member and to the people of Canada the principles underlying this resolution. It is what I have been saying for a good many months past. By those principles the Progressive Conservative party stands and will be judged in the days to come.

The hon. member for Lambton West made his profession of faith in the following terms:

> I believe . . . that in a free society the obligations and privileges of military training should be shared generally in accordance with a fair and just system of selective compulsory training, and that such service should be without geographic restriction.

I commend that position also, and I suggest the hon. member might have gone further and told the people of Canada, as I tell them now, that without an acceptance of the national plan of military service there should be no demands for rights in the post-war world. We in Canada have never been taught our national obligations. I have referred on more than one occasion to the excuse—not the reason—which was given for the establishment of the thirty-day training plan. One of the main reasons alleged was that the youth of Canada had to be taught a sense of national obligation. I am not going to labour that point now, but I want to observe that while we are all clamouring for rights and privileges, national obligations have not found much place in our peace-time or war-time philosophy. If we are to believe the reports that have reached us in recent days and hours, there are momentous days ahead. From the Russian theatre of war we had until a few days ago very heartening reports which have raised optimism to the point of believing that Germany was in a state of collapse and that the end of the war is near, might even be expected this year. But events within recent days have dispelled that illusion. The display of German striking power against Russia in recent days has been terrific. Disaster has not come to German arms in that theatre of war. A titanic struggle is developing over there, with the approach of spring and summer, and the end is not yet.

Consider the battle of North Africa, part of the Casablanca plan and strategy. Reports

indicate that the battle is developing into a major struggle, the result of which is still in grave doubt. Instead of being a matter of weeks it has developed into a battle of months, and in the meantime the invasion of the soft underflank of Europe has been indefinitely postponed. Clearly the next few months will be momentous, and terrific sacrifices will be demanded of the people of the united nations.

Instead of viewing these matters in their proper perspective, what are we doing, and what have we been doing in this house? We have been talking about social security and like matters, while the fate of the civilized world hangs in the balance. Let us get back to realities and face the facts. Let first things come first. Let us put our backs into the winning of this war. That is our first objective. Do not let our minds and attention be diverted into other channels; for that way lie defeat and disaster.

We are also hearing a good deal at this time about post-war international policies. There are even those who are drawing blueprints of a post-war international phase of the life of this globe. My colleague the hon. member for Lake Centre (Mr. Diefenbaker) yesterday in an able speech delivered in this house, made some constructive proposals in that regard, especially with reference to the principle of the freedom of the air. I do not deprecate that; I am not opposed to that type of discussion. But it seems to me that concrete proposals are altogether premature at this time, when we do not know, when we are not yet assured, that there will be a post-war world in the sense in which we visualize it. Rather I am disposed to concur wholeheartedly in the statement of the President of the United States at a press conference at Washington on Tuesday last, in which he is reported to have indicated disagreement with those who would frame post-war international policies in detail now. He said that what the United States was trying to do was, first, to win the war; second, to work towards general objectives. With that statement I am in perfect agreement. He indicated that his administration did not favour any pronouncement at this time on post-war policy except as to general willingness to cooperate with all the other united nations.

There is one great principle however which Canada as a nation should ever keep in the forefront in dealing with this subject, and that is that Canada should never give countenance to any idea of dismemberment of the empire in the post-war period. The party to which I have the honour to belong and which I have followed all my life is unequivocally committed to the belief that the future of this dominion as a free nation can best be assured as a member of the British commonwealth of nations. By that declaration we stand or fall. We believe that second only in importance to the winning of the war is the maintenance of the British connection and our position as a component part of the British empire.

I have no intention of entering into any discussion of the policies and actions of the wartime prices and trade board; we heard something about that on Monday. But, representing as I do a semi-urban and rural constituency, I feel that some recent decisions of the board call for comment. First, I refer to butter. The situation with respect to dairy process butter in my province is still unsatisfactory, to say the least. There is still a discrimination between the price the farmer receives for butterfat delivered to the creameries and the price the farmer receives for his dairy butter. At first this discrimination amounted to as much as ten cents a pound, which for as long as that full rate lasted is lost forever to the producer. Recently a corrective order was made under which a portion—only a portion—of this spread was to be wiped out, by dairy farmers being permitted to sell dairy butter to wholesalers and retailers at an increased price. This is certainly a benefit and has gone some way toward ending the discrimination between these two classes of producers. But a portion of the differential still exists and is a cause of unrest and even anger on the part of our dairy butter producers; for in my province sixty per cent of the butter is produced by dairy farmers.

I wish to refer also to the action of the wartime prices and trade board in respect to the question of seed potatoes. Down in the provinces of New Brunswick and Prince Edward Island we claim to raise the best seed potatoes on the north American continent. They are the cleanest and the freest from plant diseases. For a long time our agriculture departments, both provincial and federal, have been endeavouring to get our farmers out of the production of table stock and into the production of seed stock. The question has been largely one of markets. One of the best markets we ever had for seed stock was in Cuba. That market was closed to us, for reasons to which I will not advert at the moment. More recently, under the trade agreements with the United States, quotas were established for the entry of our

seed stock into that country. The quotas were so small that I am informed by producers that the county of Queens, Prince Edward Island, could supply the whole quota in any given year. That may or may not be true, but in any case under the trade treaties we did get some access to the seed potato market of the United States. It is a market into which we have sought entry for a long time. They want our seed stock; their fields, particularly in northern Maine—and I say this with some deference—are old and diseased, and they cannot produce unless they have access to good clean stock. Prices for seed stock have always been higher than prices for table stock, but I understand that now the wartime prices and trade board have either imposed an embargo on the export of seed potatoes to the United States, or have made such export subject to licence. I suggest to the minister under whose control the matter would come that this is a mistake from every point of view. A determined effort should be made to change that position, and I would ask the member of the government responsible to direct that the whole matter be reviewed. Not only shall we lose the export market in the United States, and the greatly enhanced price of the product; we will lose what I consider to be of at least equal value, the good will of our customers across the line. They will resent that action. I do not know, but I would assume that so far as the New Brunswick product is concerned, there is an ample supply of table stock. According to the local newspaper, which I received at noon to-day, there are at present 16,000 more tons of table stock available in New Brunswick than were available at this time last year. Now, with the prohibition of the export of seed potatoes to the United States, there may be something of a glut. I do not know that this will be so, but I do know that the producers of seed potatoes will be obliged to accept in the local market the price of table stock instead of the greatly enhanced price they would have received had those potatoes been sold for the purpose for which they were produced, namely seed potatoes.

I should like to know what consultation there was with the trade before this action was taken. How can these men—none of them producers, so far as I am aware; economists and theorists if you will, office men—sitting here and looking at a picture on paper, looking at statistics, possibly know what should be done? I suggest to the minister that this position should be rectified at the earliest possible moment, and the producers allowed the price they would have obtained in this export field at least. I suggest also that if possible they be allowed to retain this market which has been laboriously built up over a period of years.

Then there is the question of the allocation of farm machinery under the greatly reduced quotas. Our farmers are confronted with an exceedingly grave problem, so I am informed, with respect to obtaining farm machinery and parts. A controller has been appointed with headquarters in Toronto, and he has allotted to the maritime provinces so many machines and so many parts. In New Brunswick the two principal companies supplying the market are International Harvester and Massey-Harris. The quantity allotted is exceedingly limited. The whole output of International Harvester is controlled in New Brunswick by one company, or rather I should say by two companies controlled by one man. They have the whole province divided among their branches, with respect to the distribution of farm machinery. For some reason one of the executives of one of these companies under the control of this one man has been made the farm machinery controller for the distribution of this machinery in New Brunswick. Well, I do not say there is anything wrong with that on its face, but I do say that the public down there are very suspicious about appointments of that kind. Why in the world should a high-salaried officer of these two companies, which between them control the major part of the marketing of farm machinery in New Brunswick, be placed in the position of controller for the whole province? You can draw your own inference. I am going to ask the minister to see that this position is reviewed and that some independent authority down there is made controller, if a controller is required. Human nature being as it is, you can guess as well as I can what will be the result. Within the last few days I was told that the quotas allotted to New Brunswick provided only ten or twelve potato planters for the whole province. This may be all that can be spared, I do not know; but the allocation of these planters already has been made through the medium to which I have referred, with no one else having a look-in at all. Then when the farmers, in anticipation of fall digging, applied for the purchase of diggers, they were told that it was too soon to ask for them. I suggest that the whole procedure is bringing into disrepute the system which is in operation, and it should be reviewed.

I desire now to say a brief word on the budget. I listened with undivided attention to the minister's address, and I am bound to

tell him that my first reaction was that it might have been far worse than it was. But a careful re-reading and analysis has convinced me that while the minister intended to emphasize and did emphasize the fact that the rates of taxation were not being raised, the real truth is that the deadweight of taxation, especially on personal income tax payers, has been greatly increased. Those who sought relief are going to be speedily and quickly disillusioned. Holding the views which I do as to our first fundamental duty in this hour of crisis, I have no wish to appear picayune or to be unnecessarily critical. I had made some notes of criticisms I intended to offer on the general features of the budget, but as time is flying I shall confine myself to one or two points.

I wish to discuss briefly the Ruml plan and its application to Canada. The people of Canada, speaking generally, and the personal income tax payers in particular, are greatly disappointed at the minister's treatment of the proposal known as the Ruml plan. True, the reference in the speech from the throne itself was indefinite, but what the people of Canada believed from the information contained in the speech from the throne was that the plan and the principle underlying it would be implemented and put into operation, thus relieving personal income tax payers of the fear and anxiety of being perpetually indebted to the nation. Deadweight debt has a most paralyzing effect on individual morale and initiative.

What did Mr. Ruml propose in his plan for the United States, a plan which is applicable to Canada? He proposed that the United States should write off all 1942 personal income tax in order to put everyone on a current basis, without forcing anyone to pay two years taxes in one, and in order that the deadweight of debt on individuals should be wiped out. What have we instead? I characterize it as a hybrid proposal. The minister made us pay all our 1941 taxes by September 1, 1942, and then he asked us to pay one-third of our 1942 taxes. In other words, because of the delay in bringing down the budget last year until June 23, the personal income tax payers of Canada were forced to pay sixteen months taxes out of twelve months income and had to make the necessary arrangements in the six months of the last period of the calendar year. We were not told that we must do this until late in June when nearly six of the twelve months had elapsed. In other words, to put an extreme case, we had to pay sixteen months taxes with only six months in which to make our plans and provisions. It was a tremendous burden upon the personal income tax payers and was wholly unfair.

When the Ruml plan was suggested and acclaimed by almost everybody in Canada as a measure of relief I felt that the government was about to do justice to a group of loyal but hard-pressed citizens. What did we get? We got the Ilsley plan. The minister adopted the principle of current taxation, but he did not adopt the plan for making it current. There is a joker or a hang-over in it. I hope the minister will give consideration to the question of wiping out the arrears for 1942 and making the necessary adjustments. His plan falls far short of what was expected and what we had a right to expect. The Ruml plan, proposed to write off the 1942 taxation in order to put the tax payer on a current basis without forcing him to pay two years' taxes in one year. The minister's device is to write off fifty per cent of the 1942 taxes, but that leaves many people in substantial debt to the government. The full weight of the 1943 taxation is on us immediately and must be met out of incomes which are still further reduced. I am referring to incomes on investment. As a result of the last budget, whether we like it or not, capital values were diminished by hundreds of millions of dollars because of decreases in dividends for distribution to shareholders. The natural result must be that investment income will shrink, and I believe that that is the fact.

There is another aspect of the income tax law to which I desire to make reference, namely, the question of the taxes on annuities. Subsection (g) of section 3 of the Income War Tax Act as amended in 1942 provides:

> Annuities or other annual payments received under the provisions of any will or trust, irrespective of the date on which such will or trust became effective, and notwithstanding that the annuity or annual payments are in whole or in part paid out of capital funds of the estate or trust and whether the same is received in periods longer or shorter than one year—

Shall be deemed to be income. It declares by law to be income that which is not true income. It reminds me of a passage which the attorney general of New Brunswick once put into the succession duty act of that province years ago. It declared by law that property coming from an estate of a deceased person in another province falling into the hands of recipients in the province of New Brunswick was deemed to be property within the province and thus taxable. It aroused my ire that a thing should be declared to be that which it was not. This is in exactly the same category. I have always thought that this provision was most unjust.

The effect of this provision is to tax annual payments which a testator or donor has directed to be made out of the capital of his estate, usually to supplement an inadequate income. It is in essence a capital levy, and in the final analysis is pure confiscation. This amendment affects a substantial number of estates and trusts. I have been privileged to read a booklet issued by the National Trust Company, Limited, in which several examples are given. I shall confine myself to two.

A testator who died many years ago directed the trust company, as executor, to pay to his widow out of the residue of his estate, which amounted to approximately $36,000, a very modest estate, an annuity of $2,400, to be made up out of income and the balance out of capital. Owing to the heavy encroachments necessary to provide this annual payment, the capital of the estate has now been reduced to approximately $8,000, with an annual income of $260. In order to pay the widow $2,400 the executors must take $2,140 out of capital. Under the Income War Tax Act as it stands to-day, the total payment of $2,400, although approximately ninety per cent of it is pure capital, is taxed as income in the hands of the widow. The annual tax amounts to something over $800.

In another case the testator directed that his widow should receive $3,600 a year. The entire income of the estate did not exceed $800 per annum, so that the $2,800 required to make the annual payment had to be taken out of capital. Again the tax is based on the $3,600, and it amounts to $1,478.

This is confiscation pure and simple. I suggest to the minister that it should never have become law and believing him to be a man of just and equitable mind I urge upon him that he have this whole position reviewed in the light of the facts. I do not know who is responsible for it, but surely the minister did not understand the implications of the amendment to the act when he made it. There may be justification for it, but I am certainly not aware of it. I can think of many arguments against it. I have not the time to go into them to-day, but I do hope the minister will review this position. It gives rise to discrimination against a fairly limited number of income tax payers. It is all very well to say that you can overcome the difficulty by a will. But these injustices arise after the event. Wills which may have been improvident at the time they were made are effective once a testator dies. To adopt my suggestion would be but a measure of justice.

I want to refer to the method of income tax collection. We hear practically nothing about income tax collection except the quantum of the sum collected. The wide extension of the incidence of income tax in the last few years has undoubtedly led to a huge expansion of work in the income tax department. The view seems to be generally held that this department is grossly understaffed, and that, as a result the checking of income tax returns, both personal and corporate, is inadequate and very much behind schedule. I should like to know what is the number of the employees in the income tax department as of, say, January 31, 1943, as compared with the number on the same date in 1941, and generally what plans have been made to cope with the huge increase in volume of business which must necessarily take place with the filing of this year's returns.

I pause here, Mr. Speaker, to pay my personal tribute to the commissioner for his fairness and his sense of equity and justice. But it is only fair to say that he does not lay down policy. He is purely an administrative officer, administering government policies which are handed to him.

I want some information from the minister when the proper time arrives with respect to the operation of the board of review with respect to depressed industries. How many applications have been made for fixing standard profits or revising them upwards? How many such applications have been dealt with definitively by the board of review?

If, as I have been told, the total in suspense greatly exceeds those in connection with which decisions have been given, would it not be advisable to set up additional panels to expedite consideration of these applications? The present experienced board might then confine its work to important cases and reviewing decisions which are protested by applicants. I have no doubt that it is the practice of most companies, particularly large incorporated companies, to calculate profits and pay their taxes meticulously—that is my own experience—but the idea is held in some quarters that some private companies, partnerships and personal businesses are getting away with murder. That is a pretty strong statement, but that is the report I have had. I have been told also that in certain cases where evasion of income tax extending over a period of years has been brought to light the guilty parties have in many cases been let off with a compromise instead of being fined or prosecuted. If this is so, it is putting a premium on dishonesty. With the present high tax rate, human nature being what it is, it is inevitable that all legal means should be adopted to save the maximum amount

from the tax collector, but, if we are not to put a premium on dishonesty, deliberate falsification of accounts should be dealt with ruthlessly and publicity given to the circumstances. That will stop the practice. I should like to know how many legal actions have been taken in the courts to recover income tax. I have never heard or read of one such case in the public press, neither have I heard of any case where there have been prosecutions in the criminal courts for violations of the act and fines imposed and collected. I should like to know what the position is in that regard.

I had intended to refer to the amendment and the subamendment moved by the parties to my left, but I am not sure that I have time. The main amendment moved by the hon. member for Lethbridge (Mr. Blackmore) is in effect a repetition of the proposals which have been made from time to time in this house by that hon. gentleman and his followers, who are proposing a new and different and untried, and, may I say, unorthodox method of financing the national war effort. With great respect I entirely disagree with his policies, but I shall not pause here to debate either the merits or the machinery of the proposals which he advocates.

I do desire, however, to say something about the subamendment moved by the socialist party, in so far as it relates to the nationalization of the chartered banks and other financial institutions in this country. As to that part of the amendment which deals with the question of increasing the old age pensions, I wish the hon. gentleman had severed it from the rest, because I have arrived at the conclusion that old age pensions in this country will have to be increased, that the age limit for males will have to be lowered and the age limit for females lowered still further. Speaking for myself, if that portion of his proposals had been left to itself I should have voted for it.

With regard to his proposal with respect to the nationalization of our financial institutions, I am in entire disagreement. I believe in private enterprise, controlled, if you will, against abuse; but I have been a voice crying in the wilderness in this house. I do believe, however, that there is a multitude of members in this house who believe as I do, if they would only be true to themselves and get up on their feet and say so.

Mr. FULFORD: I do.

Mr. HANSON (York-Sunbury): I am glad to hear that, but that is just one, and if the hon. member will forgive me for saying it, perhaps his advocacy of the principle will not help it. I do not say that in any offensive sense at all, and my hon. friend will understand me, I hope. I do wish that the membership of this house who believe in the principle of private initiative and private enterprise would stand up in their places and champion that principle which has put them in this house and made it possible for the people of Canada to develop this country.

Mr. BLAIR: We all believe in it.

Mr. HANSON (York-Sunbury): All right. Then silence must give consent. What has brought this country to the high level of prosperity which it has reached? It is private enterprise which has built up and improved our economic system ever since the advent of the Christian era. And now at one fell stroke, if the policies of my friends to my left were put into operation, it would be wiped out and we should all be regimented by an army of government officials who would tell us when we should get up in the morning, when we should go to bed, what we should eat and what we should not eat for dinner. I am all against that. Mr. Coolidge was asked by his wife one Sunday when he came home from church what the preacher had been talking about. Mr. Coolidge replied "Sin". "What did he say about it?" she asked; and Mr. Coolidge replied laconically, "He was against it". I am against it. I believe that the thinking people of this country will stand behind the principle of private initiative and private enterprise which has made Canada as prosperous as she is, has made all the free democracies under the British empire as prosperous as they are, and has built up on this continent the great and rich and powerful republic of the United States. The system of free enterprise may have been exploited and abused, if you will. I admit that. But with all its abuses it is a far better system than government regimentation and national socialism. What does it mean? What is the ultimate aim of national socialism? Well, it is fascism.

Mr. DOUGLAS (Weyburn): There is no national socialism in this country.

Mr. HANSON (York-Sunbury): They can deny it, but I can see as far through a stone wall as anybody.

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

Mr. HANSON (York-Sunbury): I do not like to trespass on the indulgence of the house, but I shall not be very long. If I have not consent, I will not continue.

Some hon. MEMBERS: Go on.

Mr. SPEAKER: With unanimous consent.

Mr. ROSS (Moose Jaw): Now that the hon. member has it he can go on as long as he likes. At any rate he can go another forty minutes.

Mr. HANSON (York-Sunbury): No, I shall not be long now.

I am not so much concerned with the economic theories of this group, because I know they will not succeed if the sober common sense of the people of this country is expressed at the polls and the people who think alike get together. But I am greatly concerned about their disposition toward society at large as we have built it up over a long period of years. The whole disposition of these gentlemen is to tear down and destroy the economic system which has been built up and improved, step by step, and stage by stage, ever since the advent of the Christian era. The underlying theme of their speeches is destruction of things as they are, and—I say this advisedly—they are developing in this country a policy of hate in their attitude towards our established society and all those great national leaders who are to-day guiding the destinies of this country and the allied nations.

Speaking in the city of Hamilton recently, the hon. member for Cape Breton South (Mr. Gillis) is reported to have charged that the workers of Canada had been denied their lawful rights. Have we not all been denied our lawful rights in war-time? Are not our liberties curtailed day in and day out? It is part of the price we pay for victory. The hon. member has no case there. The workers are in the same box with all the rest of us, and they will have to retain that position and forego what is denied to them and to us until the termination of hostilities, when I hope that all their rights will be restored to them.

Mr. DOUGLAS (Weyburn): They have never had their rights.

Mr. HANSON (York-Sunbury): Yes, they have had rights. No one has ever denied that they have rights. Then, as reported in the Hamilton *Spectator* of March 1, the hon. member for Cape Breton South went out of his way to attack Mr. Churchill, the greatest leader Britain and the other free nations have ever had. This is what he is reported to have said:

> Churchill hated Hitler and will fight him to the last ditch.

And then:

> That's the most I'll say for him.

Then, mark this:

> The people will have to get rid of the Churchills to attain their ideals.

Some hon. MEMBERS: Shame.

Mr. HANSON (York-Sunbury): If that report is not correct I should like to have the hon. member point out wherein it is not correct. But it has stood in the pages of that newspaper since the first of March and so far as I know it has not been repudiated by him. I want to ask this question: is that spirit the expression of the true philosophy of labour in Canada? I do not believe it.

Some hon. MEMBERS: No.

Mr. HANSON (York-Sunbury): I do not believe it for a moment. Is that the spirit of his party in this house?

Some hon. MEMBERS: Yes.

Mr. HANSON (York-Sunbury): Well, it would appear to me to be so. If so, then I say to the hon. member and to the people of Canada that that is the grossest evidence of ingratitude that I have ever known. For Churchill more than anyone else has saved our Christian civilization.

Every time I hear one of these gentlemen speak on post-war problems and with respect to the world that is to be after the war, in this house in this debate and in the debate on the address, especially the speeches of the leader of the socialist party and his two leading lieutenants, the hon. member for Cape Breton South and the hon. member for Vancouver East (Mr. MacInnis), I am reminded of the declaration of the late member for Winnipeg North Centre, the then leader of the party, who endorsed the statement made in this house on September 9, 1939, on the occasion of the declaration of war, by the hon. member for Rosetown-Biggar (Mr. Coldwell), who stated concretely, as reported in *Hansard*, page 55:

> In view of these considerations, the Co-operative Commonwealth Federation believes that Canada's policy should be based first on the fundamental national interests of the Canadian people, as well as on their interest in the outcome of war.

This is the part to which I draw attention:

> Canada should be prepared to defend her own shores, but her assistance overseas should be limited to economic aid and must not include conscription of man-power or the sending of any expeditionary force.

And to this day I have never known of any repudiation of that statement either on the part of the hon. member who made it, his

chief lieutenants in this house, or his advisers in the country, and I challenge him to produce evidence that they do not still hold that view.

Mr. DOUGLAS (Weyburn): That is not correct. There are many statements on the record.

Mr. HANSON (York-Sunbury): Well, if I were to make an exception of anybody I should be disposed to make it in the case of the hon. member for Weyburn (Mr. Douglas).

Mr. DOUGLAS (Weyburn): Oh, that is not necessary.

Mr. HANSON (York-Sunbury): But I have not yet found any evidence that they have ever repudiated the basic principles laid down in that statement of policy. I know we have had lip-service from these gentlemen.

Mr. REID: It is a good thing there is *Hansard*.

Mr. HANSON (York-Sunbury): Yes, it is a grand thing sometimes that there is a *Hansard* to check people up. It has a salutary effect. I have found it has had a very chastening effect on my own soul. But I never yet heard that statement of policy and principle repudiated by the socialist party in this country, and so far as I know it never has been, from that day to this.

Mr. DOUGLAS (Weyburn): It has been, several times.

Mr. HANSON (York-Sunbury): I want to tell the people of Canada—I do not need to tell the membership of this house—beware of these people; beware of this group of citizens who are out to destroy things as they are in this country; beware of these people who are advocating policies to-day which in their considered platform they argued in reverse. I say to the people of Canada that the membership of the Canadian cooperative federation—whatever name you like to call them; a rose by any other name would smell as sweet—by reason of their attitude towards society, by reason of their attitude towards things as they are, by reason of their declaration in respect to the war, are not worthy of the confidence of the Canadian people.

Mr. W. H. GOLDING (Huron-Perth): Mr. Speaker, I wish to take this opportunity to congratulate the former leader of the official opposition upon his opening remarks respecting the loan which will be launched in the near future. I believe one of the finest things in this time of war is the fact that all parties in the house have cooperated fully in every way in respect of each loan floated, and I was pleased to hear the hon. member speak for himself and his colleagues in a similar way with respect to the coming loan. May I say further that I was in entire agreement with much of what he said, particularly when he spoke about private enterprise.

May I at the outset of my remarks extend my congratulations to our good friend the Minister of Finance (Mr. Ilsley) upon his presentation of the budget a few days ago. I believe all hon. members realize the minister is carrying a heavy responsibility, a burden perhaps greater than that carried by any former minister of finance in our history. I believe we realize, too, that, as obtains in every country engaged in the war, our whole financial situation is always extremely difficult to handle, and is fraught with serious considerations. I sincerely hope all hon. members will consider these facts, and will take no action or make no statements which might in any way be interpreted as a want of confidence in the minister, or in his management of our financial affairs. In the position he now occupies I believe he is endeavouring to do a good job. I believe, too, that he has endeavoured to distribute taxation fairly and equitably, and it is my personal belief that anyone who would now take any action which might be interpreted as a want of confidence in the minister would be taking upon himself a serious responsibility.

All hon. members know that the present situation is created as a result of war and war-time conditions. That reminds us that another year of war has passed, a year in which at times our hopes have been badly shattered, a year in which at times our hopes have been revived. It has been one in which the faith of all Canadians as well as that of our allies has at times been strained almost to the breaking point, as the tide of battle has ebbed and flowed on our various battle-fronts. However our faith that right will finally prevail has held firm; and while I believe we all realize that the road to an allied victory is still going to be long and costly, events have indicated that victory for the allied forces will finally be achieved.

In the past year, throughout the British empire, the United States and other allied countries people have been forced to do things which they would have had no natural desire to do. We are a peace-loving people. We hate war with all its cruelty, its destruction, its reckless sacrifice of human life, as well as destroying ideals which for decades our leaders have tried to inculcate into the minds of our citizens. It is now about three and a half years since our empire was plunged

into war, a war for which neither the United Kingdom nor any of the dominions was prepared. As a matter of fact we had all been advocating a policy of peace. It is well known that in our own country we have had a large body of public opinion which seemed to believe that money spent for defence purposes was really wasted. It was contended that no nation in the world had any designs on Canada or any desire to interfere with us in any way. I remember well many speeches made in the house along those lines since I became a member some years ago. Even during the regime of the Right Hon., now Viscount, Bennett these same attacks were made on defence estimates. At that time one hon. member seemed to think it was her particular responsibility to make an annual effort to have even the grant for cadet training cut to one dollar per year. Others of course felt it was their duty to attack larger expenditures.

In 1937 the government did increase estimates for defence purposes, but the records of the house will show the barrage of criticism the then minister of national defence had to face in piloting those estimates through the house. Attacks were made on the method of letting contracts for military supplies, and also made upon those to whom contracts had been let. I believe it is a well known fact that this criticism and this kind of action did much to delay the production of necessary military equipment, all of which went to create a situation in Canada which left us almost defenceless and with very little military equipment when, eventually, our country was plunged into war. In the face of this serious situation it became the task of our government, under the able leadership of the Prime Minister (Mr. Mackenzie King), to organize all the resources of the dominion in an effort to defend ourselves by assisting our allies in every possible way. The Prime Minister threw himself into the task in a manner which won high praise not only in Canada but from outstanding figures in all allied countries. The task with which the Prime Minister and the government were confronted at that time was enough to discourage any leader; but with typical coolness and clear thinking, always assuming his full share of the responsibility, he set things in motion by assigning to each cabinet post the man he felt was best fitted for the position. And while changes have had to be made through circumstances over which no one had control, nevertheless his selections indicated that in this, as in all other matters, he had given careful thought to the problems he had to decide.

Unfortunately there are some in Canada who seem to get a headache when anybody else gets a headline. Instead of appreciating the many difficult problems confronting the government when war was declared, and instead of giving every possible assistance, they set out to undermine not only the Prime Minister but the government itself. I should like to take a little time to refer to some of the criticisms then carried on—and still carried on, but, thank goodness, to a lesser extent.

Shortly after war was declared it became apparent to the Prime Minister that a determined effort was being put forth to create a want of confidence in the government. He recognized at once that if divisions of that sort were to take place they would spell disaster so far as Canada's war effort was concerned. Therefore the government was practically forced into a war-time election, at the very time when it should have been left free to devote all its time to organizing our nation for the great task to which it had been committed. The Prime Minister, however, accepted the challenge of those who had been asserting that his government had lost the confidence of the people, and referred his case to the court of public opinion. The decision given by the people is now a matter of history; but we cannot easily forget those who took the leading part in that movement to embarrass the government at such a critical time. I would not want to leave the impression, sir, that all who criticized were not honest in their criticism, because I believe there were many who wanted their criticism to be really helpful. But I think history will be much kinder to the Prime Minister and his colleagues than to those who for personal and political reasons took the course they did at a time when those in authority were doing their utmost to steer the ship of state through dangerous waters and to organize the nation for a supreme war effort.

Even after the matter had been referred to the people; even after the government had received a splendid endorsation from the citizens of this country, there were those who continued their bitter personal attacks on the Prime Minister. One is almost driven to the conclusion that these attacks were based on personal political hatred. Then there were attacks of another sort, not bitter, but at the recent Winnipeg convention we had a supposedly lifelong Tory giving an exhibition of his knowledge and veracity when driven to desperation to find something really bad to say about the Prime Minister, but the only bad thing he could think of was that the Prime Minister was the greatest Tory in

Canada. Well, that is bad enough if true, but mark you, sir, it was said at a Tory convention.

On another occasion the same hon. gentleman—and I refer to the ex-leader of the official opposition—gave an exhibition of his knowledge of Ontario when, trying to cast a reflection upon and discredit western Ontario, he described it as the "brushwood" country. Well, if it was not that particular leader it is that sort of leadership which I think the Tory party were anxious to get rid of, even if they did have to select another Tory who for twenty years had been able to keep himself in office by pretending he was definitely opposed to all Tory policies. His pretentions worked so successfully for himself that he was able to persuade the whole Tory convention to adopt his stand. I wish to congratulate the convention upon having selected one of the smartest political acrobats who have ever come on the stage of the political life of this country. He is really a past master. Talk about hat tricks, I do not think there is any performer of hat-tricks who can pull fast ones as smartly as this new leader.

Mr. GRAYDON: Will my hon. friend allow me to make one interruption?

Mr. GOLDING: Certainly.

Mr. GRAYDON: I think my hon. friend on reflection will not want to continue that sort of diatribe this afternoon. This is war time, and I think the citizen to whom he is referring does not deserve that.

Mr. GOLDING: I am trying to express my own opinion; I did not know I was expressing yours. I was just going to say: talk about these performers of hat-tricks; one minute this gentleman is a united farmer, the next a Progressive Liberal. Then, when some more attractive job looms up he performs the disappearing trick, and presto up pops a brand new curly-headed Progressive Conservative, just like that. Well, I believe the Canadian people will take their own measure of theatrical stunts of that sort. I do not think they have forgotten that another gentleman tried a similar stunt in 1935, and I think they will come to about the same decision next time as they did then.

It has been really interesting to observe the tactics adopted from time to time by those who have been vigorous in their opposition to the present government. For a time there was a persistent demand that the Prime Minister should go to London. This demand became so loud and strong that one would almost be driven to the conclusion that if the Prime Minister had not made that trip the allies would have lost the war, and the whole responsibility for this terrible disaster would have been placed on the shoulders of Canada's Prime Minister. But the Prime Minister having made the trip and evidently saved us from such a terrible catastrophe, the critics still refuse to give him any credit whatsoever. There was also a persistent demand for an empire war cabinet. Those making this demand became urgent notwithstanding the kindly hints given by Britain's Prime Minister that he did not consider such a plan either feasible or practicable. However, the Prime Minister had to come right out in the open in stating his viewpoint, and since that time this demand seems to have died a natural death except for a slight echo heard at the Winnipeg convention, and then the leader of the opposition bringing it up again in his speech on the address in reply.

There was also a strong and prolonged demand for national government in Canada, but this demand also faded out of the picture completely when members of the official opposition who, it was generally believed, had tested their constituencies on the national government idea declared from their places in the house that they were not national government candidates at all and protested against the "N.G." being attached to their names.

Many times since war was declared our Prime Minister has had to pass through much the same situation as President Roosevelt did during the United States election last fall. The President was being attacked and denounced for not having opened a second front, and this campaign was turning thousands of votes away from his candidates. But the President had to remain silent, for he knew that the lives of thousands of allied soldiers were at stake. He knew that to reveal any of the allied plans might mean a major military disaster for the allied forces. Accordingly the President kept his secret, and I think history will write its own record as between him and those critics who I think every fair-minded person will agree were taking a desperately unfair advantage of the situation in which the President found himself.

Time after time this government has been attacked and criticized for not giving more publicity to the splendid contribution that this country has been making to the allied cause. Strangely enough, these attacks have come largely from speakers, periodicals and newspapers that have been diligent in spreading the gospel that this government has completely failed to comply with the wishes of the people in regard to directing an all-out war effort. It is all very well to criticize the

government for being remiss in their duty, not telling the world what Canada has really been doing. But it does not help much to have editorials day after day belittling and denouncing the government's war effort and having these editorials reproduced in foreign papers. And it does not help to have speech after speech telling our own people and telling the world that our war effort is only a fifty per cent contribution. Action of this sort is about on a par with that of those who throw up their hands in holy horror at the idea that anyone would engage in politics when our country is involved in this life and death struggle, while they themselves have had their organizers scouting the country from one end to the other, have been holding political meetings and conventions, mending political fences and building their political organization just as efficiently and just as diligently as if there were no war on at all. Well, Mr. Speaker, I am not surprised that some people collapse at crucial moments while under the terrific strain of trying to ride two horses at one time.

My opinion is that the Canadian people and the Canadian government need make no apology for the splendid contribution this country has made, a contribution which has received the highest praise from all allied leaders. Prime Minister Churchill described it as a magnificent effort. Foreign Minister T. V. Soong of China, speaking in Chungking at his first press conference after having visited the United States and Canada last fall, made the statement that Canada is conducting a wonderful war effort which in proportion to her population surpasses that of any other country. Information Minister Brendan Bracken, in introducing our own Minister of Munitions and Supply (Mr. Howe) at a press conference in the United Kingdom last fall, described Canada's war effort as one of the greatest in the history of the war and said that our production drive was amazing, while our total war effort was staggering. Statements such as these, coming from those outside Canada, would indicate that there is a sharp difference of opinion between those outside and some of those inside who are telling the people that our war effort is only a fifty per cent effort.

I think it would be really interesting to have those making such statements tell us honestly and frankly in which departments we are doing only a fifty per cent job. It is all right to make general statements; but let us pin them down; let us know what they mean. Is it in the armed forces, where our lads are being trained to a high standard; where they have played their part nobly at Dieppe and Hong Kong, or where they have withstood the monotonous grind of remaining on guard on Britain's shores month after month and year after year? Is it in the Royal Canadian Air Force, whose personnel has increased from 4,000 to some 150,000? Is it in this force, which includes some of our finest young men who have passed up opportunities to fit themselves for life and have staked even life itself in their determination to protect their home and their country, and to assist the allies in this great struggle for freedom and democracy? Is it in the commonwealth air training plan, which was conceived by our own Prime Minister, which has received such high praise from His Majesty the King, from President Roosevelt and others, and under which thousands of United Kingdom, United States, New Zealand, Australian and Canadian airmen have been trained and fitted for service anywhere in the world? Is it in the Royal Canadian Navy, whose personnel has increased from some 1,800 to 50,000 and in ships from fifteen to over 500? Is it in this force, where gallant young lads go down to the sea in ships, never knowing whether they will return; this service in which young men and older men have done their best to man our vessels in the fight against the deadly submarines, wherever convoys have been asked to go? I submit that these chaps have brought honour to themselves, to their parents, to their country and to their king. Is it in the merchant navy, in which hundreds of lives have been sacrificed as a result of the determination of these men to keep our ships at sea in order to deliver necessary supplies to all allied fighting fronts?

Is it in connection with the women who have joined the armed services, or those who are doing civilian work? Is it in connection with the civil service, where hundreds have worked hours of overtime with no additional pay? Or is it in our industrial production, where executives, engineers, draughtsmen and mechanics have toiled unlimited hours in an effort to organize their plants for the jobs they have been assigned; where men and women have toiled day and night in their effort to assist in winning this war? Is it in our gun plants, where records for production efficiency and low cost have been established? Is it in our shipbuilding plants, where new records have been set up in regard to the time taken to build, equip and fit a ship ready for service? Is it in our aircraft plants, where such a magnificent job has been done? Is it in our explosives plants, where our research engineers have designed explosives which are perhaps the

most powerful now in use? Is it in our motorized equipment plants, where new records of production have been established, whose products are to be found on every allied fighting front? Is it in our shell plants, where the method of punching the bore of the shell was conceived and adopted, which method has brought about a tremendous saving in the man-hour and dollar cost? Is it in our tank plants, which received such high praise from all allied military leaders? Is it in our lumbering industry, which has been strained almost to the breaking point in an attempt to supply both ourselves and our allies? Is it in agriculture, where men and women, young boys and young girls are doing their utmost under adverse conditions to keep producing food for our own country and our allies? There are men and women on the farms to-day who have passed the age when they should be called upon to do what they are attempting to do now; but be it said to their credit that they have taken up their tools again and are doing their best day by day to assist in beating an enemy who they know would dominate their lives and the lives of their children if we should lose this conflict. Is it in our medical services or our nursing services that we are doing only half a job? Has the finance department of this country failed, or have the people failed to meet the tremendous demands that have been made upon them by the Minister of Finance (Mr. Ilsley) in connection with the enormous amounts of money which must be raised in order to carry on this war?

I believe these are legitimate questions. It would be interesting to know in what department we have failed so dismally as to be doing only a fifty per cent job. I agree entirely with those who contend that we should never reach the point where we are perfectly satisfied with our contribution. While we have almost performed miracles in organizing the resources of this dominion, I think every member of the government will agree that we have not reached perfection. Mistakes have been made, and there is yet much to be done. I believe every member of the government will also agree when I say that this government has received splendid assistance from the great mass of the Canadian people, in all walks of life, and that if it had not been for their fine contribution Canada never could have put forth such a magnificent effort.

There is no doubt that our man-power problem is serious; we all realize that. That is so in every country involved in this war, I do not care what country you name or what sort of policy it has adopted. Sometimes we are told by our critical friends that if we had just adopted a certain policy we would not have a man-power problem. I do not know of any country, I do not care what policy it may have, at present engaged in this war which is not faced with a man-power problem. I have been bewildered at times when I hear members with one breath say that we must have more men for the army, the air force and the navy and then with the next breath denounce the government for taking men off the farms, away from lumbering operations and out of industry. I cannot follow that kind of argument.

My opinion is that this country should not be expected to contribute to the armed forces the same percentage of its population as some other countries are contributing to their armed forces. Our potential agricultural and basic production is much greater per capita than that of any other nation. I am afraid that if we contribute the same percentage of our population to the armed forces as has been contributed by some other nations, it will mean that thousands of farms will have to be abandoned. I have not heard anyone in Canada or in any of the allied countries advocating a policy of that sort.

The selective service board under the able leadership of the Minister of Labour (Mr. Mitchell) has a real problem on its hands. I am afraid it will have to perform miracles if it is to meet the demands that will be made upon it. In any event strict attention will have to be given to and diligent and exhaustive research made of the essential requirements if the selective service board is to be successful in making a scientific and practical distribution of our man-power. It is not an easy task that has been assigned to the Minister of Labour, and I think any hon. member put in his place would realize that within twenty-four hours. The minister has my sincere sympathy.

This job will not be done by running away from it. It is not the chap who runs away from a battle who is recognized as the hero. I represent an agricultural constituency, and I know the situation in which our people find themselves. For many years our farmers have had a tough time with the price of their products at a point below their cost of production. The result was that the young men left the farm as soon as they could find employment elsewhere. There are hundreds of 100-acre farms where the son of the family must bear most of the burden because the father, on account of either age or physical condition, is not able to do a great deal. As

a rule this young man must do the marketing of the products, put in the seed, harvest the hay and grain, put in the fall wheat, attend to the threshing, harvesting the fall crops, the fall ploughing and getting in a supply of fuel for the winter. That is a real man's job. If the young man is taken off a farm like that, the father cannot be expected to give the production the farm should give. The same can be said of 200, 300 or 400-acre farms, although these need a greater amount of manpower. If we are to expect these farms to supply all the beef, pork, cheese, vegetables, fruits and everything else, we must not take away the producers. As I said before, my opinion is that Canada will not make her greatest contribution to the allied cause if these farm lads are taken off the farm, leaving many of our farms idle or partly idle.

It is all very well to talk about sending inexperienced help to aid our farmers; but speaking as one who has had practical experience in farm work, I know it is absolutely essential to have on every farm someone who is able to give a lead in the work, someone who has a thorough knowledge of the production, care and feeding of live stock; someone who has knowledge of the soil and its adaptability for producing certain crops. Such a man needs to be a mechanic, a business man and a bookkeeper all combined. Mechanized farm equipment must have careful attention if excessive repair bills are to be avoided, and that attention can be given only by operators who are familiar with their machines. It takes time and instruction to obtain this knowledge.

I am quite sure that the selective service board will take all these matters into consideration. I congratulate the government upon having placed upon the statute books legislation which provides that bona fide farm lads will be left on the farm. I wish to take this opportunity to make an appeal to the selective service board, the government and the price control board to give careful consideration to the problems which our agriculturists have to face. I am perfectly satisfied that if they will do that they will be well repaid.

I believe that every member of this house and every citizen throughout the country were well satisfied when the price control board was established. There is far too much unnecessary sniping at these men who no doubt are trying to do an honest and conscientious job. I feel sure that if some of us were put in their positions we would soon have a different viewpoint. No doubt mistakes have been made; but I do not think these attacks should be made in a way to create want of confidence in the board, in its set-up and in its intended purpose. After all, I believe it is one of the finest things the government has done, and it has been praised and copied in many other allied countries.

In closing, I ask that we give some consideration to our Prime Minister who is carrying a tremendous burden of responsibility, to our cabinet ministers and to those men on the various boards who are trying to do what I believe is an honest job.

Mr. W. F. KUHL (Jasper-Edson): Mr. Speaker, I was glad to observe that the hon. member (Mr. Golding), in endeavouring to give credit where credit is due with regard to the war effort was ready to give the people of Canada at least a little credit instead of attributing it all to the Liberal party. Before making the remarks which I propose to make relative to the budget, I should like to take issue with a few of the statements which have been made by hon. members during this debate with respect to the policies of the group with which I am associated. As one who believes more firmly than ever in the policies and the philosophy of the Social Credit proposals, I have absolutely no objection to anyone offering criticism with regard to the genuine proposals that we are making. But that is not what is done by most of the members of this house as well as by many people outside the house. A great number of them set up a straw man and call it Social Credit. They then knock the silly nonsense down on the pretence that they are destroying the Social Credit argument. They have neither the courage nor the ability to come to grips with the real issue involved.

The hon. member for Moose Jaw (Mr. Ross) yesterday made a statement about which I should like to say a few words. During the course of his address he said:

> My hon. friends of the Social Credit group would wreck the whole thing by issuing worthless paper money.

That statement is quite similar to one which the hon. member for Rosetown-Biggar (Mr. Coldwell) made in his address. He said:

> It seems to me that my hon. friends to my left mistake money for wealth. In other words, they mistake the shadow for the substance.

Those two statements are, I think, on all fours. The obvious implication of both of them is that the Social Credit proposals suggest the issuance of money without any relation whatsoever to wealth. I want to say for the benefit of the hon. member for Moose Jaw, if he is capable of absorbing the

point, that every single, solitary dollar that goes into circulation in a Social Credit economy represents one dollar's worth of wealth—call it goods or anything else you wish. The money which would go into circulation in a Social Credit economy would be no more worthless printing-press money than the $790,000,000 of money which the government obtained from the chartered banks during the course of the last fiscal year.

May I say again for the benefit of those who have set up these straw men that social crediters do not mistake money for wealth, neither do they mistake wealth for money, and that is the mistake which the hon. member for Rosetown-Biggar makes, I believe, and the mistake which most of the members of this house outside the Social Credit party make. They state or imply by what they say that wealth is money. They assume that when a thousand dollars worth of goods is produced there is automatically a thousand dollars worth of money somewhere in our economic system to buy those goods; that when the farmer produces a thousand dollars worth of wheat, there is automatically somewhere a thousand dollars of money to buy that wheat; and that when a manufacturer makes an automobile worth one thousand dollars, automatically there is one thousand dollars of money to buy that automobile. We in this group have contended constantly that that is not so, and the facts are there to prove it. Examine the financial statement of any company in the "Canada Year Book," and it is apparent that the national production is always in excess of the national income. That is a point which none of those who has attempted to refute the Social Credit contention has tried to dispute. I personally should like to hear that point debated. No one yet has admitted the chronic shortage of purchasing power that exists under our economic system.

On the point of worthless money may I suggest this to the hon. member for Moose Jaw and those who think like him. I direct his attention to a remark made by my colleague, the hon. member for Wetaskiwin (Mr. Jaques), when he was speaking. He said that at the present time we, the people of Canada, are paying Hitler dividends to the equivalent of at least forty dollars a month for every man, woman and child in Canada. We are making him an outright gift of that money, and we do not expect anything in return; we do not even wish anything in return. Yet the hon. member for Moose Jaw would insist that the money which is used to give Hitler a dividend is sound money. On the other hand, if we were to use the same amount of money to give ourselves a dividend to buy our own production and enrich our own lives, the hon. member would call that worthless paper money. Surely that is the inference from the statement he made yesterday. All I have to say to him is that those who resort to such arguments are being taken less and less seriously each day.

Mr. BLACKMORE: They are just confusing the issue, not trying to find a solution.

Mr. KUHL: The hon. member for York-Sunbury (Mr. Hanson) is greatly disturbed and perturbed lest individual initiative and private enterprise be jeopardized. No doubt he is aware that the Social Credit philosophy also stands for private intiative and private enterprise. We do not believe that it is necessary to destroy a principle in order to do away with its abuses, any more than it is necessary to get rid of a motorcar just because the carburettor does not function. The point I wish to make to the hon. member for York-Sunbury as well as to the government is that the financial policies for which they stand will not permit individual initiative and private enterprise to function as they ought to. They remind me very much of a drunkard who tries to cure himself of his evil habit and who tries everything except stopping drinking. Both Liberals and Conservatives wish to preserve individual initiative and private enterprise, but they are pursuing a policy which jeopardizes and tends to destroy the very thing which they are trying to preserve. I suggest that they would be well advised to take time off to study the philosophy and the principles of Social Credit, because I believe them to be the only principles which will preserve individual initiative and private enterprise.

I come now to the budget itself. It is quite obvious that the construction of a war budget involves considerably more work than the preparation of a peace-time budget. I join in the commendation which other hon. members have expressed to the Minister of Finance (Mr. Ilsley) for the energy he has displayed in conducting Canada's financial affairs in accordance with the policies in which he believes. I agree with many of the things which he is doing to enable Canada to make a maximum war contribution. Nevertheless there are things which he is doing to which I take objection, and he is leaving undone things which I think he ought to do. I draw a clear distinction between the purpose and object of a peace-time budget as compared with a war-time budget.

I think it is self-evident that if Canada is to make a maximum war effort, all the nation's production over and above that needed to provide a standard of living sufficient for maximum efficiency should be devoted to the prosecution of the war. If Canada is to do her best, no Canadian should expect to enjoy during the war any more than a moderate standard of living. Hence I believe that, to the extent to which a war budget brings about the greatest possible equalization of income, it is a good budget; and to the extent that it fails to bring about the greatest possible equalization of income, it is a bad budget. A war budget, or for that matter any budget, which permits discrimination against certain sections of the people in the matter of income is, I consider, unjust and unfair. This budget as well as others have done a great deal to reduce higher incomes, but I believe in certain instances they have failed miserably to raise many of the lower incomes to the place where the people are enabled to make their maximum contribution to the war effort. People simply cannot do their best if they are unable to obtain a wholesome diet, sufficient clothing, adequate housing and health services. A budget which compels part of the population to live on the ragged edge of existence is not a patriotic budget. Canada cannot afford to do less than provide all her people with at least the absolute essentials of life which they require to do their best work.

Those who have paid special attention to the farmers' position with regard to their share of the national income have elaborated extensively the farmers' point of view. Consequently I will make only a passing reference to this subject. It has been pointed out repeatedly that those on the farms constitute a third of the population and yet are receiving only one-sixth of the national income. I consider that a budget, whether for war or peace, which permits a continuation of that disproportion is manifestly unfair and unjust.

Mr. FRASER (Northumberland): Will the hon. member permit a question? I have one of his "funny money" bills here. How much will he give me for it in national currency?

Mr. BLACKMORE: How much will you take for it?

Mr. FRASER (Northumberland): I will take one cent.

Mr. BLACKMORE: All right; bring it over.

Mr. FRASER (Northumberland): Sold.

Mr. BLACKMORE: I will give you two, for good measure.

Mr. FRASER (Northumberland): Are there any higher bidders?

Mr. SPEAKER: Order.

Mr. BLACKMORE: I will give you two dollars for it.

Mr. FRASER (Northumberland): Give me two cents for it.

Mr. BLACKMORE: I will give you two dollars for it—just to call your bluff.

Mr. KUHL: I was indicating that a budget which did not provide for a just apportionment of the national income was not fair and just. I was about to make a point which many have suggested, that the reason the farmers are not getting a fair deal is that they are not well enough organized. Personally I cannot see that any section of the population should be obliged to apply pressure upon their elected representatives in order to obtain simple justice. I regard it as the bounden duty of the people's elected representatives to discover and remedy economic injustices. Parliament is the most extensive organization which the people of Canada support, and farmers contribute to the support of this institution as well as do all other people in the community. Consequently I cannot see why they or any other class should be obliged to make a special appeal for justice to their elected representatives. Why should any citizen or group of citizens have to beg and plead and implore the government to deal fairly with them? Why should they be obliged to heave and shove and push their elected representatives into doing things which are nothing more than their duty? I believe that the representatives of the people should be the leaders of the people, that on their own initiative they ought to seek out and solve the problems of the people. It is the duty of governments to do for the people what they are unable to do for themselves. I can see no other reason for the existence of a government. If, through reasons beyond their individual control, the aged or any others in our society, whether farmers, labourers or fishermen, are unable to help themselves, the duty of the government is to intervene and help.

It is apparent from all the statistics which have been put on record that the farmers of Canada are not receiving a compensation commensurate with their contribution to the national wealth. I suggest in all sincerity that this government can guarantee and pay them a dollar and a half a bushel for their wheat. It can do so just as easily as it can pay ninety cents, and without increased taxation or borrowing. The government can also guarantee and pay subsidies to farmers in respect of every product for which they are not getting the cost of production, in order to raise their

incomes to where they ought to be. If the government does anything less, it is not doing its duty.

The same reasoning holds true with regard to pensions for the aged, the blind, and others who are unable to take care of themselves. This government could pay an old age pension of fifty dollars a month just as easily as the present miserable and niggardly pittance of ten to twenty dollars, and—again—without increased taxation or borrowing. Members of parliament ought to hang their heads in shame at the manner in which the aged and the unfortunate in this country are dealt with.

Mr. BLACKMORE: Non-pensioned war widows, for example.

Mr. KUHL: If Canada were a desert or semi-desert there might be some excuse for dealing with them in this fashion. But our country is capable of producing not only abundance but superabundance. I say that in dealing with these people the attitude constantly adopted is to beat down their just desserts and to give them just as little as can be got away with. What we ought to do is to err on the side of generosity, rather than the reverse.

Another point in connection with pensions is this: I believe every aged person, not at seventy years but at least at sixty-five should receive his pension automatically, whether he be rich or poor, and without any application. That is part of the cultural and national heritage to which the aged are entitled, simply by reason of their citizenship in this wonderful country. I say, therefore, that although there has been much equalization of income, there are still many in the lower brackets whose incomes should be raised, before we can say there is the greatest possible equality of sacrifice. Just so long as that position obtains, I believe our war effort will be impaired.

There are many of the older generation, registered as unemployables, who would like to contribute each day an hour or a couple of hours of work of some kind, in order to make their contribution to the war effort. But on account of their meagre incomes they are unable to do so. They cannot avail themselves of the necessary health services, with the result that we are losing that much energy which could be directed toward our war effort if those incomes were raised to what they ought to be.

I have some further criticisms respecting the budget, and I believe these apply to a peace-time budget equally as well as to one brought down in war time. I contend that a budget proper should set forth in financial terms all that has taken place in physical terms. This budget does not do so. A budget proper should be a complete financial reflection of the physical realities of the nation. This budget is not such. A budget proper should not represent the creation of new and additional real wealth as a national liability. This budget does so. A budget proper should represent the production of all new real wealth as a national asset. This budget does not do so. A budget proper should not indicate that a nation is headed for financial bankruptcy, when it has greater real wealth producing powers than ever before in its history. This budget does so.

Both the Minister of Finance and the deputy minister have asserted that the real costs of the war are the men and materials, and that such costs must be borne by the generation fighting the war. I agree entirely with that position. But the point I make is that the minister's confession of faith, and his works, do not harmonize. The budget brought down by the minister is not a reflection of the real facts in his possession. In physical terms the armed forces and workers in munitions factories, the miners, lumbermen, fishermen and bank clerks, and all others, have met all the real costs of the war. On the other hand, the budget is not a reflection of that fact.

When we examine the budget we see that our national debt is to be increased to the extent of about two and a quarter billion dollars. That increase in national debt suggests that the people of Canada are not paying for the war as it is being fought. Speaking in Montreal, as recorded by the *Financial Post,* the deputy minister of finance, Dr. Clark, made the statement that by no financial sleight-of-hand can we pass on the burden of war to oncoming generations. But is that not exactly what is being done in the budget? The point I make is that either the minister's statements are wrong, or the budget policy is wrong. They cannot both be right, because one is a contradiction of the other. If the minister's statements are correct, then the budget policy is wrong. My personal belief is that the minister's statements are correct, and that the budget policy is wrong.

I contend that war debt is a positively false situation. War debt in a country with the wealth producing power of Canada is pure fiction. Canada has no real war debt. The only reason why the budget indicates that the people of Canada have a war debt arises

from the fact that the government is pursuing an upside-down financial policy. It is a policy which conceals, rather than reveals facts.

I should like to make some remarks respecting the manner in which bond sales campaigns are conducted. I have several objections to the manner in which these sales are made. I was both shocked and amazed when I heard a statement made by those speaking on behalf of the workers who took part in the last victory loan campaign. I did not imagine that any responsible individual could make a statement so far from the truth. This is the question I heard asked over the air, one for which I have no doubt the war finance committee is responsible: "How would you like to fight Hitler without leaving your comfortable fireside?" I contend that a statement of that kind is not only false but actually subversive of the war effort. It fosters a false psychology in the minds of our people. It suggests that the purchaser of a bond is making a contribution almost equivalent to that made by the soldier, the sailor or the airman in the thick of the fight. It suggests that the purchaser of a bond is rendering a service equivalent to that of the individual who machines a gun barrel. I I object strenuously to that type of propaganda. The only way in which anyone can fight Hitler is by donning battle dress, shouldering a gun and participating in the actual conflict. To suggest that the purchaser of a gilt-edged revenue-bearing asset is making a sacrifice comparable with that of a soldier, sailor or airman is to be guilty of the basest blasphemy.

Another objection I take to the manner in which these campaigns are handled and the things that are said is that the people are led by the propaganda to believe that the government needs this money for the purchase of guns, planes, tanks and ships and other war material. In fact they are led to believe that the actual money produces the weapons. I have here a page from the *Financial Post* which bears out that point. This is an advertisement which came out during the last victory loan campaign. It says:

> What our $750 millions will do.
> Build 2,208 ram tanks for the army.
> Build 55 corvettes for the navy.
> Build 397 Lancasters for Britain.

I say that is giving an entirely false impression of the objects of a loan campaign. The minister has stated again and again that the object of the sale of bonds, war savings certificates and stamps is not primarily to raise money to buy ships and tanks and guns and munitions; that its major purpose, if not its only purpose, is to curtail civilian spending, to reduce the pressure on the purchase of civilian goods in order that more materials may be directed toward the war. If that is the true position; if that is the real object of the sale of bonds, I suggest to the Minister of Finance that he see to it that no other impression goes abroad among our people.

Another point I should like to make—it has been made already in previous debates by one of my colleagues—is with regard to paying interest on bonds, war savings certificates and stamps. If the primary, if not the only purpose of the sale of these bonds and certificates is to curtail civilian spending, then this money which is involved in their purchase constitutes savings. And I believe that if the people are to be permitted to make savings out of their war earnings they should do so at their own expense. Instead of the government paying the people interest on their savings, the people should be obliged to pay the government a service charge for handling their accounts for them during the war. The reason why the people expect interest on their bonds and savings certificates is that they have been led to believe that the government needs their money to buy tanks and guns and ships, whereas the fact is that as far as securing the money is concerned, if the government chose and wished to do so, the government could create in one minute sufficient money to run this war for the next hundred years. The extent of the money the government created would be simply a matter of the number of naughts they added to the first digit on the credit side of the ledger. In saying that, I am not implying that ships and tanks and guns can be manufactured overnight, but certainly the procuring of the money is the simplest thing in the world; it is nothing but bookkeeping entries.

Another point I should like to make in regard to taking money from the people in order to curtail civilian spending is that the present method through the sale of bonds, war savings certificates and stamps is extremely wasteful of materials and energy, if the primary purpose is to deprive the people temporarily of their spending power. The printing of those bonds involves skilled workmanship and high-class paper. That work and material is absolutely unnecessary. During these bond campaigns salesmen by the hundreds are spending their time urging the people to invest. This labour could be saved; these people could be far better employed behind a lathe machining gun barrels or something of that kind. That would constitute a real contribution. The same thing applies to

advertising; the tremendous radio and newspaper and other advertising programmes are a waste of time, energy and material.

Another objection I have to the present policy is that because all people are unable to purchase bonds and certificates to the extent they would like, it places the majority of the people of Canada in pawn to about fifteen per cent of the people of Canada. The majority become bond-slaves forever to the few.

So much for my criticisms as to the present methods of taking from the people their surplus purchasing power. Let me now say a few words in connection with the sale of bonds to the chartered banks for the purpose of obtaining money. The objectionable features of the present method of handling bonds are bad enough, but those with regard to bank borrowings are infinitely worse. I would not object so seriously if the banks bought these bonds out of their earnings, but they do not. The $790,000,000 of bonds that were purchased by the chartered banks during the last financial year were purchased with money which they themselves created for themselves at no cost to themselves and without assuming any responsibility. The money which the government raised from the chartered banks to the extent of $790,000,000 last year was brand new money. It was purely bookkeeping entries, but brand new money nevertheless, additional to what was already in existence. My contention is that the right and privilege of creating this money is a crown prerogative; it is the highest prerogative that the crown can enjoy, namely, creating the money of the nation. But as a result of government policy, $790,000,000 at least was created last year by private institutions, and the people as a whole placed in pawn to the banking institutions. Mr. Barclay Smith, an Australian writer, in a book entitled "Victory Without Debt" has this to say on that point:

> It is infamous beyond words that private banks should have the power to make profits in perpetuity out of creating credit, when the government has full power to create its own monetary requirements without borrowing and taxing.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. G. S. WHITE (Hastings-Peterborough): Mr. Speaker, I should like to associate myself with the remarks of the hon. member for York-Sunbury (Mr. Hanson) this afternoon with regard to the coming victory loan; and I wish to assure the Minister of Finance (Mr. Ilsley) that as far as the section of Ontario from which I come is concerned, as in all other campaigns it will raise its share of the loan, just as already it has contributed its share during the current campaign for funds for the Red Cross.

In the debate on Tuesday concerning the fuel situation a great deal was said about the question of man-power, and I should like to bring to the attention of the Minister of Labour (Mr. Mitchell) a matter in that connection which seriously affects eastern Ontario. I wish to quote from an article appearing in the Belleville *Intelligencer* of March 10, under the heading "Government officials to meet Ontario cheese men in city to discuss present shortage of factory help":

> Of 342 cheese factories in Ontario which replied to questionnaires sent out by the eastern, central and western Ontario cheese makers' associations within the past few days, 257 reported that they were in need of immediate help if the requested 1943 increased cheese production is to be achieved. . . . At a recent meeting, officials of the three associations endorsed a resolution recommending the sending of an official delegation to Ottawa to seek immediate alleviation of the labour problem. . . . In all, it was stated, the factories required 309 experienced men immediately if operations, which usually start between April 15 and May 1, are to get away on time.

Belleville is the centre of the cheese industry in eastern Ontario.

Last session I brought to the attention of the then Minister of National War Services, whose department at that time was administering the call up of men for the armed forces, the seriousness of the situation resulting from calling up experienced cheese makers and helpers for military service, but apparently nothing was done, since the divisional registrars continued to call up these men. Only a short time ago a cheese maker in my county came to me in regard to two of his experienced helpers who had been called up for training. With the time approaching for the opening of his factory, which would produce from 150,000 to 175,000 pounds of cheese per annum, he was confronted with the situation that he had no help. As everyone knows, the farmers have been requested to increase to a great extent their cheese production during 1943, and the average farmer has made provision to do so. It seems most unfortunate that at this time of year, when the factories are ready to open, we should find a most serious shortage of these skilled men, and I sincerely trust that the delegation which is to see the minister will be able to discover some way to remedy this situation.

In a return brought down in this house on March 15 last, sessional paper No. 139B, there are set out the enlistments in the armed forces up to January 31, 1943. An examination of this report shows clearly the farce of the term "equality of service and sacrifice" as applied across Canada. I should like to place on *Hansard* the figures showing by military districts the male population between the ages of nineteen and forty-five, and the number of enlistments:

	Male population 19-45	Enlistments
M.D. 1—London	147,800	32,649
M.D. 2—Toronto	408,700	95,596
M.D. 3—Kingston ...	150,000	42,144
M.D. 4—Montreal ...	423,800	50,654
M.D. 5—Quebec	214,300	17,403
M.D. 6—Halifax	118,200	35,226
M.D. 7—Saint John.	80,300	23,220
M.D. 10—Winnipeg ..	179,700	37,326
M.D. 11—Victoria	155,100	35,855
M.D. 12—Regina	177,200	31,602
M.D. 13—Calgary	160,700	34,983
		436,658

An examination of this return will clearly show that there is no equality of service spread evenly across Canada, and will show the heavy load some districts are bearing in comparison with others as far as voluntary enlistments are concerned. In the last issue of "Canada at War", at page 39 under the heading of "man-power" I note the following statement:

> Approximately 33 per cent of all male Canadians between the ages of 19 and 45 have enlisted in the armed services.

How much better it would have been to point out that in eight provinces of Canada the enlistments were well over thirty-three per cent, but that in Quebec, the ninth province, they ran somewhere between ten and fifteen per cent. In my opinion this condition can be corrected only by the introduction of a fair and just system of selective military service applied in the same manner and degree to all parts of Canada. On other occasions I have advocated the same policy in the house. I did so as far back as June, 1940. At that time one was almost guilty of treason or liable to be charged under the defence of Canada regulations if he made such a suggestion. Then, as now, it was claimed that the introduction of such a system would destroy national unity, but I for one could never understand why a fair and proper distribution of man-power to be called up for military service across the whole dominion should interfere with or destroy our national unity. The National Resources Mobilization Act has been a farce from the start. On February 26, 1943, replying to a question asked in the house, the Prime Minister (Mr. Mackenzie King) stated that he had not changed his mind in any way about the amendment to this act passed at the last session, and that before the act could be put into force it would be necessary to come back to this house for a vote of confidence or want of confidence in the government. What a man-power policy to have in the fourth year of the war! What a farce the plebiscite turned out to be. With the zero hour for the invasion of Europe drawing closer every day, we have not as yet adopted a proper man-power policy.

With regard to the matter of reinforcements for our forces overseas I think all members of the house will await with interest the secret session at which I trust the Minister of National Defence (Mr. Ralston) will take us all into his confidence and tell us quite frankly the whole story of our reinforcements for overseas. Dieppe showed casualties of some sixty-seven per cent of those taking part, so that it will be most interesting to hear from the Minister of National Defence the details of the provisions that have been made for providing reinforcements for our troops now in Great Britain.

Yesterday the hon. member for Lake Centre (Mr. Diefenbaker) showed that the army was not receiving the proper number of reinforcements month by month. He based his remarks upon the official return No. 139B, which I now hold in my hand, and other figures contained in the booklet "Canada at War". The Minister of National Defence disputed the correctness of his figures, but he gave no explanation as to how the mistakes had occurred. I should like to point out to the Minister of National Defence that the error mentioned yesterday by the hon. member for Lake Centre is not the only one.

If hon. members will look at page 14 of the January issue of "Canada at War", they will see under the heading "army" that the number of soldiers in the active army in Canada is given as 210,000. Yet this return shows the total number of men by military districts, attested for service anywhere but now serving in Canada, as 149,000 as of January 2, 1943. This is a mere difference of 61,000 men. On the same page of the January issue of "Canada at War" the number of men in the reserve army is shown as 200,000; yet in this return it is stated that the total number of men by military districts who were serving with the reserve army as of December 31, 1942, is

106,000. This is another slight difference of only 94,000 men. I assume that in the figure of 106,000, being the total number of men serving in the reserve army, is included the 60,000 to 70,000 men who received training for only one month.

The March issue of "Canada at War", which is just off the press, gives on page 14 the strength of the active army as 430,000; yet yesterday the Minister of National Defence pointed out that, according to the return brought down the strength of the army was 437,203; he gave the enlistments for January, 1943, as 11,631, and for February, 8,927, making a total of 457,761. This is another small difference of 27,761.

I do not suggest that the figures given by the minister are wrong, but it seems peculiar that when the ordinary private member is able to obtain information only from returns such as this and from official government publications such as "Canada at War", he should find these great discrepancies. "Canada at War" is issued by the wartime information board, a department of this government. It is only fair to assume that these officials have access to proper sources of information. Perhaps "Canada at War" is issued only for political propaganda purposes; I do not know. This return shows that up to January 31 of this year the number of men called up under the National Resources Mobilization Act was 114,641. I think I am quite safe in saying that to secure this number of men, at least 900,000 notices would have to be sent out.

An examination of the table of enlistments on page 22 of the February issue of "Canada at War" shows that the call up of men under the National Resources Mobilization Act is not carried out on a proper percentage basis according to population. Let me take military district No. 1 at London as an example. This district has a population of 147,800, and it has supplied by voluntary enlistments a total of 32,378 men for the army. From this district there were called up under the National Resources Mobilization Act a total of 8,533. Compare these figures with those of military district No. 5 at Quebec, with a male population of 214,300. The increase in population over the other district is 66,500. Military district No. 5 at Quebec supplied 17,492 men for the army, which is considerably less than half the number supplied by military district No. 1 at London. Military district No. 5 has supplied only 8,874 men under the National Resources Mobilization Act. These figures can be compared with those of other districts and the same condition will be found to exist.

[Mr. White.]

I realize that the Minister of National Defence is not responsible in any way for the calling up of these men, but I think the time has come when the Minister of Labour (Mr. Mitchell) should tell this house and the public of Canada the plan or the scheme or the method used in his department in calling up men under the National Resources Mobilization Act. When the appropriation bill was before the house at the last session I attempted to secure from the then Minister of National War Services information as to what plan he operated under, but all that he could say was that the calling up of these men was fairly administered. I submit that the proper answer is to be found in this table put out by the government in the publication "Canada at War", in its February issue, which clearly shows that under the National Resources Mobilization Act far more men were called up from one district than were called up from another.

The time has come for the Minister of Labour to tell us exactly how if, say, 10,000 men are required to be called up in March under the National Resources Mobilization Act, they are allotted according to military districts across Canada. Does he consider calling up according to population, those between the ages of nineteen and forty-five? Does he consider the number of men who already have enlisted voluntarily from certain districts in the army, navy or air force? Or, what plan is it that he follows? I hope that either to-day or very soon the Minister of Labour will make a clear-cut statement to the house so that everybody will know what system is to be followed in the calling up of men under the National Resources Mobilization Act. I repeat, that only by the adoption of a fair and just system of national selective service under which men will be called up in a fair distribution across the whole of this dominion, irrespective of occupation, race, creed or anything else, can we cure the present situation. After all, why should one section of this country supply a far larger number of reinforcements than any other section? To-day eight provinces in Canada are more than doing their fair share, both in voluntary enlistments and in supplying men under the National Resources Mobilization Act. The province of Quebec is far behind the other provinces in the number of men who have enlisted voluntarily and in the number of men called up under the National Resources Mobilization Act. Yet there are men in this house who will talk day after day about equality of sacrifice and equality of service. But if anyone dares to suggest that Quebec lags behind, the old bogey of national unity is trotted out again.

Why must the eight other provinces submerge their interests in favour of the province of Quebec?

Press releases show that under the National Resources Mobilization Act the draft dodgers run well into hundreds of thousands; yet, according to the press fewer than three or four hundred of them have been located and prosecuted. Under such a system, how can the people of this country who have sons overseas be expected to be satisfied with or have any confidence in such a half-hearted slipshod method of administering the law of Canada? The Minister of Justice (Mr. St. Laurent) has on various occasions been prompt and alert to act when there have been alleged contraventions of the defence of Canada regulations. Perhaps he might as well devote some of his time to administering in a proper, just and fair manner the regulations under the National Resources Mobilization Act.

A short time ago there appeared in the press of Canada an announcement that high-school students would again be allowed to leave school early in the summer term to engage in farm work and in industries connected with the war effort, and that any such student who worked for thirteen weeks would be granted his standing for the year, subject to the recommendation of his teacher or the principal of the school. I have no quarrel or complaint with that. But I .would point out that on March 8, the Minister of Pensions and National Health (Mr. Mackenzie) issued a statement in which he reviewed the educational qualifications of some 347,900 men in the armed forces. The statement showed that of that number the largest group, 102,892, were those in the junior matriculation class; those who had obtained their junior matriculation numbered 31,648; and those having their senior matriculation, 1,120. But the strange thing is that young men in the province of Ontario who join the armed forces in their matriculation year are not granted their standing for that year. Surely some plan could be worked out with the provincial educational authorities whereby any boy in his matriculation year who joins the armed forces would be granted his educational standing for that year. Many hon. members will recall what happened at the end of the last war when the boys came home. Hundreds of them who had not obtained their junior or senior matriculation were prevented from going on and undertaking university or other courses.

In the estimates for the present year, under the Department of Pensions and National Health there is an item of $400,000 for pensions to be awarded to widows of deceased soldiers, such pensions to be awarded on compassionate grounds. I would point out to the minister of pensions that while this is very commendable it merely touches the fringe of the whole question of pensions to widows of soldiers. As hon. members are aware, on the death of a soldier whose disability is fifty per cent or over, his widow continues to receive a pension. But on the death of a soldier having a disability of less than fifty per cent his widow receives no further pension. Take the case of a soldier with a wife, and receiving a monthly pension of $30 a month. Of that amount $20 is the pension awarded to the husband, and $10 is the amount payable because he is a married man. On the death of that soldier his widow does not continue to receive the $10 that had been paid on her account; she receives absolutely nothing. I suggest to the minister that since his department has recognized the principle that the widow of a soldier with a disability of fifty per cent or more is entitled to pension, surely the same principle should be applied to all soldiers whether their disability is five, forty-five or sixty-five per cent. I sincerely hope the minister will give that suggestion very serious consideration and do something about it.

In conclusion, I wish to refer briefly to some of the remarks made this afternoon by the hon. member for York-Sunbury (Mr. Hanson) in dealing with the declaration made in this house by the present leader of the socialist party at the short session in December, 1939, when the hon. member for Rosetown-Biggar (Mr. Coldwell) placed on *Hansard* the policy of his party. While the member for York-Sunbury was speaking this afternoon he was interrupted by various members of the socialist party who stated that there were several statements on record showing that they had repudiated that stand. But let me point out that during last session, when bill No. 80 was introduced to amend the National Resources Mobilization Act, after a very long debate, when the vote was taken, every member of the socialistic party, for reasons known only to themselves, voted against that bill.

Mr. DOUGLAS (Weyburn): We also moved an amendment calling for complete conscription of everything.

Mr. WHITE: Just a moment. Does that not clearly indicate that the socialistic party have not changed their views or their stand in any way as enunciated in September, 1939?

Mr. DOUGLAS (Weyburn): It proves nothing of the sort.

Mr. WHITE: The hon. member for Weyburn (Mr. Douglas) can speak afterwards. In voting against bill No. 80 and in taking the stand which they did, they showed to everyone

in Canada that they were not in favour of supplying reinforcements and everything else necessary to the boys overseas.

Mr. DOUGLAS (Weyburn): Mr. Speaker, I rise to a point of order.

Mr. WHITE: There is no point of order, Mr. Speaker.

An hon. MEMBER: It is just a statement of fact.

Mr. DOUGLAS (Weyburn): The hon. member is making a statement which is not at all in accordance with the facts. He states that this group have taken a stand indicating that they are not in favour of sending reinforcements to the men overseas.

Mr. WHITE: The hon. member is making a speech.

Mr. MACKENZIE (Vancouver Centre): There is no point of order there.

Mr. DOUGLAS (Weyburn): I contend that the hon. member for Hastings-Peterborough has no right to make such a statement.

Mr. DEPUTY SPEAKER: It is just a matter of argument. I see no point of order in the contention of the hon. member for Weyburn.

Mr. WHITE: I repeat that the socialistic party, in taking the stand which they did in the vote on bill No. 80, voted against the sending of men overseas to support the troops there. I have always contended that when this parliament decided to send an expeditionary force overseas there was an obligation not only on every member of this house but on every citizen of Canada that these boys must be supported with all necessary reinforcements, the finest implements of war, and everything else necessary, no matter what the cost might be.

I should also like to associate myself with the remarks made by the hon. member for York-Sunbury when he advocated a policy of private enterprise and personal initiative. It seems to me that only under such a policy is there any hope for our children or for the boys when they return from overseas. The men who serve in this war will have had enough of regulation and regimentation, and will be only too anxious to regulate their own affairs. It is quite true that the controls we have to-day are irritating, but they are absolutely nothing compared with the controls and regimentation to which we would be subject under a socialistic party. Freedom, absolute freedom, is one of the things for which our boys are fighting to-day. We have in Germany an example of what happens in a socialistic state. There, instead of the state being subject to the will of the people, everyone was absolutely subject to regimentation and dictation by the state. I suggest that under the programme suggested by the socialistic party, whereby they would do away with private enterprise, there would be taken away from the youth of this country one of the biggest assets which youth has, namely, the ambition to succeed, to carve out a career for themselves, the right of each one to earn his own living under his own direction and to retain what he honestly earns and acquires, after the Minister of Finance (Mr. Ilsley) has taken his share. Take away this ambition to succeed and to carve out a career from the youth of this country, and you destroy one of the greatest assets youth has.

Mr. W. J. WARD (Dauphin): I hope that the hon. member for Hastings-Peterborough will not expect me to follow him in what seems to me was a rather distorted and inconsistent attitude in certain portions of his address. I desire at the outset to commend the Minister of Finance (Mr. Ilsley) for his great industry, loyalty, and devotion to duty. I intend to say very little about the budget, which is probably the greatest operation in the sphere of finance which Canada has ever known, but I am sure the people are grateful for having, in the person of the present minister, a man capable of doing the job. There is one matter in the budget to which I wish to refer, but the statements I intend to make are entirely upon my own responsibility. I refer to the allusions to the farmers and the income tax. The minister and his advisers have honestly, no doubt, attempted to meet the situation of the farmers, not realizing, I am sure, the position they hold in the national economy. The minister stated, as reported at page 849 of *Hansard*:

> It will be difficult to put farmers on a pay-as-we-earn basis because it is so very hard for them to estimate their income in advance. We are proposing to give them as much latitude as possible by simply requiring them to pay two-thirds of their tax any time up to December 31 —on the basis of a rough guess or calculation— and the balance when they file their final return in March of the following year. Higher agricultural incomes have now brought many farmers into the taxable income ranges, and I am glad to know that the Department of National Revenue is making special efforts to assist the farmer in reckoning his income and calculating his tax.

I pause here to point out that the farmer is the greatest income taxpayer in Canada. He pays a much larger income tax, because it is collected indirectly, than, probably, any other class. Let me give the house a living case in point. In my home town, with a population of five thousand, along with the rural municipality of the same name, in the last victory loan drive there were subscribed just under $300,000. The town of Dauphin is simply a large rural service station. We do not export anything, except a little electric power to some of the country districts surrounding the town. The town has grown to the size it has because it is in the centre of a very rich farming district. Of the $300,000 subscribed, only one-sixth came from the rural municipality; the remaining five-sixths came from the town. Who paid the remaining five-sixths? The town has no particular association with the outside world, no exports, so that the farmers paid every dollar of the $300,000; there is no argument about that.

I believe it was the hon. member for Mackenzie (Mr. Nicholson) who drew a comparison the other day between Saskatchewan and the city of Toronto. He pointed out that $10 per capita was asked from Saskatchewan, and I understand it was $259 per capita from Toronto. He pointed this out as evidence of what he thought was poverty in his province. Apparently he was not aware that Saskatchewan not only had to pay a good share of the income taxes of Toronto and all other industrial cities in Canada, but had to pay as well the income taxes of Saskatoon, Regina and other urban centres of that province. So that when the farmer got through paying the indirect income tax there was nothing left for my good friend the Minister of National Revenue (Mr. Gibson).

During the last victory loan campaign I was in charge of a good portion of the rural municipalities, and I was surprised to find that farmers who, I thought, should have been good for the purchase of at least a $1,000 bond would and could purchase only a $50 bond. They would tell me where the rest of the money had gone. It had gone to the indirect road, the purchase of supplies. That is true of the farmer throughout Canada as a whole.

Dealing with this matter the minister went on to say, as reported at the same page of *Hansard:*

> After some careful consideration of the special problems faced by farmers in regard to income tax, I am proposing another special measure to assist them in overcoming the extreme variation in income to which they are frequently subject because of weather and other changes.

He might have said that changes in government, too, sometimes affect the income of the farmer. He continued:

> Last year, the house approved a change in the income tax law enabling any business to carry forward a loss suffered in 1942 or any later year as a charge against profits in the following year. We propose now to enable a loss to be carried forward two years in the case of farmers—so that if a farmer suffered loss during 1942 he can charge that against the income from his farm during either 1943 or 1944.

After the minister made that statement I obtained a schedule from the bureau of statistics showing what the income tax of farmers had been in the past ten years, and also showing what their economic income had been. In 1931 the average income received by farmers in Canada was $353. I pause to inform the house that that was not the low year. In 1932 it dropped to $303.

In 1941 the income had risen to $1,067, or almost three and a half times as much. The point I make is that we cannot apply an equitable plan to farmers by simply taking two years; we must take at least ten. The average income for the farmers of Canada between 1931 and 1941 was just $710. The suggestion I wish to make to the Minister of Finance is that in view of the fact that the farmer is, indirectly, a very large income taxpayer, he should be eliminated entirely from the operation of the income tax act. It does not mean anything so far as he is concerned. In what is supposed to be the best year in those ten, namely 1941, the farmers paid only $204,319, or a matter of a few cents each, about enough to buy one good dinner away from home. Therefore I cannot believe that the tax collected amounts to much more than the amount paid for paper and the cost of administration. The minister would be well advised not to worry the farmer, because it is an annoyance to him. He is not a business man; he does not keep books, and it is a real trial for him to make out the income tax return.

I should like to pass along to another phase of the same schedule. Before proceeding further, however, may I say something I had intended to say last year when I spoke in the budget debate. I wish to compliment the Minister of Finance upon having discovered—and I think it was a discovery—the most effective system of wealth conscription that perhaps the world has ever known. I notice our hon. friends in the socialist group do not say anything more about wealth conscription. All my life I have held the view that it was morally wrong to conscript flesh and blood, and allow the more material things to go scot-

free. During the last election campaign I opposed conscription. I voiced my opposition throughout my constituency, and said I was doing so on my own responsibility. But had the Prime Minister and the government been in favour of conscription, I would still have been against it. Why? Not that I was against conscription as a principle; but I was irrevocably opposed to the conscription of flesh and blood while at the same time more material things were allowed to be given voluntarily, or when the people felt like doing so. We had an example during the last war, when a flock of millionaires were created out of war profits. I have been told that 138 millionaires were created during the last war, and in one or two of the post-war years. Whether that figure is correct, I cannot say; but we know that enormous profits were made.

We had that example, and the only one we had. Consequently I was opposed to conscription, until I knew something more about what was to be done by the government of Canada. I am now grateful to the government, particularly to the Prime Minister (Mr. Mackenzie King) and the Minister of Finance, for the extent to which they have gone in conscripting wealth. Now that it has reached into the pockets of members of parliament; now that the income tax collector gets $800 or $900 from each of us, the argument is pretty well closed, so far as members are concerned.

Mr. DOUGLAS (Weyburn): May I draw the hon. member's attention to the amendment moved at this session by the Co-operative Commonwealth Federation to the motion for an address in reply at this session, deploring the fact that the government has not conscripted wealth.

Mr. WARD: "Where ignorance is bliss, 'tis folly to be wise."

Mr. DOUGLAS (Weyburn): That is true.

Mr. WARD: If from eleven and a half million people the treasury can step up the revenue by nearly two billions of dollars in three years, then I think that is conscripting wealth with a vengeance. I cannot imagine any system of conscription my hon. friend would put into effect, involving the taking over of factories, farms, mines and all the rest, which would leave behind it anything but chaos and liabilities, whereas the system we now have leaves behind it great assets.

I turn now to a statement made by the hon. member for Rosetown-Biggar (Mr. Coldwell), as reported in the press on January 23. This is the report of a broadcast delivered at the time of the steel strike, at which time the hon. member said that the arbitrary price and wage freezing policy adopted in this country decrees that men employed in that arduous and hazardous occupation should work for a wage that is demonstrably too low. I wonder if the hon. member has ever visited any of those steel mills. I have, on several occasions.

Mr. DOUGLAS (Weyburn): And so has he.

Mr. WARD: I have been through several of the larger Canadian steel mills, and so far as arduous labour is concerned—well, yesterday we were talking about cutting wood—a good wood chopper will cut about two cords of wood a day. A man who cuts and piles two cords of cordwood a day does at least four times as much work as any man I saw working in any steel mill I visited. There is no comparison. The work in a steel mill is not arduous; I saw nothing arduous about it. And the hon. member says it is hazardous. I was indeed struck by the perfect lighting of the buildings, and the almost perfect atmosphere of the place.

Then he went on to speak of the wages being low. What were the wages paid in those steel mills where the men were on strike? The payroll average—nothing to do with salaries to foremen or managers—was eighty-one cents an hour. I do not call that low pay. If I could have my wages frozen at eighty-one cents an hour for the rest of my life I should consider I was fairly lucky.

Then he went on to say that war planning and post-war policies were two parts of the same fight for victory, and that we are indeed building the post-war world now by the way in which we organize the war. I want the house to get this, because it shocked me. He said:

> What can these men think of a war effort that does not hesitate to spend hundreds of millions of dollars to assist private industry?

He stops there. The hon. member knew just as well as I do that a meaner form of misrepresentation than that statement could not possibly have been made. Does he not know that war is expediency from the very battlefield where a general organizes his army to meet the enemy right back to the uttermost channel of our war effort? Truly the government are helping the industries. What for? To help our war effort. Helping them to build larger plants, to remodel their plants, to put in new machinery and tools and the myriad things that go to make up our war effort. Of course the government have helped, to the extent of hundreds of millions of dollars. But they have not given it to private industry, as the hon. member would have us believe.

I should now like to come back to this table which I got from the bureau of statistics. One of the first things I did when I came here was to call up the bureau to get the average rate of pay in all the steel mills of Canada including the three where the men were then on strike. I obtained from the bureau the rate of wages paid in those three mills. I expected, of course, to find that the pay there was quite low. But that was not so; it was almost exactly on the level of the mill at Hamilton and the other mills throughout Canada. What is the fact? The average wage is $34.79 a week, or $1,809 a year, which is more than double what the average farmer in Canada receives, and this has been his best year. The shipyards of Canada are paying an average of $38.78 a week or $2,016 a year, which is about two and a half times the income of the average farmer. Aircraft factories are paying $35.50 a week, or $1,846 a year, which is again, more than double that earned by the average farmer.

I pause here to suggest to the hon. member for Rosetown-Biggar and the hon. member for Weyburn that they go out and tell their farmer friends that they have been damning the government because they did not rush to the rescue of a group of striking men who were in receipt of an average of eighty-one cents an hour.

Mr. NOSEWORTHY: Will the hon. member permit a question? Has he also the average salary paid to the operators and owners?

Mr. WARD: I will now come to the hon. member for York South. Speaking in the debate here a short time ago, the hon. member said:

> There is a second feature of the government's fiscal policy with which we are in disagreement, namely, the level at which the government has found it necessary to freeze wages.

I simply repeat what I have already said; that if I could have my wages frozen at eighty-one cents an hour for the rest of my life I should consider myself secure for life. I think the men in the industrial organizations of Canada are the highest paid, except perhaps for the few in the United States, of any such employees in the world. It is time we recognized the fact that our industrial organizations are doing well by their employees.

I pause here to say that I noticed the other day where Mr. Mosher made a remark that soon the unions would have the employers of Canada under their heel. Well, for years I talked about banks, mortgage companies, steel trusts and the like as being autocratic organizations that ruled the roost. But these people all had an investment in Canada; they had something to protect, something to guard.

Mr. NOSEWORTHY: Have not the workers?

Mr. WARD: Yes, they have their job to guard, but they do not guard it very well. I think we are just as safe under the heel of some of the steelmakers as we would be under the heel of an organized group of labourers who have no investment in the country. It seems to me we should be very cautious what we do in this regard. Labour unions are going much too far. I say to the government, that had I been the Minister of Labour or the Prime Minister when the steel strike took place, illegal as it was—there was really no difference between that strike and a great system of stealing; it was against the law of the land. The hon. member for Rosetown-Biggar (Mr. Coldwell) and, I suppose, the rest of his followers aided and abetted this illegal act on the part of these strikers. Had I been the government I would have given these men just twenty-four hours to be back on the job, and if they were not back I would have had a uniform there for every man the next morning. I would have said, You will either put on the uniform and go into the army at $1.50 a day the same as the other soldiers, or you will go back to work. There might have been a few heart failures, because men producing steel products, the all-important product in the winning of the war, going on strike in the middle of the war when they were getting eighty-one cents an hour, are too cowardly to fight, to go to war. Of course they are. There would have been a few heart failures and likely deaths. I think the Minister of Labour and the government showed wonderful patience and consideration for these men, and I hope there will be no more strikes during the period of this war.

Mr. DOUGLAS (Weyburn): May I ask the hon. member a question? Did he offer a uniform to the manufacturers of this country in 1939 when they refused to manufacture war materials unless they got more than five per cent profit?

Mr. WARD: I am not discussing that. I am not a manufacturer; I know nothing about the business, but I did have the privilege of discussing this whole question with a man who I think was perfectly honest. He is the manager of one of the largest concerns in Canada producing munitions of war. I said, "Why did you men refuse to accept war contracts on a

five per cent basis?" He said, "We would all have been in the poor-house; we could not have lived." I asked why. He replied, "If you knew the government inspectors and the extent to which they reject material, you would understand that by the time they get through, our five per cent would be all gone. We are not making any money even at ten per cent." I am only repeating what this gentleman said; I am not arguing the point, because I do not think it is pertinent to the discussion at the moment. But I think those men who are getting the wages now being paid in the industries of Canada should at least remain on the job until the war is over.

I was amazed the other day to hear the hon. member for Rosetown-Biggar, the leader of the socialist group, repudiate the idea that he was a socialist or that he had any interest in collective ownership. I thought my hearing was fairly good, but after listening to the speeches that have been delivered by his followers I could hardly credit my ears. However, I thought I remembered a statement made by the hon. gentleman himself not long before which was rather incriminating. I looked it up, and here is what he had to say, as reported at page 1109 of *Hansard:*

> However, the unfortunate factor is that in normal times the main stimulus to economic activity is not defence of the nation or the good of the community, but the making of profit.

We all know that he and his followers did not have a great deal of interest in the good of the community a few years ago, when we were struggling to lay the foundation for a war industry in this country. He continued:

> To my mind that motive is wrong, but it is the motive which sets the wheels of industry in motion and keeps them running.

A little later he said:

> The interest of the people is sacrificed in such times by non-government intervention—

Well Mr. Speaker that is the kind of government I want; I do not want the government to interfere with me. I want to carry on my farming enterprise according to my own good or bad judgment. He continued:

> —but that is the price we pay for free enterprise.

Well, Mr. Speaker, there are only two systems, not half a dozen. You must have either collective ownership, which is socialism, or private ownership. He continued:

> We take the position that in any proper form of society human needs ought to come first and that the making of profit ought to be a purely secondary consideration. . . .

Let me go back to my own farm and my neighbour's farm. I shall be perfectly frank and tell my hon. friends that I farm, first, to make a living for myself and my family, second, because I like farming, and, third, for profit, just as every other farmer farms for profit. I thought the late Hon. Norman Rogers put the whole case very well during the last session that brilliant gentleman was with us, when he said, "Yes, as a professor of economics I am socialistically inclined, but as I look around Canada and see the extent to which free enterprise has developed this country, and the progress it has made, I cannot believe that this country would become socialist-minded in less than two hundred years." I think he was about right. My hon. friend can put that in his pipe and smoke it. Let him go back home and think that over.

May I now come to the hon. member for Cape Breton South (Mr. Gillis), and see what he thinks of collective ownership. As reported at page 164 of *Hansard* he said:

> For the past two or three months these newspapers have consistently referred to the Cooperative Commonwealth Federation not as such but as the "socialist party." The socialist party is, of course, a left wing movement, and the Liberal party is a right wing movement, and therefore the Progressive Conservative party is going to get in the centre with a sound and sensible programme for the people of Canada.

He was worrying about that. A little later on he said:

> For at least twenty-five years I have had some knowledge of the different labour parties across Canada, from British Columbia to Nova Scotia.

I imagine he knows more about Ontario now, since I believe he spent most of last summer in this province. He continued—

> I know that in 1932 they came to the realization that there was no solution for our problems in the provincial fields, and consequently men and women who were active over that period of time met in Calgary and examined the problem on a national basis and set up a national organization, because our problems are national and not provincial.

That was where the Cooperative Commonwealth Federation, a socialist party, was born. All through the speech there is this talk of socialism. He went on to say yes, that he was a socialist; he made no bones about it. That is the hon. member for Cape Breton South.

I come now to the hon. member for Weyburn (Mr. Douglas), who said, as reported at page 510 of *Hansard:*

> Therefore we believe that for anyone to talk, as the hon. member for York-Sunbury (Mr. Hanson) did yesterday about social security on

the one hand and retaining free enterprise on the other is a contradiction in terms, because rugged individualism has never produced for our generation anything but ragged individuals on the one hand and people wallowing in wealth on the other.

I want to remind the hon. member that the farmers of his own province believe in rugged individualism, and if they are ragged it is because nature has been unkind or because they are unkind to themselves. Then he goes on, and his speech becomes even more interesting. He said:

It is time we realized that to talk glibly—

Imagine the hon. member for Weyburn blaming anyone for talking glibly!

—about "social insurance" and "social security" and the "Beveridge plan" as though these things could be superimposed upon an economic system that has produced poverty on the one hand and plenty on the other—

So that by implication the hon. member says we shall have to do away with private ownership and establish collective ownership before we can bring about these other things. In support of his arguments he quotes a Mr. Ryan of Washington, who in an article published in the United States said:

I do not believe that an economy dominated by the philosophy of "free enterprise" will be able to meet that demand.

Well, I do not know what that means if it does not mean what it says.

I come now to the hon. member for Winnipeg North Centre (Mr. Knowles). I counted the number of times he used the expressions "common man" and "common people," and found that in one column he had used them ten times. The people to whom he refers, the farmers, the working men, the small merchants and so on, are not, to my mind, the common people. They are the aristocrats of our country, the people upon whom we must all depend, the people who do the work of the country. They are the real people, but he refers to them as the "common people." Perhaps on account of his profession he does not know who are the common people of this country.

To come back to the Cooperative Commonwealth Federation, the hon. member for Rosetown-Biggar said that if we progressed no more rapidly in the next twenty-three years than we have in the last twenty-three years, there will be little hope for the future of the social security plan. I wonder where he has been during the past twenty years? After all, social progress is not just social progress. Tremendous economic progress was made long before my hon. friends were heard of, even before some of them were born. As I say, great social progress has been made, and nearly all under Liberal governments.

Do we want to go back to where we were prior to the last war when there was no social legislation on any of the statute books of this country? I do not think hon. members are fair, either to themselves or to Canada, when they talk that way. I do not believe that New Zealand or Great Britain or any other country, Russia included, is any more sincere, any more capable mentally, or any more willing or desirous of making progress than is Canada. We do not have to go clear across the world to New Zealand to find a way of dealing with our social and economic problems. We shall deal with them here just as the people of Canada feel it is propitious to do so, as we feel we are able to do so and when we feel it is the proper time. If the great social security plan now before the committee reaches full fruition, I think Canada will be in a most enviable position as compared with that of most other countries.

It may be that our friends of the socialist group feel rather badly. They may think the Prime Minister (Mr. Mackenzie King) has stolen their thunder. But that is not the case; he is just carrying out the programme which many of us have watched progressing for many years. I will confess something. I came into this house over twenty years ago as an opponent of the Prime Minister. I did not know him, and I came here with some preconceived notions of him. It was not because of anything that happened with anyone else; it was only because of what occurred between the Prime Minister and myself, but the fact is that the longer I have known him, the greater has my confidence in him and my respect for him become. Instead of maligning our own country and our own people and our own government, we would be doing more for ourselves, more for posterity if we got down on our knees and thanked God for having such a government as we have, a government with the understanding and the courage to do the things they are doing.

When the government embarked upon a price ceiling scheme they knew it would be unpopular. But they did it. They had the courage to do it. For whom were they doing it? It was done for the working people of Canada. They are the people who will profit and benefit by the continuity that will follow after the war, the stability we shall have then instead of the terrific distortions that followed the last war. I can remember in the third year of the last war when sugar sold in our town for $26 per 100 pounds. There was never

any stoppage in the flow of raw sugar from the West Indies to Canada at that time. As there is to-day there were no sugar mills standing idle in those days, as there are at present but sugar went to $26 per 100 pounds. Why? Because of the mad inflation that occurred. But this government has kept the prices of sugar down to near what it was before the war.

What about clothing? During the last war I can remember paying $100 for a suit. I could not afford that, but I had to pay it. I needed a suit. There was no reason for such a price. As there was never a day when the fine soft wool from the south stopped coming to Canada. We had a smaller army to clothe, but the price of clothing went sky-high. To-day one can go down to stores on Sparks street and buy a good suit of clothes for $35, the same price as he had to pay before the war. Why? Because we have a government that has had the courage to do the right thing —control prices.

I listened with interest the other day to the hon. member for Qu'Appelle (Mr. Perley). I noticed that he was much more modest than usual, but he still got off the track two or three times. He criticized the government rather severely for not having done something about writing off soldier debts. He was a member of a party in power during five of the worst years agriculture has ever known in the history of Canada. There never was a time when the soldiers were more in need of their accounts being written off or written down, but very little was done during that period. He went on to tell us about his great interest in old age pensions. Old age pensions were almost hoary headed when he came into this house. They have been in effect in this country since 1926, and I do not know why he should show an interest in something which was in effect for almost ten years before he became a member.

Mr. FREDERIC DORION (Charlevois-Saguenay): Mr. Speaker, since the beginning of this debate I have taken great interest in the speeches delivered by hon. members. Many of those speeches contained very good suggestions. Although I cannot agree with all that was said by my hon. friends, I have pleasure in mentioning especially the speeches of the leader of the Social Credit party (Mr. Blackmore) and the leader of the Cooperative Commonwealth Federation (Mr. Coldwell). Those two speeches contained many constructive suggestions, and I have no doubt that if the ministers would listen to some of the views expressed therein, it would assist them in the performance of the difficult tasks they have to perform at the present time.

The remarks I intend to make on the budget and on the amendment will not be of the type used by masters of finance; they will be couched in the language of the man on the street. I must say that with a budget of $5,500,000,000 we are far from the moderate effort which was promised us by the leaders of the Liberal party during the 1940 election campaign. I cannot refrain from recalling this. Everybody knows that the government succeeded in obtaining the support of the province of Quebec because our people were told emphatically that, notwithstanding previous engagements, if the government had decided to participate in the war, it was very well understood that the participation would be a moderate one. We who opposed the Liberal party, tried to make the population understand that they were once more being duped, but the declarations of the leaders of the Liberal party were so emphatic that the people thought fit to give them their support. It was, I think, the first time in the history of mankind that a government decided to declare war against another country and at the same time maintained that they would make it just a smooth war. The people of Canada, remembering those engagements, and looking at the present budget, find that this smooth war has turned into a real war.

The second thing that comes to the mind of the man on the street is that this budget disregards too much the situation of the Canadian family. The exemptions provided for families with children are not adequate, especially when we take into consideration the obligations of those who have many children below the age of fourteen. I know that no one will be surprised to learn that in the province of Quebec, especially outside the cities, families of eight or nine children are numerous, and therefore it is in the province of Quebec that the burden will be heavier for the taxpayer. I have here an answer which was given to me in this house on the 15th instant regarding the 1941 census. It shows that families of five or more children, and especially those with seven or more, are found particularly in the province of Quebec. I shall give only a few figures to illustrate my point. They appear at page 1227 of *Hansard* of March 15 of this year. The table given there shows that there are in the dominion 98,500 families with five children. Of this number 34,340 families are in the province of Quebec. There are 63,240 families with six children, and of this number 25,760 are in the province of Quebec. Other figures show that there are 84,920 families with from seven to

nine children each, and of this number 43,170 are in the province of Quebec. Then there are 20,890 families with ten or more children and of this number 13,220 are in the province of Quebec. I contend that if our objective is to do our utmost to win the war we must never forget that society in general for the safeguarding of which we are fighting is founded on the smaller society called the family, and if we have to protect the civil society we must of necessity bring our utmost protection to its essential element, namely, the family. I submit this point of view to the government. I believe that it will be necessary to review this part of the budget so as to give better protection to the heads of families. We should not take away from them the necessary means to provide for the raising of their children, and for this purpose they should enjoy a larger exemption from taxation.

The third point I raise is that it appears from the budget that the government does not take the money where it is, and here I cannot emphasize too much the statement of the leader of the Social Credit group when he said in this house, as reported at page 1091 of *Hansard* of March 9, 1943:

> All the property of the people of Canada, particularly of the producers, is being mortgaged to a few Canadians. The bonds are gravitating into the hands of a very, very few, as all the records tend to show.

Further on he said:

> Those individuals are accumulating so many bonds that they will be able to live upon the interest of those bonds. . . . They will become a special class of gentlemen of privilege . . . they will control the laws of this country. They will control government policy. They will also control the banking policy of this country. Therefore, as I said a short time ago, from eighty to eighty-five per cent of all Canadians will become hewers of wood and drawers of water for the remaining fifteen per cent. They will be serfs.
>
> The men who are now overseas . . . will come back here and become members of the serf class almost to a man.

I believe this statement is mostly true, and I do not hesitate to say that a system which brings about such a state of things is not sound.

But there is something more inconceivable. When it is a question of raising men for the war, we do not ask the soldiers, the sailors, and the airmen to lend their lives, at interest, to the country. We ask them to devote their youth and their energies, and even to give their lives to protect our country and our institutions. I cannot understand, and I know the people of this country cannot understand why, when it is a question of raising money, things should be altogether different. I cannot understand why we cannot ask those who have the money to give it for the protection of the country and for the safeguarding of their own capital. But instead we ask them to lend it, at interest. So that after the war those few people who already control finance will see their capital increased to a high degree. On the other hand, we shall see the soldiers come back home after having suffered, and many of them crippled, and we shall say to them: You have fought gallantly for your country, but now you will pay for the rest of your life the interest on the capital of those who lent their money to your country, and for the protection of which you have fought so hard.

I would also remind the government that I cannot accept the view of those who at the present time contend that if the government has found the way of raising money to produce so large a quantity of war materials, it will after the war easily find a way to provide the people of this country with the necessary means of living. I cannot accept this statement, and we must be very careful not to depend upon it, because I remember that twenty-five years ago we had a war which everybody remembers. The government at that time also succeeded in finding a way to provide our armies and our people with the necessities of life and the needs of war. Production was raised to a very high degree, and we believed then that the government had found a way to provide the people with the necessities of life after the war. This belief is substantiated by a statement which I find in the Sirois report, volume 1, at page 90, from which I quote:

> The success with which the dominion government had organized a peaceful society for combat showed how governments could alter the conditions of economic and social life. If governments could organize so effectively for destruction, they should be able to organize the conditions of the good life for their citizens. Under the pressure of social inequalities which became more and more evident, this changing philosophy of the appropriate sphere of state activity led straight to extensive government intervention in economic life and to the provision and further extension of social services.

However, a few years after the war our country came through the gravest crisis we have ever known. Every one remembers the dark days of the period from 1930 to 1939. If after the last war the government of this country did not succeed in bringing to the people the necessary means of living decently, I cannot attach much importance to the declaration of those who to-day maintain that this war teaches us how to get wiser means of providing for the people in the future the necessary means of life.

I believe the burdens of the war would be and should be lessened, by preventing gifts or loans to countries much more wealthy than we are. I do not hesitate to declare that I cannot understand how the people of Canada, bearing on their shoulders a heavier burden than any other allied country, can be called upon to help another country which is doing things like those that have been disclosed not long ago. We find, in the *Magazine Digest* of February, 1943, at page one, an article condensed from the *Banker*, of London. This article is entitled "A bank whose money we can do without." It is written by Mr. Paul Einzig, who is at the present time foreign editor of the *Financial News* and the *Banker*, in London. It deals with a bank called the Bank of International Settlements. I quote:

From the very first day of the war, private citizens and firms in Britain were ordered to sever all connections with those neutral firms which had been put on the black list because they were controlled by enemy interests. Failure to comply is severely punished. But the Bank of England seems to be an exception. Certain of its directors are allowed, even in 1942, to remain on the board of a bank the share capital of which is held by axis-controlled interests to the extent of seventy-two per cent.

And further on:

It is almost impossible to say whether any axis assets in this country, in the United States of America or in Latin America have escaped being frozen because they were camouflaged as Bank of International Settlements assets. . . .

Further, if we look at the composition of the board, we find that out of sixteen directors, only two are British and two neutral, while the remaining twelve are nationals of axis or axis-controlled countries.

This question was raised in the British House of Commons on October 13, 1942. In commenting on the debate, the article states:

The very situation, with whose description Sir Kingsley Wood sought to make the flesh of M.P.'s creep on October 13, would then arise.

If, as he emphatically claimed, the withdrawal of British directors from the B.I.S. would result in substantial advantages for the axis and grave disadvantages for the allies, why doesn't Germany bring about that situation by exercising the powers conferred by the axis control over the majority of voting rights at the shareholders' meeting and on the board of directors?

Instead, the Germans even continue paying interest on their debt to the B.I.S. after having defaulted on so many other financial obligations. Why? Because it obviously suits them to tolerate the neutrality of the B.I.S. and to secure the continued British participation in it, even at the cost of sacrifices.

And the last part I quote is this:

Since Germany is in a position to assume full control but prefers to tolerate British participation and "neutral" control, it would obviously be to her disadvantage, and therefore to the advantage of the united nations, if that country took the initiative in terminating its relations with the Bank of International Settlements.

The man on the street, the man who works hard to help the war effort of his country, cannot understand such a state of affairs; and I believe the government should give some explanation before asking us to give our money or lend it to a country in which some people are doing business with the enemy. I believe also that the government does not pay enough attention to the actual needs of our country, and that it should not withhold expenditures necessary to provide the country with the ordinary means of communication.

Speaking for the constituency which I have the honour to represent, I take it as a duty to advise the government that there are on the north coast of the St. Lawrence many small harbours which will not be utilized any longer if the government does not provide them with the necessary repairs to the wharves or does not undertake the necessary dredging. I receive every week news from different parts of my constituency, advising me to that effect; and if our fishermen cannot be provided with suitable harbours they will not be able to perform their usual tasks and the country as a whole might be deprived of the results of the work they used to do.

I wish also to draw the attention of the government to the question of transport to and from these new vast industrial areas of Chicoutimi and lake St. John where lately a dam was built at the cost of $65,000,000.

At the present time there is only one railroad linking these industrial areas with the rest of the country. Since it is an old railroad it happens very often that the carrying of war materials is delayed on account of a broken rail or some other defects. The passenger trains have been reduced to three a week although, according to the last census, the population of this area is about 20,000 more than it was a few years ago.

There would be one way to correct this situation, and I think the government should listen very carefully to the following suggestion. It would be the building of a railroad between Murray Bay and Chicoutimi, a distance of about sixty-six miles. This would complete a belt-line from Quebec to Chicoutimi. I know this question has already been studied, and that around 1917 there was a survey showing the possibility of this project, which if it were realized would be of a great help to the war effort of this country in establishing much better means of communication between the war plants of lake St. John district and the rest of the country.

It would also be of great advantage after the war for the development of this part of the country; and as I said in my speech on the address in reply to the speech from the throne, the government should pay special attention to these works that will be as useful in peace time as they are in war time.

I must add that it would also be fair for the province of Quebec to have this railroad added to those we already have, because, according to the statistics, we find that the province of Quebec is the one in which the proportion of railroads is less than in any other province according to the area and the population.

Therefore I urge the government to consider this project, and I am convinced that they will easily come to the conclusion that it constitutes one of the good suggestions that could be made at the present time.

(Translation) Mr. Speaker, I have tried to state as briefly as possible what the man in the street thinks of the budget now before us.

I must add that even in many industrial and business circles there is a feeling of justified uneasiness about the size of this budget. Thus, the bi-monthly bulletin issued by La Banque Canadienne Nationale, for January and February, 1943, contains the following comments:

An increase in the production of armaments is being contemplated again this year. But labour and raw materials now available in this country are so reduced that any such increase in that field will entail a further lessening of activity in numerous establishments catering to the needs of the civilian population and even in certain basic industries.

And further on:

Despite what has been achieved since the outbreak of war, food production is still inadequate in this country which is called upon to supply various foodstuffs to the armies and the civilian population of Great Britain and other united nations. That is why there is such an insistent demand for more consignments of our meats, eggs, dairy products and various other commodities. Now, Canadian farms, which military service and employment in war industries have deprived of about 250,000 farmers and farm workers since the beginning of 1940, are to-day facing a labour shortage the seriousness of which it would be dangerous to overlook. The restrictions imposed on farm implement factories whose production this year must not exceed 24 per cent of the 1940 figure, will add to the difficulties of the situation.

It is consequently imperative that some way be found of ensuring an adequate production of foodstuffs, since the latter are the most essential war munitions.

It is admitted even by those financial interests that we are now facing a situation which is becoming more and more alarming and it may be wondered what will happen if the war is to last many years longer and whether we shall always succeed in devising ways and means of meeting both our war requirements and the needs of our civilian population.

I wish to take this opportunity to express the feelings of all right-minded Canadians who witness to-day with deep concern the social disruption brought about by the employment of women in industrial plants.

It is not difficult to see that we are now preparing a generation that will suffer untold harm from the fact that women have been so ill-advisedly called upon to assume a share of the hard and tiring work performed in the shops. I do not hesitate to say that no medical specialist can possibly deny that working in a shop, night and day, among noisy machines, cannot but upset the nervous system of a woman and make her an easy prey for every kind of disease, especially tuberculosis.

Archbishops and bishops gave warning throughout the land. Medical societies echoed their uneasiness and all who would see a decent social and economic life maintained in our country are deeply worried by the part which women are taking in industrial activities.

This question is so important that the government should have a serious inquiry undertaken by competent men and themselves take such remedial steps as are necessary to correct the present system.

I feel in duty bound to quote briefly from an article by the Rev. Father Alexandre Dugré, S.J., presenting the best and most substantial argument on the subject:

Following their conscience rather than their interest doctors have denounced the terrible epidemic. I have treated healthy girls, says one, with a build as tall and strong as a man's, who were absolutely ruined after a year and a half, a record. They lived in an oppressive atmosphere and surrounded by a pandemonium of noise. Nervous overstimulation caused stomach and heart disorders.

And further on:

Soldiers will die or return, but women in the army or munitions plants will not quite die and yet they will never recover. They will never be the same. Something within shall have snapped. Woman intended to be a temple must never become a shop.

Still further on I find this:

When directors of the selective service and leaders in this country themselves proclaim that "the housekeeper, a front line trooper on the

home front, carries on essential war work" (Mr. Goulet); that "disorganization of the home for the benefit of industry, far from helping the war effort, hampers it, delays it, and endangers our future" (Mrs. Eaton); that "women in the home no less than those in the shop make a direct contribution toward the preservation of that civilization which our enemies would destroy" (Mr. King),—they are right. We ask that action be in keeping with such splendid statements and that our readers cooperate by remaining at home, rendering the really great service which is expected from civilized women.

And finally:

In this war where we count so little, we put up with inconveniences, rationing and sacrifices. We supply the money, we give our sons, our blood. But we shall not sacrifice our women: it would mean setting ourselves back twenty centuries. That Hitler may be broken, some better means must be found than breaking up our homes by adding to the long roll of martyrs in the shops.

I cannot believe that the government shall not heed the almost desperate appeals coming from our doctors and economists and I trust a thorough study of this question will be undertaken immediately.

There is another matter which I would like to mention. This budget before us is the most formidable assault ever launched upon provincial autonomy.

There will come another opportunity for me to discuss this matter fully, but I wonder if we are not witnessing the application of the projects contained in the Sirois report which, as everyone knows, was rejected at the time of the interprovincial conference which was called to consider it.

Mr. Speaker, before closing my remarks I wish to say that I cannot support the amendment moved by the leader of the Social Credit group. In fact, while I am in agreement with most of the suggestions contained in this amendment, I do not think it would be proper for the government to control private business factories, farms, and other means of production. If some distinction had been made with regard to these so-called means of production, I might have agreed that the government could control some of them; but they would have to be distinctly described.

I cannot agree either to paragraph (e) of the amendment. I will admit that rationing is necessary, but I contend that it should be more adequately put into force throughout the dominion. If, instead of the words "aggressive and consistent", the word "adequate" had been used, I would have been ready to support it.

I believe, however, the subamendment moved by the leader of the Cooperative Commonwealth Federation reflects the general sentiment of the population of this country, and therefore I am pleased to say that I do not hesitate to support it.

Mr. J. M. TURNER (Springfield): Mr. Speaker, rising for the first time, and perhaps for the last time while you are in the Chair, may I at the outset offer to you, sir, my hearty and warm congratulations upon the high office you have attained.

Rising to say a few words regarding the budget so ably presented on the second day of this month, and in the fourth year of the war, I consider it my duty and honour to say I am of opinion we have one of the best and ablest ministers of finance we have ever had. Particularly, sir, do I wish to pay that tribute to our minister on behalf of many groups of people in my constituency, labour organizations and the like, who were so desirous of having a pay-as-you-go income tax plan put into effect. This has been done, and we are all very well pleased.

However, there is one thing I want him to do—and this is all I am going to say about it—namely, to fix up the old age pension and to do it quickly.

I need not remind you, sir, because you have been here many years longer than I have, and I have heard it said many times in this chamber, that the west has asked time and time again for more factories, more industrial plants. I mention it now for this reason, that a committee has recently been set up here to study the problems of rehabilitation and reconstruction. Judging from the personnel of that committee, we shall have a progressive and worthwhile report on the industrial needs and opportunities of western Canada which will be well studied by that committee. I would refer to the Defence Industries Limited plant near Transcona which is in my own riding; I do not want to see this plant closed down or salvaged immediately after the war. The same can be said of many plants all through western Canada. I hope at least to have a chance to obtain for the constituency which I represent some plants for western Canada. In my opinion it would be a shame and a disgrace to see that fine plant, in which two or three thousand men are employed, shut down and those men thrown out of work at the end of the war. I wish to pay tribute to those men for the fine work they are doing in this war effort, because we must remember that they were taken from the villages, the municipalities and the country; that many of them never saw the inside of a plant before,

and that they are doing a splendid job, and it is my pleasure to pay them this little tribute to-night. When the war is over, these men will have had these years of extra experience and be fully prepared and equipped to carry on in similar capacities after the war. Therefore I urge with all the strength I have that that part of western Canada be kept in mind by the committee and the government. We should like to see that plant turned into a synthetic rubber plant or a plant for the manufacture of synthetic gasoline or plastic products, but certainly not destroyed and all those men turned loose to find other jobs.

I hope this government will not allow any immigration into this country after the war until at least all our returned men are taken care of; they should have first call and preferred jobs.

There is something not quite right in regard to our western industrial set-up when one considers even casually the immense possibilities for industry in the prairie provinces. Consider it only from the point of view of natural resources; look at what we have to offer industries: coal, timber, oil, the natural gas of Alberta in untold quantities, thousands of units of unharnessed electrical power, minerals of all kinds, and in my own constituency that new chromium deposit now in the experimental stage. It is well advanced; I believe 200 tons have been shipped. If this proves successful, I understand this will be the biggest development in recent years in Manitoba. These are only a few of the many things we have to offer. We have two of the best equipped and managed railways in the world to take care of the needs of industry. Behind all that we have great agricultural production in all its branches, capable of supplying a population five or ten times, possibly fifteen times what we have now, with the finest food this world can produce. There is only one answer, more and more factories because, if you get the factories, you get the population.

Speaking in this house on January 29 of last year about conditions on the farms as I saw them in my own constituency, I said, as reported at page 148 of *Hansard:*

> During the harvest period last fall I took a trip through part of my riding, and on one farm I saw a poor old lady, sixty-five years of age, on top of a grain stack, working away there when she should have been at home listening to the radio or at least doing some easier job. On another farm, on the next section, I saw a little girl twelve years of age driving the tractor, while her father operated the power binder behind. He told me that he had tried his best to get help, offering $4 a day, but had not been able to secure it. That little girl should have been out playing. I am sure she must have been tired at night.

That problem is now more acute than ever, as a result of the military call-up policy. There is hardly a day that I do not receive some complaints, particularly from the Tyndall and Melrose sections. I should like to read them to the house but I know the government must, by now, be aware of the situation. Let me, however, put this question to the government: Could you expect a young man who is the only boy at home, with three sisters, his father far from well—he has a doctor's certificate—to have in his mind a good, honest, clean thought about our war effort when he is taken into the army, leaving his sisters at home to look after thirty or forty head of stock when it is forty below zero, when he has been doing nothing but that job ever since he was old enough to drive a team of horses?

The principle that in this war agriculture is considered a major industry, along with munitions plants and the like, has, I think, been admitted on all sides of the house. Then why should not the solution of this farm labour problem be tackled along the same lines as in the case of any other war industry? Having said that, I would impress upon the government with all the strength and ability I have the need to remedy this serious situation, and the sooner the better.

In the extract which I have just quoted from my speech of January 29, I referred to the long hours which both young and old and even partly invalided people have to put in and the hardships which they have to suffer on the farms in Canada in order to keep up our war effort. They will continue to do so until the victorious end; we can depend on that. Therefore I make a suggestion to the government, and it is only a suggestion. It is this, that a part or all of the government's share of the excess profits tax taken since it was first started, on such companies only as use in their manufacture the basic products of the farm, for instance, malting companies, brewers, distillers, milling companies, bread companies, packers, elevator companies, should be held in trust by the government until the war is over and given back to the farmers of Canada, from whose hard toil it originated. This should be done because I believe the farmer is the one and only man who is coming out of this war on the wrong side of the whole show. This money would come at a time when he could use it for replacements, and the payment of debts incurred during the period of the war. It might be regarded as some kind of compensation plan to help these farm people for the long hours put in in all kinds of weather, who shifted from one line of production to another as requested by the government. It would help the farmer to get

back to his proper position. It appears to me from a labour point of view that somewhere in that excess profits tax must be found some relief for the farmer. He should have the first call on some of that money after the war.

May I now be permitted to proceed to another subject, a subject I had hoped I would never have to speak on while a member of this house, namely, the restrictions on beer, particularly during a war session when there are so many matters of real importance to discuss. I always understood that this matter had been definitely settled years ago as far as any action by the federal government was necessary. But it seems that "to beer or not to beer" is now the question. I assure you, sir, that whatever I may say on the matter is said for no other reason than that I deem it my public duty as a member of this house, and as a result of the many protests I have received from farmers, industrial workers, business and professional men, municipal officials, and from my own study and observations. This matter is becoming more serious every day and, if allowed to continue much longer, will do great harm to our people.

In the first place, let me say that beer rationing is nothing new here in Canada. It has been in effect for many years, since just after the last war, under provincial government control, by means of the permit system. Years ago, and even to-day, your liquor permit was considered to be your ration book. The people of Canada want to know why beer should be further rationed. Who asked for it? Was it any of the members of the three armed services? I should not expect so. Was it anybody from the war veterans' associations or clubs? I have never heard that. Was it any labour group or any organization affiliated with labour? Not to my knowledge. Was it the Canadian federation of agriculture, or anyone else connected with agriculture? I have never been told that. I am sure it was not any of the provincial governments, because that is their main source of revenue. They might have agreed to it later, but they did not ask for it. It was not asked for by any authoritative body. The truth of the whole matter is that some group of prohibitionists and clergymen, mainly from Ontario, were the instigators of the whole thing. This group was headed by some representatives of the Ontario temperance federation, and they managed to exert enough pressure on our government to bring about this action. As a result, we have the present chaotic condition in the beer business.

[Mr. Turner.]

Let me take one thing at a time, and let me ask what I think is a fair question. Did that body of men who came here to ask the government to take this step tell the government that they would take full responsibility for the result of any action taken along this line? I venture to say they did not. I imagine they were like the handle on the pot; yes, we shall be there, but we shall not be in it. Such prohibitionists are men with one-track minds, and if you examine them very closely you will find that this track is not of standard gauge, but is the old, obsolete narrow gauge. Democracy is slipping a little in this country when a minority group, who have failed in their chosen mission of convincing the multitude by means of religious education, can by government action impose their will upon the majority.

You will notice, Mr. Speaker, that I have used the word "labour" frequently. I have done so because beer is known the world over as the working man's drink, as the poor man's beverage, and in many instances his only form of relaxation. I can speak with some authority on that point. For almost ten years I was a hotel keeper in the industrial section of Winnipeg, right down near the Canadian Pacific tracks. Many of the men who are now working in plants engaged solely in war work told me many times that they had never attended a show or watched a baseball game in their lives, and never would; that their only pleasure and relaxation, the only thing they got out of life, was sitting down in the beer parlour with a few of their friends, drinking a glass of beer, talking politics and condemning the government. This country is at war, and conditions are not normal. They will not be normal for some time, but these prohibitionists have no regard for that. They always were and always will be opportunists who will attack when the time suits them, regardless of the outcome; and truer words were never spoken. The Prime Minister (Mr. Mackenzie King) addressed the nation over the radio on December 16 last in connection with this question of temperance and the war effort. I have a copy of that address in my hand, and nowhere did the Prime Minister tell us who demanded that beer should be rationed. Perhaps he thought we should know. That is why thousands of our people were stunned by the action taken by the government. Naturally they are asking many questions, because they believe this is only a short cut to what happened during the last war, namely, total prohibition. The members of this house and the people of this country know very well what happened as a result of that action.

Therefore is it any wonder that the advertisement which I hold in my hand was published in all the newspapers in Canada? I will read it into *Hansard* in order to correct the false propaganda that has been circulated by temperance people:

Some plain talking about the beer shortage

Q. What is the extent of the shortage?

A. The available supply of beer under the new regulation is less than seventy per cent of to-day's demand with the expectation that the demand will become greater as time goes on.

Q. What has caused the shortage?

A. The dominion cabinet by order in council has restricted the quantity of beer which may be sold between November 1, 1942, and October 1, 1943.

Q. Why did the cabinet do it?

A. It is believed that the cabinet did it without careful study and principally to placate the prohibitionists who, by means of a powerful lobby, misrepresented conditions to the Prime Minister.

I agree with that.

In placating that element of society the government was placating the same class of people who years ago did everything they could to prevent Sunday street cars, who more recently have denounced the sending of beer to the very soldiers who, in the blistering heat of North African deserts, were fighting to preserve the liberties of the people back home; and who in their narrow-mindedness have effectively blocked proposals to have our picture theatres opened on Sundays for the benefit of enlisted men on weekend leave, who also even spread the false story—

I will come to this a little later; it is really good.

—that sugar is used in the brewing of beer in Canada.

Q. Was it necessary?

A. Beer has long been regarded the people's drink in the free democratic countries of the world. Canadian consumption has been low in relation to consumption in Great Britain and the United States. In 1942 Canada consumed 100,000,000 imperial gallons, equivalent to 1·3 pints per capita per week. The United States consumed 1,750,000,000 imperial gallons—

They can really drink it over there.

—equivalent to 2·0 pints per capita per week. Great Britain consumed 700,000,000 imperial gallons, equivalent to 2·3 pints per capita per week. Beer is brewed from Canadian ingredients which are in plentiful supply and not required for the war effort. Canadian beer contains no sugar. Tea, coffee and sugar are transported to Canada by sea and their curtailment has been made necessary only by a shortage of ocean shipping.

Q. What will be the consequences?

A. Many of the evils of the prohibition era will return. Many of our soldiers, sailors, airmen and war workers are already being deprived of the nourishment and relaxation provided by a glass of beer.

Q. What is the remedy?

A. In a democracy a government is the servant of its people. Governments are not infallible and from time to time, acting on bad advice, make mistakes. Whereas they should be quick to correct such mistakes, experience has shown that they are slow to do so unless the force of overwhelming public opinion makes itself known. The remedy in this case, therefore, is in the hands of the people of Canada, who believe in tolerance and moderation, to take every opportunity to publicly and privately express themselves against the government's too drastic restriction of the sale of beer. Otherwise a fanatical minority will be able to continue to impose its wishes upon the tolerant majority. In the last war (1914-18) the British government cut the production of beer but the indignation of the munition workers was so great that it had to be restored in order to maintain production.

Q. Have we published this advertisement because we face the loss of profits?

A. Emphatically no. This company's profits are not at stake because we are even now heavily into the 100 per cent excess profits tax category and any additional volume would only further wear out our plant without any compensation to our shareholders. We are making the fact known because we sincerely believe that the present shortage of beer is unnecessary and is not in the interests of true temperance, the maintenance of morale, and war production.

Canadian Breweries Limited.

In all fairness to the Prime Minister I must admit that one reason he gave for the cut was the labour problem, absenteeism and that sort of thing. Then it was said that an eight-hour day was sufficient for the sale of beer. That step already had been taken in my own province by the liquor control commission, with the full cooperation of the brewers and the hotel keepers. They voluntarily reduced the hours of sale from thirteen to eight; but the chaotic condition in which we find ourselves to-day did not result from the reduction in the hours of sale. It was brought about by the action of the government here in Ottawa. The hotel keepers are unable to get sufficient beer to enable them to keep open for eight hours, and now we have a new national anthem: "To beer or not to beer." The city hotels in particular are trying to operate on a "hit or miss—now you see it; now you don't" schedule because they have not sufficient beer on hand for the eight hours, and some days they do not have any at all. I am quite aware that it will be argued that the cut is thirty per cent now in order to get down to a ten per cent cut later on. But by that time the regular flow of business will have been diverted elsewhere. In many instances it has already gone elsewhere, and I am informed that this city is no exception.

This does not solve the problem in any way because to-day there is an increasing demand for beer. Can you imagine, sir, the condition we would find ourselves in if we followed the same course with respect to gas rationing? I think that is a good illustration. Can you imagine the chaos there would be if you

called for gas at three o'clock in the afternoon and were told there was not any? I know the gas stations close at seven o'clock in the evening, but by that time everyone has been able to get the gas he needs. That is only one side of the story.

Here is another side. Look at what is happening to the ordinary citizen of this country who wants beer at home. In Ontario you used to be able to get a permit for twenty-five cents, but no more. It now costs you $2. I do not blame the government if it is in need of revenue; that is bad enough. In Quebec they now charge a non-resident fifty cents, and stamp his registration card on the back. But that is not all. In Alberta I am informed they intend to mark the conviction on the back of a man's national registration card if he is convicted of trying to obtain more than one permit. It is quite conceivable to expect in the very near future that we shall be required to have our photographs and finger-prints taken. Is this the kind of justice for which we are fighting? I do not think that sort of thing belongs with democratic ideas.

Is it any wonder that liquor stores are being robbed and doors and windows smashed, as reported occurred recently in Lethbridge? The remedy is simple. If a labour problem exists that makes it necessary to cut down, for heaven's sake make it eight or nine hours a day, but make sure that the public will be served during those hours. There should be sufficient beer on hand to serve everyone and not have us running around like a bunch of scared jack rabbits from one beer parlour to another. I am sure that if this reasonable request had been made of the provincial governments concerned in the first place, a favourable reply would have been received the next morning.

We are engaged in a world war where there is to be no saw-off to keep steady and cool at all times; we must keep our feet firmly on the ground. We must expect that our nervous strain and high tension will continue and sometimes be near the cracking point. It will be tougher this year than ever before if I understand the Prime Minister correctly. Therefore, is it not only right, fair and reasonable that the government, as well as all public-minded bodies and groups, should do as little as they possibly can to disturb, interfere, or irritate in any way the day-to-day life of the ordinary common people, who, after all, are the ones who really drink and enjoy their glasses of beer. I think that is a sound statement to make.

The United States are making a magnificent war effort, and there has been no drastic cut in beer there. They drink more per capita than we do. That country remembers only too well the era of gangsters, racketeers and kidnapping through which they passed. Canada was not exempt from the same troubles. Let me state at once that I believe it is partly due to that disastrous period through which this country also passed that we find in this country, where there is an abundance of food, where there is everything to make it the best and healthiest place in the world to live, that in order to get 1,000 men for the services we must call up approximately 2,000 men. I can understand that condition existing when for years thousands of our people were unable to get a clean, wholesome glass of beer, properly served, on account of the actions of a similar group or their forefathers. They were forced to drink vanilla extracts, moon, uppercut, red-eye and paint remover. I am surprised that the percentage of rejections is not even greater.

A new industry was then born in Canada. It still continues and probably will continue forever, and from it this government gets no revenue. One cannot forget that terrible episode which happened during the Christmas holiday season in Winnipeg when some fifty or more persons were taken at one time to the general hospital, two or more persons died and the rest just pulled through suffering from the effects of having taken canned heat. These people just pulled through, and we all still remember the stink of Hoffman drops all over the country. These things should be remembered.

My suggestion to the government at this stage is to stay on the beam and leave good enough alone. They should not interfere with the beer business, the working man's drink. Beer is the only alcoholic drink sold on draft for ten cents in Canada, and it can therefore be correctly labelled the working man's drink. The art of brewing is over six thousand years old, and there has never yet been found a substitute for beer. Let us then stop trying, until at least the war is won and victory has been secured.

This government has been criticized and bombed day and night from all altitudes as a result of the numerous controls it has imposed upon the people. Why should it take on something which was not asked for or which is not necessary? It has been condemned for passing too many orders in council. Here is one, No. 11374, which it should suspend or cancel immediately in so far as it affects

beer, the working man's drink. You can always trust the working man with his beer. There is no shortage of grain or other materials used in the manufacture of beer, because, after all, it is about ninety per cent water.

Contrary to the belief held by some in Canada, I think it can be argued successfully that there has been no great increase in the per capita consumption of beer. The plain fact is that there are more people drinking beer in Canada than ever before. I believe that is a good sign. If people must drink, it is much better for them to drink beer. In this connection I should like to read an extract from an article written by a doctor of this province, a superintendent of a large institution. It was handed to me just a little while ago, and it reads:

> I don't think the government is doing a very good thing by restricting beer so much. The people, especially the working people are resenting it. They will stand for almost any restriction cheerfully if it is necessary but they have the idea in this case that the restriction was put on just because the government allowed itself to be stampeded by a few prohibitionists. There is certainly no shortage of grain in the country and the hard liquor distilleries can look after the alcohol. Strikes me as being one of the best times to really convert this country from hard liquor to beer. I suppose it is true that consumption has gone up in the last few years, but then again many poor devils are able to buy beer now that never were before, and incidentally able to buy bonds and stamps in quantities that they couldn't have touched three years ago.

It has been stated by the same group as part of their false propaganda that there is no food value in beer. I have here a letter which was written to the *Free Press* by Mr. Kensington Downes, a former member of the legislative assembly of Manitoba, and which I think will answer that once and for all. I shall not read it all, but I wish to read the last paragraph, in which Mr. Downes was answering an argument put forth by Doctor Cooper. This paragraph reads:

> If, in the opinion of Dr. Cooper, beer is harmful, how does he account for the following? Flight Officer C. P. L. Streatfeld, Squadron Leader A. K. Passmore and Pilot Officer S. G. Turney, of the R.A.F. voyaged from Java to Australia in a twenty-eight foot lifeboat. They and nine companions subsisted for forty-four days on 960 cans of beer (pints) which they found in the lifeboat. They had neither a morsel of food nor a drop of water, yet they are alive and well.

The same outfit to which I have referred has condemned the sale of beer because the breweries use large quantities of sugar. The fact is that no sugar is used in the manufacture of either beer or ale. Should I remind the government to beware of false witnesses? Perhaps these people are trying to catch a spot on the Fibber McGee programme. I have yet to see a sack of sugar in a brewery. However, I am not surprised at that outfit making that statement because in my opinion they could not tell a bottle of beer from the Empire State building.

How many times has it been said on the floor of this house that our army is the finest and the best equipped in the world? I join with others in that tribute. It has also been stated time and again by members on all sides of the house and by the Prime Minister himself, and with just pride, that our industrial production on all fronts, agriculture, implements of war, shipbuilding and so forth is greater now than at any previous time in our nation's history. How then can it be intelligently argued that beer restrictions were imposed on account of delays, absenteeism, and so forth? The very opposite is true. Under present conditions the worker has almost to take a day off in order to get a glass of beer. The case of the prohibitionists collapses completely in the face of the statement that I have just made.

The magnificent tributes that I have just mentioned as being paid to our armed forces were paid in the first place to our soldiers, sailors and airmen, but also to labour on the railways, for example, to the men who at forty degrees below zero make the railways safe for us to get here; to the skilled workers in the munitions plants; to the farmers and the fishermen; and to all those engaged in working in the mines and forests of our country. These people constitute the very backbone of Canada, and that they have done a magnificent job is admitted by all, including our own Prime Minister and Mr. Winston Churchill. They are by far the largest consumers of beer in Canada. Therefore, why should beer be rationed to them under pressure from a certain group of prohibitionists whose only contribution to the winning of this war, as far as I can judge, is in trying to stir up "internal combustion" in this country?

I have just mentioned that great leader, Mr. Churchill. It reminds me of the remark he made to General Montgomery when he met him in North Africa. He asked General Montgomery how he felt and the general replied, "One hundred per cent fit," and went on to say that he neither drank nor smoked. Churchill replied that he both drank and smoked and felt two hundred per cent fit. I also recall a statement of a man in whom my hon. friend the member for Lake Centre (Mr. Diefenbaker) will be very much interested because he became a famous judge I am told.

This man said, "Before I have my ale I see things as they are, but after I have my ale I see things as they should be." I see my good friend the hon. member for Weyburn (Mr. Douglas) smiling. I have known him for a number of years.

May I digress at this point to pay a super-tribute to the officers and all those who assisted them on the war loan committee, and certainly to every person in Manitoba for their combined efforts in sending that province over the top first in the last victory loan drive.

In conclusion, Mr. Speaker, to keep the record straight and up to date as far as Manitoba is concerned regarding beer rationing, let me say now that in that province we have had four local option contests since the war began, and in all four contests the people voted wet by a majority of two to one. Surely that does not look very much as if they wanted any restrictions on beer there.

At this point may I pay a tribute to the hotel keepers of my province and the trade generally, who through maintaining a high standard of public service were in part responsible for that good majority in those four local option contests.

Why should we in Manitoba be penalized by some false propaganda prohibitionists when the people themselves there have voted as I have already indicated and shown plainly what they want. We rebel and protest against this, and Ottawa will soon know it because Winnipeg has been circulated with cards to be signed and sent here, and this is only the beginning.

Why did not these prohibitionists whose grief, if they had any, was supposed to originate around the Jarvis street section of Toronto, use their own forces in calling for a local option vote or for any number of them, thereby localizing the problem if there was any? But they had different ideas. They wanted to head out for total prohibition with its multiple troubles. They wanted to go for the jack-pot. They wanted to establish total prohibition while the war was on and press the government to use the War Measures Act, and they intended to do it by any kind of sales talk, false or otherwise. In any event they won the first round and the government did pull the main switch, so that to-day we find all Canada, including my own good province of Manitoba, sent hurtling down the hill toward total prohibition where she lay twenty-five years ago and from which she has never recovered fully; her wounds are not yet fully healed. That is the story as I see it.

Finally, Mr. Speaker, having some knowledge of the situation to-day, may I ask the government before it is too late, and with all the sincerity and strength that I possess, to immediately rescind or cancel order in council No. 11374 in so far as it affects beer, in order to offset the present move toward total prohibition which, in the light of past experience, would not only undermine governments, both provincial and federal, but certainly destroy the morale of our citizens of all classes, who possibly never before in their life broke the law of the land but will certainly rebel against restrictions of this kind, which are not necessary and may unfortunately cause them to become law breakers.

Mr. G. H. CASTLEDEN (Yorkton): Mr. Speaker, the hon. member (Mr. Turner) who has just taken his seat has just made probably the best delivery he has ever made in this house, but he rather disproved his case since he did it all on water.

Returning to the budget—from the ridiculous to the sublime—one's first impression on looking at the 1943 budget is that it proposes no great changes in our approach to financing Canada in a time of stress. The rates of taxation on incomes, individual and corporation, the excess profit tax and the sales tax remain practically the same. The Minister of Finance (Mr. Ilsley) has adopted some principles of what is known as the Ruml plan, the pay-as-you-earn policy, and as a result those individuals who are paying taxes will find that their tax payments will be increased this year probably fifty per cent over what they paid last year. That is a disturbing consideration, but it is one of the consequences of the partial adoption of the Ruml plan. The minister outlined many of its advantages, but I would point out that there are also a great many disadvantages. In the first place the tax is based on an income which is unknown. Experience has shown that the income of a nation can vary considerably over a twelve-month period. An accurate estimate of the nation's income is impossible. Second, there are certain classes of income which cannot be taxed at the source. Payments on unregistered bonds and certificates, certain collections and note payments, cannot be closely watched unless revenue officers are to be in every office. But when personal income is unknown there is the added difficulty that the rate of taxation cannot be set. Those people whose sole income is salary or wages can be taxed easily at the source. The taxpayer must still make his final return; then the government can set its rate of taxation; then adjustments will have to be made.

I would offer this criticism, that the tax structure is becoming much too involved and will need simplification. Also the machinery of collection is far too complicated; it is leading to the setting up of a bureaucracy. When we remember that we have to pay in 1943 the remainder of the eight months of 1942 tax, in addition to the 1943 taxes, there will be some very severe cuts in family incomes. The worker will have extremely little left with which to purchase consumer goods. The people of Canada are asked to buy bonds, to buy until it hurts: billions of dollars will be required. Before these people will go out and buy bonds they will want to know two or three things. One of the most important is, that the money which the government is spending is being spent profitably, without waste. That is why I think the government would have been well advised to investigate all charges of waste, subterfuge and downright trickery, according to an alleged report a short time ago.

Mr. McNIVEN: What are they?

Mr. CASTLEDEN: The charges of Colonel Thompson, I understand.

Mr. DOUGLAS (Weyburn): He has resigned.

Mr. CASTLEDEN: Another thing of which they should be assured is that what happened to bonds after the last war will not be permitted to happen after the present one. I remember that, upon returning to civil life after the last war, I purchased a few small bonds. In later years, when the depression came and I needed a little money, I went to the bank to sell them. The banker said, "No, we do not buy bonds." I asked, "Where can I sell them? What good are they?" He said he thought he knew where I could sell them. I went round the corner and up a flight of stairs, and there the man in charge of one of our free enterprise businesses said he would give me about ninety-two cents on the dollar. We should guard against a recurrence of this kind of thing.

Mr. ISNOR: Those were not Dominion of Canada bonds?

Mr. CASTLEDEN: These were victory bonds of the last war.

Mr. ISNOR: And the bank did not take them?

Mr. CASTLEDEN: No, the bank did not take them.

Canada's expenditures in 1942-43 chargeable to war appropriations will amount, according to the Minister of Finance, to the grand total of $4,558,000,000. Against that the government expects to raise in the fiscal year $2,218,000,000, leaving a balance to be borrowed, in the form of war loans, victory bonds and certificates, et cetera, of over $2,250,000,000. This amount will be added to the national debt, and interest on that debt must be paid. The debt is climbing rapidly. The minister himself estimated the national debt of Canada as of March 31, 1943, at $6,306,779,000. It has doubled since the war began. It has multiplied over twenty times in the last thirty years. The future of Canada is being mortgaged at an alarming rate. The workers, the soldiers, those engaged in war to-day are bearing the brunt of this battle; the great masses of the Canadian people are paying, and paying nobly, the heaviest tax which was ever placed upon the backs of the Canadian people. This year alone we are expected to pay approximately $500,000,000 more than the total cost of the war of 1914-18 and rehabilitation activities after that war; but in spite of that we are paying less than half of this year's expenditure on the war. Truly the world is learning that war is an expensive business, and unfortunately for the masses of the people everywhere war is a Business with a big "B." It is the people who have least to do with the causing of these wars who must do most of the suffering and the paying.

One fact with regard to money which I think everyone should realize is that, even though spent in war, it is not actually lost. When a shell costing $1,000 is fired into the air it does not mean that with the firing of the shell the money it cost is destroyed. When a $2,000,000 warship sinks in the Atlantic, it does not mean that $2,000,000 worth of cash money goes to the bottom of the sea. It is not entirely lost. Either it is in circulation or stored away in deposits of one kind or another. When we eat food we do not destroy the money which was spent to buy it. In contracting for war equipment, money goes to the contractor, who pays it out in labour, in payments to those who supply him with steel and other materials, and for transportation; he sets aside certain reserves, and he distributes the profits among the shareholders of the company. About $5,500,000,000 was spent last year in Canada. Most of that money is still in the country. Its circulation has resulted in one of the greatest industrial booms Canada has ever known. People's incomes have increased, and in spite of some of the heaviest taxation ever imposed, industry is still piling up profits. It would be foolish for anyone to deny that

business is profiting, and profiting largely, out of this war. There are big accumulations of wealth in Canada. Some of them are greater as a result of the war.

But it ought to be remembered, along with that situation, that many families in Canada now have lost, and in future many more, if this war continues, will lose, fathers, brothers and sons. In view of the sacrifices which are being made of life and limb, nobody dares try to justify the amassing and hoarding of wealth through war. We of this group have continued to advocate that the government should levy non-interest bearing loans against these pools of wealth. If that were done, there would be no need of burdening future generations with a load of debt. If what happened after the last war happens again, in countries burdened with heavy national debts people will be denied a good living in order that they shall pay interest. According to the present set-up interest comes first, before food and clothing, before shoes for the children, before medical treatment for those who need it. In borrowing money, as we have done, to pay interest on our debt, we are doing nothing more than changing ordinary interest into compound interest. That, if it continues, is bound to pyramid to ultimate and inevitable collapse. It simply cannot continue. There must be some fundamental change in our whole financial set-up. I have heard advocated in the house that we must remember that we owe this debt to ourselves, that we owe it to Canada. We owe it to ourselves, yes, just like the mortgage on the farm. Some group of officials of the Canada Permanent Mortgage Corporation—and "permanent" is a good name—sitting in Toronto, own the mortgage. But we are not any better off on the farm because we owe the mortgage. We still have to go without the necessities of life in order to pay the interest on that mortgage.

Some so-called good Canadians have been reaping the fruits of the labour of the masses. If governments in Canada persist in thinking in these pre-war terms, we are going to fail. To return to an outmoded economy of the thirties will be a return to the bread-lines for the soldiers and sailors, the men and women who return from the war. We shall have unemployment, want and poverty again.

A great deal was said in this chamber recently about free enterprise. I think the term ought to be clarified. During those disastrous thirties, what was called free enterprise? It was the right of monopolies to carry on their exploitation, the right of people to form monopolies, the right of people to control complete industries, the right of people to control the credit and currency of the nation. That is what brought the world to chaos and to war. It brought people in Canada to poverty and need, and we sank into almost hopeless poverty.

I would point out to hon. members who are using the terms "free enterprise" and "private initiative" that the distress of the thirties did more to destroy individual initiative among the masses of the people than any other thing I know of.

We in the Cooperative Commonwealth Federation have for our objective the making of a society in Canada which will develop the initiative of the people, bring out the fullest expression of their talents and abilities. Nothing has done more to destroy this process than this so-called free enterprise in Canada. What we mean by free enterprise is the development of that initiative in individuals which has been crushed. What these other people are talking about when they refer to free enterprise is the right to create monopolies, the right to control, the right of privileged groups to have the power to work their will freely on the Canadian economy. It is quite clear to-day that many groups who have had that privilege in the past are doing their best to see to it that that power and privilege will be maintained in the post-war period. There must be fundamental changes, deep changes. There must be a different outlook.

I do not like to hear people using the term "free enterprise" when they mean almost the opposite. The Cooperative Commonwealth Federation amendment to the budget calls for the nationalization of the whole banking system of Canada.

Mr. ISNOR: Would the hon. member give his definition of free enterprise?

Mr. CASTLEDEN: The right of the masses of the people, the right of everyone, to develop his own talents, abilities, and initiative. We want to see him have the right to own and develop those things around himself, but without the power to exploit his neighbour.

Mr. McNIVEN: And does that mean compulsory interest-free loans?

Mr. CASTLEDEN: That is an entirely different matter. We have advocated compulsory interest-free loans under our present system.

Mr. MacINNIS: Let them define private enterprise; they are advocating it.

Mr. CASTLEDEN: The Cooperative Commonwealth Federation amendment calls for the nationalization of banks in Canada. The purpose is, first, to make a more effective war effort now; second, to prevent a large interest bearing debt from being placed upon the people after the war and, third, to lay the foundation for the rebuilding of a new Canadian society.

What have we in the organization of the banks, as we have them to-day? Why can we not leave the banks as they are? If we look over the organization of some of the banks we find some interesting things. We soon find out why it is they wish to maintain control over the currency and credit of the nation. The chartered banks constitute one of the bulwarks through which monopolistic enterprise works. They keep competition out of their own privileged fields, and maintain control.

I should like to place on record to-night the names of some of the companies in which some of the directors of three of our more important banks in Canada act as directors. I shall turn first to the Canadian Bank of Commerce, and I find that one of the directors is president of Dominion Securities Corporation Limited, Brompton Pulp and Paper Company Limited, St. Lawrence Paper Mills Limited, Debentures Securities, Confederation Life, Toronto Mortgage Company, General Shareholding Corporation Limited, and six other finance companies.

Another director is president of Sawyer-Massey Limited, president of Western Canada Flour Mills, and a director of Asbestos Corporation, the Hamilton Bridge Company, St. Lawrence Corporation and Brompton Pulp and Paper Company. This gentleman is also the oil controller of Canada.

Another director is chairman of the largest export company in British Columbia. He is chairman of British Columbia Packers, and is interested in British Columbia Plywoods and at least twelve other companies. He is director of International Nickel Company, of which I shall have more to say later, and a director of Western Trust, British Columbia Power Company, and Forest Investment Company.

Another director is president of Canada Packers and is also a director of British Columbia Packers.

Another director is a director of the Imperial Life Insurance Company, and is vice-president and director of the National Trust Company.

Then, turning to the Bank of Montreal, we find that one of its directors is president of the Royal Trust Company, and a director of the Canada and Dominion Sugar Company.

Another director of the Bank of Montreal was, a year or two ago, president of the Canadian Pacific Railway, Consolidated Mining and Smelting Company, West Kootenay Power Company and Canadian Airways. He was also a director of the Royal Trust Company, the Sun Life Assurance Company, the Royal Exchange, the Waldorf-Astoria hotel, Canadian Industries Limited, and Canadian Investment Fund.

Another director was president of the Cockshutt Plow Company, and a director of Frost and Wood, Gypsum Lime and Alabastine Canada Limited, Bell Telephone Company, International Nickel Company of Canada, and on the advisory board of the Sun Life Assurance Company.

Another director is president of the Bell Telephone Company and the North American Telegraph Company. He is also a director of Northern Electric, the Royal Trust Company, Mutual Life Assurance Company, Consolidated Paper Corporation, Liverpool and Globe Insurance Company, Globe Indemnity Company and others.

Another director is director of the Mutual Life Assurance Company, the Bell Telephone Company, the Steel Company of Canada, the Royal Trust Company, Dominion Glass, and he, like the hon. member who preceded me, was interested, because he is a director of Borden's Limited and John Labatt Limited, in the beverages people drink, from the cradle to the grave.

Then we come to the Royal Bank of Canada and we find some very interesting directors. One is vice-president and executive manager of the Montreal Trust, director of Canadian Airways, of the Canadian Pacific Railway Company, the Sun Life Assurance Company and Ogilvie Flour Mills.

Another director is chairman of the Dominion Bridge Company, the Dominion Engineering Works, and a director of the Steel Company of Canada, Shawinigan Water and Power Company, Fairchild Aircraft, Montreal Trust, Consumers Cordage, and Canadian Pratt and Whitney Aircraft.

Another director is president of the Northern Electric Company, Amalgamated Electric, Canadian Associated Aircraft Limited; and a director of the Montreal Trust Company, Belding-Corticelli Limited, Lake of the Woods Milling Company, the Bell Telephone Company, Dominion Engineering Works, Dominion Bridge Company, Shawinigan Water and Power Company and others.

Another director of the Royal Bank used to sit with the party to my right in this house.

He was also a director of E. B. Eddy Company. He has now, I believe, gone to the House of Lords in England.

Another director was president of the Howard Smith Paper Mills, Canada Paper, Alliance Paper, Allied War Supplies Corporation, director of Montreal Trust Company, Adams Paper and Canadian Chamber of Commerce.

Another director was president and managing director of Dominion Bridge, president of Dominion Engineering Works, vice-president and director of Canadian Car and Foundry Company, director of Bell Telephone Company, Canadian Locomotive, Northern Electric, Montreal Trust, Montreal Light, Heat and Power Consolidated, and, oddly enough, of Beauharnois Light, Heat and Power Company.

Mr. MacINNIS: All competitors, of course!

Mr. CASTLEDEN: Last but not least I come to one of the directors of the Royal Bank who has rather a long list of companies. He is president of Dominion Steel and Coal, Dominion Coal Company, Halifax Shipyards Limited, Cumberland Railway and Coal Company, Seaboard Power Corporation, Security Fence Company, St. Lawrence Wire Company, Peck Rolling Mills, Dominion Shipping Company, Sydney and Louisburg Railway Company, Graham Nail and Wire Products, Canadian Bridge Company, Canadian Steel Corporation, Essex Terminal Railway, James Pender and Company, and Nova Scotia Steel and Coal Company, and director of, Eastern Car Company, Trenton Steel Works, Acadia Coal Company, Old Sydney Collieries, Canadian Iron Foundries, and Canadian Collieries (Dunsmuir) Limited.

Mr. MARTIN: Who is that?

Mr. CASTLEDEN: That is Mr. Arthur Cross, if you want his name.

An hon. MEMBER: Is this all secret information?

Mr. CASTLEDEN: No. It can be found in the directory of directors in the library.

Mr. GILLIS: It is free enterprise in their own field.

Mr. MacINNIS: It is a great game.

Mr. CASTLEDEN: These men are the real directors of Canada. That is free enterprise according to your definition.

Mr. ISNOR: No one gave such a definition.

Mr. CASTLEDEN: Well, they are working very closely with the government.

Mr. ISNOR: Name one member who has spoken who gave that as a definition.

Mr. CASTLEDEN: You can make your own speech afterwards.

Mr. DOUGLAS (Weyburn): The hon. member wants to keep the present system, does he not? And that is the present system.

Mr. ISNOR: Name one member who has spoken up to the present time who gave that group as representing private enterprise.

Mr. CASTLEDEN: Those speaking of private enterprise are constantly saying that private enterprise must be maintained in this country. This is what you have under your private enterprise. This is the root cause why the Liberal promises made in the 1919 convention cannot be fulfilled. Two things are seen pretty clearly: one, that the Canadian people will never know economic security, never be free from want and fear until the banks of Canada, the financial system of Canada, can be nationalized. That is why we call for it in this resolution. Two, the supply of new productive equipment to work on the nationalized resources of this country to supply the needs of the people of Canada can never take place under the present set-up, while the present privileged groups control our currency and finance and, through that, control the industries. A national banking system with its head at the Bank of Canada would be the proper means of nationalizing the financing of Canada. It then could control the price levels and regulate foreign exchange operations. That is one of the first essentials to social security. It was the first step that the farmer-labour government of New Zealand found necessary before they could institute any real reform within that nation.

I should like to place on record an example of how one of the largest monopolistic corporations of the world receives special considerations from this government. I maintain that this is not warranted when Canada is passing through a crisis such as that of to-day.

In August, 1941, a special agreement was entered into between His Majesty the King in the right of Canada and the International Nickel Company of Canada Limited.

On motion of Mr. Castleden the debate was adjourned.

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

Friday, March 19, 1943

The house met at three o'clock.

PASSPORTS

STATEMENT AS TO OPERATION OF NEW PROCEDURE

Right Hon. W. L. MACKENZIE KING (Pime Minister): Mr. Speaker, yesterday the hon. member for Lincoln (Mr. Lockhart) asked a question respecting passport regulations. I should like to take this opportunity to reply.

The hon. member's question was whether intending visitors to the United States can choose between the new procedure of special border-crossing identification cards and the passport system. The answer is in the affirmative. The new simplified procedure does not supersede the old system but is offered as an additional facility. If an intending visitor should find it more convenient to get a passport than to get the non-immigrant border-crossing identification card, he may do so in the regular way. It is purely a matter of personal convenience, though I am sure that, for the great majority of intending visitors, the new system will prove much more convenient than the regular passport system. In this connection it must not be overlooked that under the passport system the passport alone does not suffice to secure entry into the United States. The holder must also secure a visa, for which a personal appearance before a United States consular officer is essential, or an ordinary border-crossing card, which requires a personal appearance before a United States immigration officer.

It is understood, of course, that in speaking about the new procedure I am referring only to visits of less than thirty days by Canadians and other British subjects permanently resident in Canada. I understand these are the classes of persons the hon. member has in mind. The new system, as has repeatedly been stated, does not apply to visits of thirty days or longer, and its privileges do not extend to other classes of persons who must use the regular passport system.

PUBLIC ACCOUNTS

INQUIRY WITH RESPECT TO SITTINGS OF STANDING COMMITTEE

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, the public accounts committee was appointed on February 15, and on March 8 the public accounts and the report of the auditor general were referred to the committee. So far as I can learn, no steps have yet been taken to call that committee into session. I should like to ask the Prime Minister if he will have the necessary action taken to call the committee at the earliest possible day. My understanding is that the customary practice is for the chief government whip to give the necessary instructions to the committee branch.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, on more than one occasion I have stated that it is open to any hon. member to ask that the committee be called. As a necessary first step, the person to be approached in the matter is the chief clerk of committees and private legislation of this house. If the clerk of committees is approached by an hon. member to bring the committee together, the clerk will be perfectly free, indeed it would be part of his duty, to send a notice to the members of the committee. However, where a committee has not been formally convened and a chairman selected, the clerk might, for the convenience of members generally, confer with the chief government whip as to the best time for calling the committee. Thereafter the committee would decide for itself at adjournment when it would reconvene, or leave the decision "to the call of the chair". If any hon. member will make the request to Mr. Dun, that the committee on public accounts be called together, and the latter should speak to the government whip, the government whip will see to it that Mr. Dun is instructed to call the committee at a date which will appear to be suitable.

Mr. GRAYDON: I thank the Prime Minister for clearing up that point, because there seems to be confusion as to the exact procedure necessary to call the public accounts committee together.

FOREIGN POLICY

CANADA'S RELATIONS WITH THE COMMONWEALTH AND OTHER NATIONS—PRESS REPORT IN TORONTO "TELEGRAM"

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I have drawn to the attention of the Prime Minister a newspaper dispatch from Washington in which serious allegations are made with respect to Canada's foreign policy. Will he make a statement, either now or at an early day, covering the points raised

in the dispatch and indicating the policy of the government, so that there may be no public misunderstanding of Canada's position?

Right Hon. W. L. MACKENZIE KING (Prime Minister): As my hon. friend the leader of the opposition has just said, he has drawn my attention to a newspaper dispatch from Washington. He mentioned he would ask the question which he has just put with regard to it.

Perhaps I should say in the first place that the particular newspaper dispatch is a communication from the Washington correspondent of the Toronto *Telegram* to that paper. My hon. friend says that it makes quite serious allegations with respect to Canada's foreign policy. I have read the article. I hardly think that "serious allegations" is the correct term to apply to what appears there; I would say that "mischievous conjectures" would be a better term. But that is, of course, a matter of opinion.

However, with respect to a matter as all-important as that of foreign policy I hardly think that any statement from the government should be made on the basis of some press communication. There is no more important subject than that which relates to foreign relations and foreign policy. I should be prepared to answer my hon. friend and other hon. members at any time with respect to Canada's foreign policy, on questions which they themselves may address to the ministry. But I do not think I should be expected to deal with communications from press correspondents to different papers, and make these either the basis or the occasion of a statement on the country's foreign policy.

In order, however, that it may not be said that I am in any way seeking to evade an immediate statement with respect to Canada's foreign policy, may I say that at different times I have given a statement to the house on the subject. I made one at considerable length as long ago as May 24, 1938, which is reported in *Hansard*, page 3178. I shall read one paragraph from that statement. It was given as a statement of Canada's foreign policy at that time. It remains a statement of Canada's policy to-day:

> Our foreign and external policy is a policy of peace and friendliness, a policy of trying to look after our own interests and to understand the position of other governments with which we have dealings. It is a policy which takes account of our political connections and traditions, our geographical position, the limited numbers and the racial composition of our people, our stage in economic development, our own internal preoccupations and necessities—in short, a policy based on the Canadian situation. It is not and cannot be under these circumstances a spectacular head-line policy; it is simply the sum of the countless daily dealings with other countries, the general resultant of an effort to act decently on every issue or incident that arises, and a hope of receiving the same treatment from others.

I believe it is advisable for me to go a step further on this matter of Canada's foreign policy at this time, because in this article and articles which are appearing in other public journals there appears to be an effort to make what is obviously a difficult situation not easier but more difficult; I mean the kind of situation which has arisen everywhere to-day between the different governments which are united in a common war effort, in their attempts to find a common solution of some of the difficulties with which they are faced. So far as the present government is concerned we intend, wherever and as often as opportunity offers, to do our utmost to make difficult situations less difficult, and to further as far as we can what is likely to prove most in the common interest. That is a broad statement, but being broad it perhaps covers the attitude of the government better than anything else could.

The article to which my hon. friend has drawn my attention raises by implication a question which is the old question of the status of Canada—whether Canada in her international relations from now on is to proceed as a country having rights of her own, sovereign rights of her own; whether she is going to proceed only as one part of the British empire; or whether she is going to proceed as a north American country having special relations with the United States. Questions of the kind are being asked to-day, not for the purpose of helping to win the war, but rather for the purpose—I will not say what the purpose is, but I will say what the effect is—rather having the effect of helping to give enemy countries and their sympathizers who wish to create divisions between different parts of the British empire and between Great Britain and the United States and between the empire, the United States, Canada and other of the united nations, something to go on in the matter of alleging that the united nations are not a completely united body in dealing with questions arising out of the war. It is important I think to emphasize that fact, because it is all-important, more important to-day than ever, that the enemy should know that the united nations are united in their determination not only to win this war but to carry out a policy with respect to peace upon which they all will be agreed. This is doubly necessary for the

reason that, the more public discussion is diverted to questions about what is going to be the attitude of this country and that country at the peace table and in the post-war period, the less the country will be impressed with the fact that this war itself is not yet won. Anyone who knows anything about the situation realizes that it is going to be a much longer time before the war is won than most of us recognize at the present time. I do not think that we in Canada have begun to appreciate the difficulties which lie ahead of us this year, with the situation confronting the countries which are associated under the name of the united nations what it is, in the winning of the war. The difficulties are far greater than any of us can begin to realize. I do again submit that our country cannot give too much attention to the fact that the winning of this war as soon as it can be won, is more important than anything else which can possibly be discussed at this time.

So that there will be no mistake, either in this country, the United States, Great Britain, or anywhere else in the world, as to what Canada's position is as a nation in dealing with other nations on these international matters, I am going to place on *Hansard* again a declaration, known as the Balfour declaration, which was made at the imperial conference of 1926 in London, and which has been agreed to by every nation of the British commonwealth, the United Kingdom and all the dominions, as setting forth the basis on which as between themselves and in their dealings with others, matters will be adjusted. I quote from the report of the imperial conference of 1926 summary of proceedings under the heading of "Status of Great Britain and the Dominions", page 12 of the report:

> The committee are of opinion that nothing would be gained by attempting to lay down a constitution for the British empire. Its widely scattered parts have very different characteristics, very different histories, and are at very different stages of evolution; while, considered as a whole, it defies classification and bears no real resemblance to any other political organization which now exists or has ever yet been tried.
>
> There is, however, one most important element in it which, from a strictly constitutional point of view, has now, as regards all vital matters, reached its full development—we refer to the group of self-governing communities composed of Great Britain and the dominions. Their position and mutual relation may be readily defined. They are autonomous communities within the British empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the crown, and freely associated as members of the British commonwealth of nations.
>
> A foreigner endeavouring to understand the true character of the British empire by the aid of this formula alone would be tempted to think that it was devised rather to make mutual interference impossible than to make mutual cooperation easy.

Such a criticism, however, completely ignores the historic situation. The rapid evolution of the oversea dominions during the last fifty years has involved many complicated adjustments of old political machinery to changing conditions. The tendency towards equality of status was both right and inevitable. Geographical and other conditions made this impossible of attainment by the way of federation. The only alternative was by the way of autonomy; and along this road it has been steadily sought. Every self-governing member of the empire is now the master of its destiny. In fact, if not always in form, it is subject to no compulsion whatever.

But no account, however accurate, of the negative relations in which Great Britain and the dominions stand to each other can do more than express a portion of the truth. The British empire is not founded upon negations. It depends essentially, if not formally, on positive ideals. Free institutions are its lifeblood. Free cooperation is its instrument. Peace, security, and progress are among its objects. Aspects of all these great themes have been discussed at the present conference; excellent results have been thereby obtained. And though every dominion is now, and must always remain, the sole judge of the nature and extent of its cooperation, no common cause will, in our opinion, be thereby imperilled.

Equality of status, so far as Britain and the domiinons are concerned, is thus the root principle governing our inter-imperial relations. But the principles of equality and similarity, appropriate to status, do not universally extend to function. Here we require something more than immutable dogmas. For example, to deal with questions of diplomacy and questions of defence, we require also flexible machinery—machinery which can, from time to time, be adapted to the changing circumstances of the world.

To-day more than at any time in the history of the British empire or the British commonwealth of nations, by whichever name you wish to call it, is there a need from time to time of adapting to the ever-changing circumstances of the world the existing machinery which we have as between the different parts of the empire. I do hope that it will be recognized that whatever will help to interpret, not to our own people only but to the people of the United States and of other countries, the true and exact nature of the relations between the different parts of the British empire and between the British empire and other parts of the world, the more it will assist in helping the cause which we all have in common.

When this country went into the war it did so as a result of the action of this parliament taken on its own account, a decision reached in accordance with what it believed to be, and certainly was, the will of the people

of Canada. In all our relations with other parts of the empire and with other countries, so far as the present administration is concerned, we intend to stand on the ground of a status of our own equal to that of each and all of the self-governing British communities—the dominions and the United Kingdom included.

Mr. M. J. COLDWELL (Rosetown-Biggar): I think it would be of value if at an early day the Prime Minister would call an item in his estimates so that there might be a discussion of Canada's external affairs. It would enable us to arrive at a clearer understanding of some of the things which, as he suggests, may becloud the issue.

Mr. MACKENZIE KING: I am anxious that the house shall get on with its business as rapidly as possible. Before we take up any new subject for discussion we should conclude with the matters in hand.

Mr. COLDWELL: I agree. I meant not to leave it until the dying days of the session.

Mr. MACKENZIE KING: I shall undertake with pleasure to see that matters of foreign policy are discussed before that time.

LABOUR CONDITIONS

LAY-OFF OF MEN AT DEFENCE INDUSTRIES LIMITED PLANT AT TRANSCONA

On the orders of the day:

Mr. S. H. KNOWLES (Winnipeg North-Centre): Will the Minister of Munitions and Supply make a statement concerning the lay-off of 325 men from the Defence Industries Limited cordite plant at Transcona, of which I understand both he and the Minister of Labour (Mr. Mitchell) have been notified by telegram? Does this lay-off apply in other explosives plants? What steps have been taken to place these men in alternative war industries? Will the minister—

Some hon. MEMBERS: Order.

Mr. KNOWLES:—give a clear statement as to government policy in connection with this plant?

Mr. SPEAKER: The first part of the question asked by the hon. member is of such a nature that I think it could be answered by the minister, but the latter portion I think would come within the category of questions which I have ruled should be placed on the order paper. However, if the minister wishes to reply to the first part of the question, it would be in order for him to do so.

[Mr. Mackenzie King.]

Hon. C. D. HOWE (Minister of Munitions and Supply): I received a telegram this morning from the secretary of the union which is the bargaining agency for the Winnipeg plant, saying that a lay-off of 325 men was anticipated. I tried to get direct information from the management but have been unable to do so up to the present time. I do not know whether the statement contained in the telegram is correct. However, there is a very considerable overproduction of cordite at the present moment, and corrections will have to be made in several explosives factories. This sharp curtailment is due to a sudden cutting off of export demand. If there is a lay-off, either at Winnipeg or at any other cordite plant, alternative employment will be offered immediately through national selective service to those laid off.

EMPLOYMENT OF CANADIANS ON PROJECTS UNDERTAKEN IN CANADA BY UNITED STATES AUTHORITIES

Mr. H. C. GREEN (Vancouver South): I should like to ask the Minister of Labour whether he has received an urgent recommendation from the Edmonton ex-service men's rehabilitation committee that the ban against Canadians taking work with United States contractors in that district should be lifted in so far as it may affect ex-service men. Apparently the rehabilitation of some of these men has been seriously hampered by that order in council.

Hon. HUMPHREY MITCHELL (Minister of Labour): I have no knowledge of having received any information of the kind to which my hon. friend refers. As he said, he gave my office notice of his intention to ask this question, and I should like to make the following reply.

Mr. COLDWELL: Has the minister not received a letter from me within the last few days? I wrote to him about it.

Mr. MITCHELL: I may have. In the twenty-four hours I try to read them all. I think I remember the letter.

It will be obvious to hon. members that control of placements on the various projects being undertaken by the United States authorities is absolutely necessary. Accordingly no one is allowed to take work with United States contractors unless he has a permit from the national selective service office at Edmonton.

Before the work was started an undertaking was arrived at with the United States author-

ities that Canadian labour could not be supplied in view of the tightness of the Canadian labour supply situation. Within the last few weeks we have found it necessary to enforce the regulation somewhat more rigidly because we found that the projects that the United States authorities have in hand were draining off the men needed in other industries, for example the lumbering and logging industry, and also from the city of Edmonton itself. I may say in passing that this sheds some light on some of the speeches we have heard from hon. members on both sides of the house.

This control will be carefully and sensibly exercised. We certainly will not allow a situation to develop where men are allowed to remain idle in Edmonton. The indications at present are that we shall be able to place promptly any men who find themselves out of work.

I think it will be agreed by all hon. members that you cannot have one policy in one place and another in another. We are trying as far as it is humanly possible to put into successful operation what I would call the selective service policy. Apparently it is working in Edmonton on all six cylinders so far as labour supply for what I might call vital war industry in that part of the dominion is concerned.

THE BUDGET

PROPOSED AMENDMENT WITH RESPECT TO NATURAL GAS INDUSTRY

On the orders of the day:

Hon. J. L. ILSLEY (Minister of Finance): I should like to make a statement regarding one amendment that I propose to make to the budget resolutions. In the budget speech I outlined certain tax proposals designed to stimulate the search for oil. Since that time I have received representations urging that these proposed arrangements be extended to apply to the natural gas industry. When the house is in committee on budget resolutions I shall move an amendment to allow operators in the natural gas industry to accumulate expenditure on dry holes, the drilling on which was commenced between January 1, 1943 and March 31, 1945, and write it off against producing wells subsequently found. It is intended also to amend the regulations regarding drilling costs to allow labour costs to be written off as a current expense in the case of productive wells, the drilling of which was commenced in the period January 1, 1943 to March 31, 1945.

RADIO

SHORTAGE OF BATTERIES FOR RECEIVING SETS IN RURAL DISTRICTS

On the orders of the day:

Mr. F. W. GERSHAW (Medicine Hat): On behalf of my deskmate (Mr. Lalonde) I should like to ask the Minister of Munitions and Supply (Mr. Howe) whether the government has taken any steps to remedy the situation arising from the acute shortage of batteries for radio sets in the rural districts.

Mr. SPEAKER: I think that question could be placed upon the order paper.

PRIVILEGE—MR. COLDWELL

REFERENCE TO REMARKS OF MEMBER FOR DAUPHIN IN DEBATE ON MARCH 18

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I see that the hon. member for Dauphin (Mr. Ward) is in his seat. Had he been in his seat when the session opened this afternoon I should have raised a question of privilege at that time. I was unavoidably absent last night, having an engagement at Rideau Hall, and therefore was not in my seat. During my absence the hon. gentleman made a speech. In that speech he quoted part of a sentence from a radio address given by me. The part he quoted was this:

> What can these men think of a war effort that does not hesitate to spend hundreds of millions of dollars to assist private industry—

He placed a question mark at the end of that, whereas he should have continued—

> —but refuses to give 13,000 workers a couple of million dollars a year to improve their depressed and substandard condition?

He then ended with these words, and they are the words of which I complain:

> He stops there.

I did not stop there, as I have shown. Then the hon. member proceeds:

> The hon. member knew just as well as I do that a meaner form of misrepresentation than that statement could not possibly have been made.

He alleges that when I made that statement I knew it was a misrepresentation. That, Mr. Speaker, is entirely against the rules of the house. Had I been in my seat at the time I would have requested that you ask the hon. gentleman to withdraw that aspersion, and I so ask now.

Mr. W. J. WARD (Dauphin): If I am permitted to reply, I have not the press

clipping with me at the moment; it is in my office. But in the clipping there is a period after the word "industry". Why should the hon. member not have gone on and explained to his listeners over the air—

Mr. COLDWELL: I am not discussing that phase of it. The hon. member could have obtained the original copy of my address from my office at any time. I ask that the accusation made be withdrawn. That is the point at issue.

Mr. SPEAKER: Do I understand that the hon. member for Rosetown-Biggar is complaining that what was said by the hon. member for Dauphin is a misrepresentation of what he said, in that he did not complete the statement quoted from the hon. member's speech?

Mr. COLDWELL: No, Mr. Speaker, may I correct that? The hon. member said last night:

The hon. member knew—

That is, I knew—

—just as well as I do—

That is the hon. member for Dauphin.

—that a meaner form of misrepresentation than that statement could not possibly have been made.

That is, he said I knew I was making a mean misrepresentation. The hon. member's remarks are reported at page 1376 of *Hansard*.

Mr. SPEAKER: If the hon. member for Rosetown-Biggar had been in the house at the time that statement was made and if I had been in the chair and he had asked that the statement be withdrawn, I should have had to ask the hon. member to withdraw it. I think the hon. member should withdraw that statement as being an implication directed against the hon. member for Rosetown-Biggar.

Mr. WARD: In the first place, of course, the speech was made outside of this house.

Mr. COLDWELL: The hon. member's speech was made in the house.

Mr. WARD: However, sir, I bow to your ruling that it was not a misrepresentation. But while I am on my feet I should like to say this, that I took it for granted that the hon. gentleman was an intelligent man, and as an intelligent man he must have known it was a misrepresentation.

Mr. SPEAKER: The hon. member for Dauphin must realize that his last statement simply accentuates what the hon. member for Rosetown-Biggar complains of. The withdrawal should be unequivocal.

Mr. WARD: Then, Mr. Speaker, I withdraw.

[Mr. Ward.]

OFFICE ECONOMIES CONTROL

ANNOUNCEMENT OF RESIGNATION OF COLONEL JOHN THOMPSON AS DIRECTOR

On the orders of the day:

Hon. L. R. LaFLECHE (Minister of National War Services): I should like, Mr. Speaker, to make a statement. I wish to announce that Colonel John Thompson, D.S.O., K.C., has resigned from the position of director of government office economies control, and that his resignation has been accepted by order in council P.C. 2198 of yesterday's date, copy of which I should like to lay on the table of the house.

When Colonel Thompson informed me that he wished to retire I asked him to carry on, but he said he could not do so. I replied that if he insisted I should have to recommend the acceptance of his resignation, which I should do with deep regret.

It would seem to me to be in the national interest that I acquaint this honourable house with certain facts. My purpose is to make it possible to achieve the economies desired by the government when it created the government office economies control, to the directorship of which Colonel Thompson was subsequently called. There has been a good deal said and written around the personality of that gallant gentleman and officer, Colonel Thompson, and his activities as director of the control office in question. It would not be fair to the nation or to Colonel Thompson to fail to place these further facts on the record.

It will be recalled that the incident began with a newspaper article. The article quite naturally created some considerable interest; I may say that it did so far as I was concerned, because I had not the slightest intimation of what was coming. Since then the matter has received further publicity, with some asserting and some denying but few continuing to think much of the very purpose of the control office, namely economy. Recalling that public officials cannot do justice to their duties and cannot successfully carry on the nation's business in an atmosphere such as has been created; and so that it may be possible to carry on the government office economies control, let me read into the record the contents of the following documents. Following the appearance of the article on March 4 I wrote a memorandum to Colonel Thompson as follows:

An article headed "Crazy Waste Stymies Economy Director Thompson; Charges work is Hampered; 'Evasion, Subterfuge and Trickery' are being used" which appeared in the *Journal* this afternoon has been brought to my attention.

As I have told you several times, the task of director of economies is a difficult one. I also told you that one can best succeed in such a task by gaining the cooperation of all concerned.

You have explained on previous occasions that you do not give statements to the press. Therefore, I assume that whoever wrote the article in question did so without your authority.

I suggest to you that the Minister of National War Services is the person to whom you should report any evasion, subterfuge or trickery which you may encounter. It is very liable to arouse resentment on the part of departmental officials generally to read articles such as the one in question without having opportunities to explain to their superior departmental officers or minister. Without an opportunity of making known their side of the question, at the same time they are criticized publicly, can only create unrest and instill thoughts of unfair treatment. The article mentioned herein above is condemnation of officials without warning and, still more, without giving them any opportunity of bringing their explanations to attention. It is not permissible to compromise the reputation for loyalty and patriotism of officials.

I have already assured you of my support but I cannot make it effective without knowing your difficulties. In this connection let me repeat that I am convinced that the members of the public service are readily amenable to conviction. Indeed, in my opinion, they would be only too anxious to learn and to implement their desire to practise every possible economy. It must be realized that work cannot be done without the necessary tools; modern administrative practice demands certain facilities without which the costs of administration would be much greater than they would be otherwise. Our job is to see that the work is well done at a minimum cost.

I am sure that much can be done to make a success of the office of economies control and would like you to be guided by the principles herein set out. I think that together, you and I, we can bring to the attention of those concerned certain views regarding economy, which would be immediately accepted once known and appreciated. We can also arrange to relieve the departments of much of the pressure which is bound to make itself felt because of war time emergency, which is a very definite factor of many requirements.

The fact that you are serving without remuneration is much appreciated. Should the volume of the work you have undertaken be too great a burden upon you and your present staff, then I will be very glad to give you further assistance. Should this be the case, please let me have your remarks when I shall pass them on immediately to the Civil Service Commission.

On March 6 I had a memorandum from Colonel Thompson as follows:

Apropos of an item I saw in the press, either last night or the night before, I wish to say that at no time has there been any interference by the government, or yourself, or any member of parliament, with this office in the performance of the duties allotted to it by order in council.

Then we had an article appearing in the Montreal *Standard* on March 6.

Mr. DOUGLAS (Weyburn): Was there any answer to the letter to Colonel Thompson dated March 4, which the minister read?

Mr. LaFLECHE: It is like travelling through the countryside; as we move on we see other things. I shall come to that in a moment. This article in the Montreal *Standard* is headed:

Thompson Not Angry Before but Boy! Listen to Him Now.

Ottawa, March 6.—"I wuz misquoted," growled Colonel John Thompson, or words to that effect, as he wiped his forehead and reached to answer the phone.

"No, that wasn't what I said!" he shouted into the mouthpiece. "Do you think I'd use those words! There's been no interference from the government." Indignantly he banged down the receiver.

"Eleven million people in Canada and ten million are reporters and they've all called this morning," he said bitterly as the phone rang again.

I read this because I think Colonel Thompson has a right to be heard in these matters.

"Reporters," he declared as an afterthought, "it's getting so that it's not safe to say good morning to them. If they can find any way to make it come out 'good night' they'll do it."

The phone stopped long enough for the fiery colonel to launch a denial of quotations attributed to him. These quotations said that he had suffered government interference in conducting his economy drive.

The fracas started Thursday when the Ottawa *Journal* accredited the colonel with saying "He found it increasingly impossible to cope with all the crazy waste and extravagance, and that evasion, subterfuge and outright trickery are being used to nullify his work."

That was a natural. Gordon Graydon, house leader of the Progressive Conservatives, licked his political chops and used some strong words in the commons yesterday. He declared that Colonel Thompson should be called before the public accounts committee to tell the worst.

Whereupon, Major-General L. R. LaFlèche, Minister of National War Services and Thompson's boss, arose to say that he had never heard of any interference from departments, and besides, Thompson didn't make statements to the press.

"Subterfuge! Evasion!" said Colonel Thompson this morning with the look of a man who'd like to get his hands on a certain person. "Do you think I'd use words like that? Do you?"

To make his position very clear and definite, the colonel to-day dispatched by messenger a letter to his boss, General LaFlèche, in which he declared: "There has been no interference by the government or members of parliament, or yourself, with respect to the duties allotted to this office."

Colonel's Statement

Then, calming down for a few minutes, he said:

1—Gordon Graydon went out on a long, long limb by using the *Journal* story as a basis for a tiff. "He got off on the wrong foot. He may look silly."

2—If he felt the government interfered in his job to cut down expenses he'd quit in five minutes. He's a dollar a year man, thus independent.

3—He wuz misquoted.

"I'm pretty sore about anything I say in confidence and then have that confidence violated and grossly exaggerated," he said. "What I said originally was that I wouldn't be a rubber stamp. That is, I wouldn't stand for anyone ordering something and then presenting me with the bill when my approval was needed before the order was made.

"That's happened in a couple of cases, but 'subterfuge' and 'evasion'—after all."

Besides he wuz misquoted.

The public will have the chance to determine for itself who said what.

It was announced this afternoon that T. C. Douglas, C.C.F. member for Weyburn, Sask., had made a notice of motion that the standing committee on public accounts "be empowered to investigate the statement of Colonel John Thompson charging evasion, subterfuge, and outright trickery."

I am sorry, Mr. Speaker, that I have to mention family names; but everyone will understand the reason.

I come now to a memorandum dated March 10—this month. This is the reply I received, and it is addressed to me by Colonel Thompson:

Reference your memorandum of the 4th March, I stated emphatically and distinctly to the reporter that there was no news of any sort or description to give him. It is unnecessary for me to say that I did not use the language which appeared in the *Journal*.

As I informed you yesterday, I did mention a couple of matters which had, a considerable time ago, been disposed of, to the effect that the Minister of Finance had saved a considerable sum of money with regard to the proposed printing of a booklet, in respect of which I had appealed to him.

I have not spoken to you about the various protests that come to me from different boards and departments, as I considered that this was a burden for the director to carry himself. If every protest which is made to this branch is to be carried to you, it would appear to me that a fourth grade clerk could easily do that.

With regard to the question of staff, it is quite correct that we require additional staff, but not the type that one could obtain through the Civil Service. I have asked Mr. Stapleton, who is the economist of the Canadian National Railways, to have an interview with you with regard to the type of staff which we require and which, hitherto, we have been unable to induce the persons approached to give us as part time assistance.

On the 16th of this month the following memorandum was addressed to me by Colonel Thompson:

This is my resignation, to take effect on Saturday next, the 20th instant, or at an earlier date if convenient to you. My reasons for resigning are on entirely personal grounds.

I wish to add that at no time has there been any difference of opinion between us on office matters.

We come again to the newspapers, but I shall not take the time of the house to read them. Then follows a memorandum dated to-day, and handed to me late this morning. It is addressed to me by Colonel Thompson:

I enclose copy of a leter I wrote to The Honourable C. G. Power, with reference to an item in one of this morning's Ottawa papers.

I might add that I did not make any statement that I would be willing to appear before a parliamentary committee to give evidence of waste in the air force. I know nothing whatsoever about any waste in the air force.

Colonel Thompson kindly attached a copy of his memorandum of this date, which he had addressed to the Minister of National Defence for Air (Mr. Power). Here it is:

There is an item in one of the morning papers to the effect that I said there was waste in the air force, and that I would be willing to give evidence before a parliamentary committee to that effect.

I never made any such statement and, in a brief interview, I never mentioned the air force, either directly or indirectly.

I might add that the relations between the air force representative and this office, have always been most cordial, and any questions at issue have always been discussed in a frank and open manner.

I have already laid on the table of the house a copy of order in council P.C. 2198, but may I read into the record the letter I wrote Colonel Thompson this afternoon:

Dear Colonel Thompson:

I have just received the enclosed certified copy of order in council P.C. 2198 of yesterday's date from which you will see that your resignation from the position of director of the division of government office economies control has been accepted.

In forwarding this copy of the order in council mentioned hereinabove, may I again express regret at your resignation which has resulted in the termination of our official relations and express appreciation for the services you have rendered without remuneration.

It would be of assistance to me if you would kindly let me know just when you intend to leave as I must make necessary arrangements without losing any time to see that the work of your office is carried on without interruption.

Will you please accept my very best wishes for your happiness and success in whatever further occupation you may take up. I shall not fail to take advantage of your very kind offer to give me advice in the future for the furtherance of the very purpose for which the government office economies control was set up.

Mr. MACKENZIE KING: By whom is that signed?

Mr. LaFLECHE: By me.

Mr. GRAYDON: Has Colonel Thompson received it yet?

Mr. LaFLECHE: He should have; I know the leader of the opposition understands.

Mr. GRAYDON: As a matter of fact I do **not.**

Mr. LaFLECHE: Then I regret that the hon. member does not. Recalling that public officials cannot carry on with the nation's business in an atmosphere such as has been created, and that I cannot make it possible to carry on the office of economy control without clearing the atmosphere, let me say that I entirely fail to see any charges or accusations of crazy waste, extravagance, subterfuge or trickery. On the contrary my impression is that turmoil has been created, perhaps thoughtlessly and more likely amusingly—

Mr. GRAYDON: Is the minister quoting from something now?

Mr. LaFLECHE: No.

Mr. GRAYDON: I understood those words were used before.

Mr. LaFLECHE: I am quite certain the Prime Minister would tolerate no extravagance, subterfuge, trickery or evasion, and I know equally well that in view of the absolute necessity of helping to win the war by making a success of his fourth victory loan the Minister of Finance (Mr. Ilsley) would not be a party for one second to such things as have been mentioned. I have done my best to find out what there was at the bottom of all this. I have certainly not wanted in any way to injure the reputation of one of Canada's gallant officers of the last war, and a gentleman who is known for his honesty and sincerity. On the other hand I do not want to be a party in any way to permitting anything to be done which would hinder the possibility of practising economies, wherever they can be made.

Mr. DIEFENBAKER: I wonder if the minister would allow a couple of questions? Was there any reference whatsoever to waste in the air force in the first article which appeared in the Ottawa *Journal*? My recollection is that the one matter denied by Colonel Thompson, namely waste in the air force, was not referred to either directly or indirectly in the article which started this discussion.

Mr. ILSLEY: The minister did not say it was.

Mr. LaFLECHE: Because of my hoarse voice it is possible that the hon. member did not understand me when I read. Colonel Thompson makes it very clear that he refers to the papers of this morning.

Mr. DIEFENBAKER: That was not mentioned at the opening interview which allegedly was given by Colonel Thompson.

Some hon. MEMBERS: Order.

Mr. DIEFENBAKER: If I may be permitted to ask a couple of questions, I am sure the minister will not object. Is there any denial from Colonel Thompson of the other allegations of waste allegedly made in the first interview reported in the *Journal*? And, my second question: Did the minister receive a memorandum in writing from Colonel Thompson or through the Minister of Public Works (Mr. Fournier) in reference to the question of economy, prior to the alleged interview in the *Journal*?

Mr. LaFLECHE: My hon. friend's first question resembles very much that which he put to me more than two weeks ago, as I recall it. I have asked my secretary several times to make absolutely certain whether or not I have received any such documents as mentioned by the hon. gentleman and the answer was no. That must be my answer.

Mr. DIEFENBAKER: What about the other matter?

Mr. ROSS (Souris): Did the Department of Public Works in any way come under the jurisdiction of the government economy director, Colonel John Thompson? If not, why was that department not brought under his jurisdiction?

Mr. LaFLECHE: By the provisions of the order in council all the departments were brought under his jurisdiction.

Mr. ROSS (Souris): Following up the question which my colleague put, will copies of the files or letters which were turned in to the minister by Colonel Thompson on his resignation be available to members of the committee on public accounts when it convenes?

Mr. LaFLECHE: That is a question that will be answered in due time. I am very sorry that certain gentlemen seem to take the information I have given in bad grace, or hesitatingly, shall I say.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Thursday, March 18, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Coldwell.

Mr. G. H. CASTLEDEN (Yorkton): Mr. Speaker, when the budget debate was adjourned last night we were discussing the term "free enterprise". The sooner that free enterprise becomes the line of real demarcation between the members of this house, the better. Then we shall have this house divided into two proper groups, those who are in favour of free enterprise as it is practised to-day, the coupon clippers, on the one side, and those working for humanity on the other.

Last night I was proceeding to give an example of the type of thing which we in this group oppose. I refer to an agreement, dated August 19, 1941, which was tabled in this house between His Majesty the King in right of Canada and the International Nickel Company of Canada. Reading from this agreement I find:

Whereas part III of the War Exchange Conservation Act, 1940, provides that, the governor in council, in order to increase or conserve Canada's supply of foreign exchange, may enter into agreements with persons to grant assistance by way of special tax credits. . . .

And further:

Whereas the company is the principal world producer of nickel and is actively engaged in serving the war and defence requirements of the British empire and the United States. . . .

I believe it was also actively engaged in serving someone else before the war. Then, after several more "whereases" I find this:

Whereas the company represents that from the standpoint of commercial considerations such an increase in capacity is in its opinion unwarranted, principally for the following reasons, viz., (i) to provide for a substantially greater output of nickel in 1943 would interfere with and adversely affect the company's long-range mining programme designed to preserve the life of the mines and stabilize costs for a long period of time; and (ii) the increase in capacity, with the attendant special capital expenditures, would be provided at a time when the outlook is most uncertain. . . .

In view of the various considerations thus set forth:

. . . the government under the provisions of part III of the War Exchange Conservation Act, 1940, hereby grants assistance to the company as follows:

[Mr. LaFleche.]

In computing the amount of the profits of the company for the purposes of the Income War Tax Act and the Excess Profits Tax Act, 1940, to determine the liability of the company to pay tax under the said statutes in each of the five calendar years, 1941, 1942, 1943, 1944 and 1945, a deduction by way of special depreciation allowance against the cost of depreciable assets included in the said project shall be permitted. . . .

Then on page 5 of the agreement these amounts are set out.

Up to December 31, 1945, not to exceed in the aggregate $25,000,000.

That is $5,000,000 a year. Then on the last page of the agreement I find the various expansion projects set out which are to be undertaken by the company at a total cost of $34,000,000, as follows:

Mining
Mine surface plants, shafts, permanent underground development, open pit development and permanent mine equipment.

Concentrating
Permanent plant building, extensions and crushing, grinding and flotation equipment.

Smelting
Reverberatory building extension, together with one additional nickel reverberatory complete with a superimposed bank of 6 roaster furnaces and one additional nickel converter.

Miscellaneous
Plant extensions and equipment for miscellaneous auxiliary services, such as transportation, power, et cetera.

Nickel Refinery
Plant extensions and equipment for additional electrolytic nickel capacity together with additional facilities for leaching, reducing and calcining department.

The total estimated capital expenditure is $34,000,000, against which the government is compensating the company by a reduction of their taxes to the tune of $25,000,000.

Mr. ILSLEY: That is not correct. It is not a reduction from their taxes. It is a write-off of their investment.

Mr. CASTLEDEN: I read the exact wording.

Mr. ILSLEY: Read it again.

Mr. CASTLEDEN: It reads:

In computing the amount of the profits of the company for the purposes of the Income War Tax Act and the Excess Profits Tax Act, 1940, to determine the liability of the company to pay tax under the said statutes in each of the five calendar years, 1941, 1942, 1943, 1944 and 1945, a deduction by way of special depreciation allowance against the cost of depreciable assets included in the said project shall be permitted. . . .

Mr. ILSLEY: Not from their taxes, though.

Mr. CASTLEDEN: Yes.

Mr. ILSLEY: No. From their profits for purposes of taxation.

Mr. CASTLEDEN: For purposes of taxation.

Mr. ILSLEY: Right.

Mr. CASTLEDEN: The excess profits tax is now 100 per cent.

Mr. ILSLEY: It is really 80 per cent.

Mr. CASTLEDEN: One hundred per cent with 20 per cent returnable.

Mr. ILSLEY: I do not know, and the hon. member does not know either whether the company is in that class. It may be in the 40 per cent class, in which event his argument goes entirely.

Mr. CASTLEDEN: They are allowed in their returns an amount of $5,000,000.

Mr. ILSLEY: Exactly, $5,000,000 a year, to be deducted from their gross income for tax purposes. I would ask the hon. gentleman not to twist that into a statement that this means $5,000,000 off their taxes each year because it does not.

Mr. CASTLEDEN: I am just giving the words of the agreement as it stands. This is the company which in 1941 declared a net profit of over $34,000,000, and according to the press of March 16 last, its net profit for 1942 was $33,301,829. It seems to me that in view of the very favourable position in which this company finds itself it could have been expected to carry on this expansion programme on its own. But the government is really granting it for taxation purposes the amounts set out in the agreement. It would almost seem good business for the government to build a plant, rent it to the company for the duration of the war, and then perhaps sell it to the company. This company has the right to Canada's ore; it uses Canadian workers in its mines, declares immense profits, and then is allowed these large deductions from its profits in making its taxation returns for the excess profits tax, which now amounts to 80 per cent, the other 20 per cent being returnable.

Mr. HOWE: My colleague drew attention to the fact that this company is not in the 80 per cent class. I feel quite certain that that is the case. I think the hon. member should use the figure "40" instead of "80".

Mr. CASTLEDEN: Well, its profits over a period of years before the war were some of the best in the history of the company.

Mr. ILSLEY: That would put them in the 40 per cent class.

Mr. HOWE: Yes.

Mr. CASTLEDEN: I should be glad if the minister would make a statement as to where this company actually stands. This is the type of "free enterprise" to which we object. Apparently this company is granted certain privileges, although under free enterprise it is supposed to stand on its own feet.

Yesterday this group was attacked because of our stand last year on Bill No. 80, to amend the Natural Resources Mobilization Act. Our stand was this: We were quite willing to support the conscription of our man-power in the winning of this war if the government would spread that conscription and nationalization to include the industry and finance of this country. We believe that it is not right to ask men to give their lives while companies are permitted to continue to make profits.

I wish to compare the treatment handed out to this company with the treatment accorded to agriculture. There are 700,000 farmers in Canada; they represent about one-third of the population. In 1942 fewer than 1,500 earned sufficient to come into the income tax group—and our income tax for married persons is applied to earnings as low as $1,200. Any Canadian industrial concern whose industry was depressed in the period prior to the war is granted certain concessions, and any loss it may have sustained in the period 1936-39 is taken into consideration in computing excess profits and corporation taxation in time of war. I do not find in the present budget any such provision for the farmers. I believe that the statement was made that if any loss occurred in 1942 the farmer would be permitted to spread it over 1943 and 1944; but how about his losses in the past ten years?

Agriculture in this country, and I speak particularly for the province of Saskatchewan, in which I reside, as well as the west generally, went through almost ten years of merciless depression. I have lived among the western farmers all my life. I know their condition; I have shared their troubles; I have worked in their fields; I have taught their children. I have seen these people come through smiling after ten years of fruitless toil, disappointment and hopelessness. I have the honour to represent in this house a constituency one-third of whose population is of Ukrainian birth. These people are making a noble contribution to Canada in every field of national life; they are fine Canadians. Along with men of other nationalities they shed their blood at Dieppe and Hong Kong, and they are willingly mak-

ing sacrifices. Those engaged in agriculture want to help with everything they can to win the war; and they know how to grow food. That is the farmer's business. The government has neglected to take into consideration the welfare of the people who are providing the life-line of Canada's war effort. The government has let them down seriously and badly. During the periods of depression most of the farmers were unable to get any return on their labour, and their debt piled up, interest being compounded on interest, until now that debt is almost unpayable. I should like people to realize what kind of job it is for farmers to work on day after day, year after year, with that load of unpayable debt, a debt which this government seems to be doing very little to remove. Preparation for last year's harvest, the largest in Canada's history, was extremely difficult. The farmer finds himself unable to plan his production this year, for many reasons. One of them is that he has no idea whether the boy who is still on his farm—if one yet remains—is to be allowed to stay there. The government should issue an order that any farmer who maintains a certain production, be it of dairy produce, beef, cattle, wheat or other necessary articles, will be guaranteed his labour. In that regard there has been no direct policy upon which the farmer can rely.

Hon. J. E. MICHAUD (Minister of Transport): I do not rise for the purpose of stating that I will not support the amendment or the subamendment to the motion, or that I will support the budget as presented by my colleague. My purpose in taking a few moments of the time of the house this afternoon is to set forth some facts which on their face may appear to have more of local than of national interest. But I believe that they are due to the people of this country, and particularly to the electorate of New Brunswick.

The first matter to which I wish to refer is the statement made yesterday afternoon by the hon. member for York-Sunbury (Mr. Hanson) with regard to the disposal of potatoes from Prince Edward Island and New Brunswick. I believe that, in view of the good reputation which the potatoes from the island and New Brunswick enjoy, not only on the Canadian market but on the United States market, and to relieve the minds of growers in both provinces, it is only fair that the explanation which was asked for yesterday should be immediately placed on record and brought to the attention of the public.

As reported in *Hansard*, at page 1355, the hon. member for York-Sunbury said:

Prices for seed stock have always been higher than prices for table stock, but I understand that now the wartime prices and trade board have either imposed an embargo on the export of seed potatoes to the United States, or have made such export subject to licence. I suggest to the minister under whose control the matter would come that this is a mistake from every point of view. A determined effort should be made to change that position, and I would ask the member of the government responsible to direct that the whole matter be reviewed. Not only shall we lose the export market in the United States, and the greatly enhanced price of the product; we will lose what I consider to be of at least equal value, the good-will of our customers across the line.

I have communicated with the department responsible for this situation and have received this statement, which I wish to place on the records of the house.

There is no embargo on the export of certified seed potatoes to the United States. For some time it has been felt that certified seed potatoes have been exported from New Brunswick and Prince Edward Island to the United States to be used as table stock, thus depleting the supply of seed potatoes required in Canada and the United States for seeding purposes this spring. The Department of Agriculture, in cooperation with the provinces, has undertaken to encourage potato growers across Canada to use certified seed this year in order to increase their production of potatoes. To prevent seed potatoes from being exported for use as table stock and to ensure sufficient seed to meet our own requirements, the export of these potatoes has been placed under permit. The export permits branch of the Department of Trade and Commerce, and the Department of Agriculture, to whom requests will be submitted, may examine the bona fides of each shipment and decide whether or not a permit should be granted. Regard will always be had to the seed requirements of the Canadian growers. It will be seen that this regulation is not intended to prevent the growers of potatoes in the island or New Brunswick from exporting seed potatoes; its purpose is to ensure sufficient seed potatoes for the coming season, not only for Canadian growers but for those in the United States. People in the state of Maine have been buying our best potatoes as table stock. I am sure that the minds of the potato growers of Canada will be relieved and that they will feel satisfied that this regimentation has been adopted in their best interests.

There is another matter which I wish to bring before the house. For the last two weeks the opposition in the legislature of New Brunswick has seemed to give more attention to the discussion of federal problems and the

federal government and federal ministers than to a discussion of their own provincial affairs. This was started on March 4 by the leader of the opposition in the legislature when he criticized the federal government for having failed to utilize the resources of New Brunswick in the prosecution of the war and when he charged the federal government with discrimination against New Brunswick in the expenditure of public moneys for war purposes. He stated that all that had been given to New Brunswick was "chicken-feed." This criticism was taken up and repeated by some of his followers in the legislature and, as was to be expected, it was echoed in this chamber on the night of March 15 by the hon. member for St. John-Albert (Mr. Hazen).

No objection can be taken to anyone in New Brunswick or anywhere else criticizing the action of this government and the manner in which public moneys are expended. We are fighting to preserve that right. If the matter had remained a purely local one, I would not take up the time of this house in discussing it. Until this morning I was at a loss to understand the reason for this sudden change of attitude on the part of the opposition in the New Brunswick legislature. If I recall aright, last year they took exactly the opposite attitude. They refused to the government the privilege of discussing federal matters and complimenting the federal government upon what it had done for the province. They based their argument upon the ground that this was not a matter that pertained to the provincial government.

We read in this morning's press a report of a news item from Montreal to the effect that the hon. member for York-Sunbury is to resign and Mr. Bracken is to run in his place. This may partly explain the sudden change in the attitude of the opposition in New Brunswick and their interest in federal matters. This report has been denied by the hon. member for York-Sunbury, and I am afraid that this will act as a frustration of the enthusiasm of his hyphenated friends in the legislature. If it were only a matter of political expediency or tactics or warfare, I would not have mentioned it, but I am afraid that this criticism which has received headlines in the New Brunswick newspapers and recognition in the national press will lead to the belief that the resources of New Brunswick are not being utilized to the fullest extent. The natural deduction will be that New Brunswick is not contributing to the war effort to the extent of its capacity, and nothing could be further from the truth than such an assumption.

The resources of New Brunswick are being used 100 per cent in the war effort. The province has a recorded population of 457,401, of whom thirty-five per cent are of French extraction. The province has supported the war effort 100 per cent with its man-power, an achievement which has not been excelled by any other part of the country. The material resources of the province have been used 100 per cent in the war effort as have the financial resources. Quotas for all victory loans have been oversubscribed. The principal industries of New Brunswick are agriculture, lumber manufacturing and fishing. I defy anyone to say that the men engaged in those three basic industries are not serving their country in the best manner possible. They are working to 100 per cent of their capacity in their respective callings. The industrial and manufacturing facilities of the province are being used in the war effort 100 per cent. With a population of barely over 450,000 people distributed over a relatively large territory, it stands to reason that there are no large centres of population in that province. Moreover there is no large industrial centre in the sense that this term is understood in central Canada. Unfortunately we have no large electric power developments, no large manufacturing plants in the sense that this term is generally accepted. But we have a number of smaller plants distributed all over that province, and they have been used to their full capacity.

It is possible that those who have made criticisms are under the impression or labour under the delusion that war industries and war plants are being planted by the dominion government in different parts of the country to gratify local pride or political friends or special interests. I must say that the government's attitude toward using industry in Canada for the war effort has not been to create and develop industry in competition with plants and industries already existing. On the contrary, the efforts of the government have been to use fully for war purposes all industrial capacity which existed before the war. And no different treatment was meted out to that province than to any other section.

Unfortunately, on account of local conditions—lack of power, manufacturing facilities, and technical labour—it was impossible to establish large industrial war plants in New Brunswick. But if there had been such facilities, why is it that those who are interested and who are now criticizing did not offer their services, their capital, their management talent, their manufacturing facilities? All the

industrialists of the province—and there were many—who volunteered their services, who wanted to contribute something to war industry, who had something to contribute, have not only been encouraged to do so but have been helped financially to place their facilities at the command of the government.

What did take place? When the war started I took it upon myself to see that New Brunswick should be given an opportunity to contribute to its maximum capacity toward the war effort in the industrial and manufacturing line. For that purpose gentlemen in whom I had full confidence, who I knew could, because of their past activities and success, well advise the government and the several war departments, establish relations with industrialists in the province and look after the interests of the province, were invited to Ottawa. They were placed in the Department of Munitions and Supply and were given positions in which they could in the discharge of their duties look after the interests of the industrialists of the province. I shall name them, because they are men of outstanding reputation, and the mention of their names will not detract at all from their good reputation.

We have Lieutenant-Colonel W. A. Harrison, who is executive assistant to the minister, Department of Munitions and Supply. Colonel Harrison was a retired gentleman who could well afford to spend his days in leisure. In the month of January he was summoned by the Minister of Munitions and Supply (Mr. Howe) from Florida. In four days he was in Ottawa and since then has been here working without remuneration. Doctor J. R. Petrie, director, displaced industries division, Department of Munitions and Supply, was a professor in the university of New Brunswick, a New Brunswick boy who has been brought here to look after the interests of that province. Mr. W. F. Knoll, in charge of wires and nails, office of the steel controller, was, I understand, manager of an industrial plant in Saint John and has been invited to serve in the office of the steel controller in the capacity in which he could best exercise his talents. I would also mention Mr. B. W. Kelley, chief engineer, maritimes subcontract division, Department of Munitions and Supply, and Mr. Frank M. Ross, director general, naval armament and equipment, Department of Munitions and Supply.

What has happened? Let us take a Cook's tour round the province of New Brunswick and see what industries we have which were invited to contribute and have contributed to the war effort. Travelling eastward from Ottawa we enter the province at the gateway at Campbellton. There we have the McLennan Foundry and Machine Works Limited, and J. and D. A. Harquail Company Limited; at Dalhousie there is the New Brunswick International Paper Company; at Bathurst, the Northern Machine Works and Canada Iron Foundries; at Buctouche there is J. D. Irving Limited; at Moncton, Clark Ruse Aircraft Limited and Humphrey Woollen Mills; at Port Elgin, the Copp Woollen Mills; at Sackville, Enamel and Heating Products, Limited and Enterprise Foundry Company, Limited; at Petitcodiac, the Lawson Machine Works; at Sussex, the Wallace Manufacturing Company; and at Saint John, T. S. Simms and Company Limited, Murray and Gregory, Provincial Wood Products Company Limited, Saint John Iron Works, E. S. Stephenson and Company, J. Fred Williamson, Courtenay Iron and Brass Foundry, Saint John Machine Shop Company, Wilson Boxes, Toronto Shipbuilding Company and Saint John Dry Docks and Shipbuilding Company. At Fredericton, there are Horsnell Machine and Iron Works, Hartt Boot and Shoe Company, John Palmer Company and Palmer-McLellan Shoepack Company. At Devon there is Creighton and Smith Limited. At Upper Gagetown, McMulkin and Sons; at St. Andrews, the Vaughan Shipbuilding Company, and at Bristol, John Mead and Sons; at Hartland, the New Brunswick Potato Products Limited, potato dehydrating plant, and at Grand Falls, Pirie Potato Products Limited, potato dehydrating plant.

That makes thirty-four industrial plants in New Brunswick which have received war contracts directly from the Department of Munitions and Supply, and some of which have received capital assistance when it was needed. Not all have received capital assistance, because all did not need it.

We have eleven other industrial firms which have neither received capital assistance nor demanded any and which have not received war contracts directly from the government but whose industrial plants have been working efficiently and continuously to their maximum capacity for the war effort. These companies are: at Campbellton, W. H. Miller Company and Restigouche Company Limited; at Bathurst, the Bathurst Pulp and Paper Company Limited; at Nelson, Geo. Burchill and Sons; South Nelson Lumber Company Limited; L. J. O'Brien; at Moncton, LeBlanc and Lockhart, woodworking factories; at Fredericton, Fraser Companies Limited; at Edmundston, Fraser Companies Limited; L. H. Morneault woodworking plant. Naturally there are more woodworking plants and lumber mills than tank and gun factories, because New Brunswick is a lumbering province; lumber is the main industry. These eleven firms never received

government advances of any kind, nor have they received direct government contracts, as far as I know. They are, however, using the natural resources of the provinces to their maximum capacity, in the war effort.

Let me now give the miltiary establishments. New Brunswick has not been overlooked, disregarded or discriminated against in this particular. For a small province we have quite a number of establishments, as follows:

Army
Saint John, military district headquarters.
Sussex, training centre.
Tracadie, rifle range.
Utopia, advanced training centre.
Fredericton, training centre No. 70.
Edmundston, training centre No. 71.

Air
Chatham, Salisbury, Moncton, Saint John, Scoudouc, Pennfield.

Navy
Saint John.

Now what about the amount of actual money expended in that province since the beginning of the war? The total is $78,712,178.12, made up as follows:

Department of Munitions and Supply	
Dollar value of contracts	$37,832,903 00
Capital expenditures	21,463,065 58
Department of National Defence (army)	7,674,531 53
Department of National Defence (navy)	2,127,489 31
Department of Transport	
Airports	2,577,190 23
Seamen's branch	75,000 00
National Harbours Board	857,302 31
Canadian National Railways	4,646,375 00
Department of Public Works	1,458,321 16
Grand total	$78,712,178 12

I could give the details for each of these departments, to indicate where the money has been spent. It has been claimed by the hon. member for St. John-Albert (Mr. Hazen) that the city of Saint John did not receive its share. Well, some may claim that the war expenditures of the government should have been distributed according to population, but to me that is a ridiculous claim, because expenditures are governed by the exigencies of war, by the requirements in connection with our defences, by the nature of the places where it is expedient that something along this line be done in the best interests of the defence of Canada.

Mr. HAZEN: Like Deep Brook.

Mr. MICHAUD: Yes, Deep Brook is a place where it was found necessary and expedient to make some expenditures. Just to show how difficult it is to make a distribution according to population, even in the little province of New Brunswick, despite all our efforts it has been impossible to spread the "chicken-feed" evenly across the province, though we have tried not to allow two or three old hens to get it all. We have not always been successful, notwithstanding all the efforts we made, to apportion the money as between Saint John and the rest of the province. Saint John constitutes about 11 per cent of the population of New Brunswick, but the war expenditures in Saint John constitute about 14 per cent of the grand total spent in that province. These expenditures were made up as follows:

War Expenditures in Saint John (capital)

Department of National Defence (Army)	$ 2,448,274 82
Department of National Defence (Navy)	500,000 00
Department of Transport	
Seamen's branch	75,000 00
National harbours board	857,302 31
Department of Public Works	1,458,321 16
Department of Munitions and Supply	
Capital expenditures	5,999,600 37
Grand total	$11,338,498 66

Therefore I think neither the city of Saint John nor the province of New Brunswick has reason to complain of discrimination or that, to use the expression used the other day by someone from that city, the federal government has not pumped enough money into Saint John. I do not think that statement can be justified. If large war industries, or more war industries, have not been located in New Brunswick, whose fault is it? Is it the fault of the government, or is it the fault of the capitalists, the industrialists and the swivel-chair critics who had an opportunity to offer their services, their capital, their manufacturing and managerial talents, and their skilled labour? Not one of those who could guarantee production and delivery was turned down, irrespective of politics or creed; all were given a chance to produce and deliver. I defy anyone to contradict that statement.

If we had established some large industrial plants in New Brunswick, we would have had to build mushroom towns for them; we would have had to impose very difficult problems upon local municipal authorities. The first problem would have been that of housing; the second would have been that of municipal services. That would have necessitated, on the part of municipal governments, the incurring of large capital expenditures, and the consequent development of large capital debts. Had we followed the policy of establishing three or four large plants in the province, we would have developed local jealousies and would have hurt local pride. Instead of

throwing the "chicken-feed" to a few old hens, we distributed the feed throughout the province, with the result that there is not one local plant which has not had a chance to contribute its full 100 per cent capacity to the war effort. I am satisfied this was the best policy which could have been followed in that province. In that respect I took the trouble to consult many public-spirited citizens, men of long experience in municipal and provincial public affairs, men experienced in financial and industrial ventures, and they all agreed that we must avoid a post-war problem. After the war, at least in some centres, in respect of some industries, there will be industrial demobilization; this is bound to happen. Had we encouraged a mushroom overgrowth in some municipalities in the province, we would have developed a condition which would be bound to have its reactions, and we would be left holding the bag.

Whatever may happen, I am sure the government will not have to assume responsibility for having caused annoyances in respect of special local problems. I am sure the people of New Brunswick will be able to revert to normal, without any commotion, without disturbance, and without having to labour under heavy municipal debts incurred during the war for the purpose of carrying on services and helping war industries which could not be maintained to 100 per cent producing capacity after the war.

Those who are not satisfied, those who criticize the government are the ones who have not lifted a finger to try to promote, foster or encourage any special industry in New Brunswick. There are those who sit back in these years and clip their coupons. They will criticize, but they will not risk their dollars in war industries, or ventures of that kind. Now that there is no possible chance, according to the hon. member for York-Sunbury, for Mr. Bracken to try to seek election in New Brunswick, I hope the provincial opposition will revert to its duty of minding its provincial affairs and attending to its own business, without devoting its time in the legislature to federal matters.

Hon. H. A. BRUCE (Parkdale): Mr. Speaker, the hon. member for Lambton West (Mr. Gray) who spoke in the house on Friday last evidently realized that the most important subject before the country to-day is that of man-power. I wish to congratulate him upon his able and courageous speech, in which he appealed for unrestricted conscription, coupled with scientific allotment of civilian workers to essential occupations. He gently chided the members of the Progressive Conservative party for having "now become a bit cloudy on the man-power issue". I intended to deal with this suggestion, but it is not now necessary for me to do so, because the hon. member for York-Sunbury (Mr. Hanson) pointed out that compulsory selective service was one of the important planks in the platform adopted at Winnipeg.

May I recall the fact that on June 13, 1941, I called upon the government to introduce unrestricted compulsory national selective service. Hon. members will therefore realize how delighted I was when, about a year later, on June 16 last, the hon. member for Lambton West gave such logical and convincing reasons why this was the only way to bring about equality of sacrifice—and incidentally preserve national unity—in an all-out war effort, and urged the immediate introduction of unrestricted compulsory selective service. I admire the courage he showed in taking that position in opposition to the leader of his party. But he had the satisfaction of knowing that he had the support of a vast majority of his constituents.

My advocacy of unrestricted compulsory selective service two years ago was not popular in many parts of the house, and in particular with the Minister of National Defence (Mr. Ralston), who warned me of the danger of fomenting national disunity. However, he eluded the fact that those seeds of disunity had already been sown in Quebec since the last war, by the Prime Minister and the supporters of the present government. Surely within the last few months we have had abundant evidence of the truth of this assertion from the government's own followers in the house.

In February last I stated unequivocally that the man-power muddle was due to the government's failure to put compulsory selective service into effect—and when I use this term I mean not only compulsory service for our armed services anywhere, but also compulsion in putting men into the jobs for which they are best fitted, in the factories, on the farms, or in the mines. Surely this is what is meant by selective service—a service which must be compulsory when the nation's life is at stake. This is something which cannot be left to the caprice or voluntary choice of the individual. In no other way can we have equality of service and sacrifice.

It is unnecessary for me to repeat the arguments in favour of compulsory selective service made so effectively by the hon. member for Lambton West, which should be put into effect even at this late day, because that is the only way to solve our present man-power crisis. This crisis has been brought about by encouraging voluntary enlistments from the farms until they are now largely depleted of men, and in many instances there is not enough labour to carry on. Many farmers have had to sell their stock and abandon their farms, and discontinue their operations, thus interfering materially with the production of foodstuffs. Because we are calling for men to go on the farms does not mean that we were wrong in asking for compulsory selective service for our armed forces; for if there had been no restrictions placed in the National Resources Mobilization Act in 1940 we would not be in our present unhappy position in respect of labour, and the present man-power crisis would have been averted. A sufficient number of men would have been left on the farms to ensure the maximum production of food for both ourselves and our allies.

It was because of the acute situation on the farm that I asked a couple of weeks ago for the return to the farms of Canada's home defenders, soldiers who have not been ordered to go overseas and who at present are mostly fulfilling no useful purpose. I am glad to learn that some action has already been taken in this regard. May I just add, Mr. Speaker, that this home defence army is a luxury which Canada could very well do without.

Mr. RALSTON: Will my hon. friend permit me? Does he not know that it was demanded last year that there be more defence for our coasts? Is my hon. friend's memory so short as that?

Mr. BRUCE: I will concede that those who are serving on the two coasts are needed. But those who are serving within the other provinces are not needed, I think, at the present time.

Mr. RALSTON: My hon. friend will find that what he calls the home defence army are mostly serving on the two coasts, except those who are in training centres, and they are relieving service personnel who are going overseas.

Mr. BRUCE: I have been under the impression that a very large number of the men in our home defence army are serving in other than coastal provinces. If that is not correct, I accept the minister's word, of course.

I understand that this home defence army costs in the neighbourhood of $32,000,000 a year in pay alone. I am sure that this amount could be better used by the Minister of Finance (Mr. Ilsley) for some other purpose at the present time.

I again urge upon the government, even at this, the eleventh hour, that they put through immediately the necessary order in council to make effective the amendment to the National Resources Mobilization Act of 1940 passed at the last session; for in no other way will this man-power crisis be solved. Have we not the testimony of the government's own appointee, Mr. Elliott Little, a man of great executive ability, who after many months of futile effort to solve the problem of getting men to work where they are most needed, threw up the sponge and resigned because he was hamstrung by the government's policy and could get nowhere?

To what extremities have the government been driven when it is now suggested in some quarters that natives from Jamaica be brought here and that we use prisoners of war, as well as Japanese internees, to augment our man-power. Apparently the government are willing to adopt any subterfuge if they can only thereby escape their obvious duty of bringing in compulsory selective service.

It was interesting to hear the reaction of the Minister of Munitions and Supply (Mr. Howe) to the six-hour debate on the motion introduced by the hon. member for Vancouver South (Mr. Green) on Tuesday evening. The disclosures made of the critical fuel shortage and the hardships suffered by Canadians as a consequence gave further evidence of the government's muddling of the man-power policy. The minister dismissed it lightly by saying that it had been a worth-while debate if it succeeded in bringing to the attention of the people of this country the seriousness of the present fuel shortage. I wonder if it would not more likely bring to the attention of the people the fact that their suffering had been needlessly caused by the evasive policy of the government in respect to man-power.

I want to refer for a moment to another subject, that of establishing an industrial court. We are witnessing to-day so many industrial disputes which are seriously interfering with our war-time effort that it seems desirable to find some solution of this ever-recurring problem. I believe a solution would be found in the establishment of an industrial court whose jurisdiction would be entirely confined to industrial and labour disputes and relations. The court should consist of three judges whose

appointment and term of office would be identical with that of judges of the Ontario supreme court; the court's decision to be final and enforceable with the exception that on points of law there would be the right of appeal to the Supreme Court of Canada. If this procedure were followed it would permanently take industrial disputes out of politics and they would be promptly and equitably disposed of by such a court. There is a precedent in the United States in the Sherman Act and in Canada in the Combines Investigation Act. This industrial court would not make law. It would administer law. The laws would go through the regular sources of legislation. The court would have the advantage of handling only one class of cases, namely, matters pertaining to industry and labour. It would be in a position to give speedy decisions after the employers or employees had presented their cases in the same manner as cases are presented to other courts. The industrial court would have authority to see that its judgments were executed. If such a court were functioning, it would, in the opinion of many people, put an end to strikes.

There are one or two matters I should like to take up before discussing the budget as a whole. First, I want to bring to the attention of the Minister of Finance the unfairness of the discrimination he has created in imposing taxes upon officers of the armed forces serving in Canada, whereas those serving overseas are exempt. I will illustrate my point by referring to the case of a medical officer who served for four years in the last war and who returned to find that his practice had disappeared and he had to begin all over again, with impaired health, although not sufficient to warrant a pension. Since the last war this officer helped by hard work to keep the militia alive during the misguided days when pacifist elements were forcing reduction of militia grants and abolishing the cadet corps. The men in the different regiments were so poor that many of them had to be provided with carfare, otherwise they would not have been able to attend parades. The officers supplied this money, usually out of their own pockets. Thanks to all this sacrifice, these officers maintained a nucleus of trained men to form skeleton regiments which were available to train raw recruits at the outbreak of the present war. The officer to whom I am referring enlisted again in 1939 and is doing essential work in the army in Canada. He finds himself, however, in this position: he is paying off the principal of a mortgage on his home, for which he receives some consideration by way of income tax ruling, but he is also paying off a bank loan obtained for the initial payment on his home, which he undertook to repay in monthly instalments but for which he receives no consideration from the income tax officers. I wish also to direct the minister's attention to a further injustice he is doing in treating as income, as is done in this case, the money that this officer is paying on a debt to the bank. He now finds himself in the position of being unable to pay off the loan to the bank if, at the same time, he has to make income tax payments. It seems to me very unfair to tax a man on money which is earmarked even before he gets it.

Another apparent unfairness is that of taxing officers of the armed forces on subsistence allowance. If they are living in barracks they do not receive subsistence allowance, but they are taxed on what it would be if they did receive it. These older officers should be given more consideration, particularly the ones who have served in both wars; for they have now almost eight years of war service to their credit. Surely it would seem only right and equitable that they be relieved of this tax, so that they may have the privilege of putting aside something for their old age or to enable them to meet commitments that they made before entering this war. I again ask the minister to give thoughtful and sympathetic consideration to these suggestions.

I should like to draw the attention of the minister to another anomaly in his tax which should be speedily corrected. Officers and crews of tankers carrying oil from Canada to the United States and south American ports have to pay income tax. Although doing valuable service to Canada, they are not exempt because they are "employed by private business."

Mr. MARTIN: Nor are members of the merchant marine generally.

Mr. BRUCE: That makes it all the worse. The Department of Finance evidently does not believe that the risks run by officers and men of the merchant service in our submarine infested seas entitle them to the tax exemptions enjoyed by soldiers, sailors and airmen on service overseas. Merchant seamen are placed in the position of civilians not enlisted for the duration but merely invited by selective service to stay on the war job they are now doing until the war is over. I hope the minister will take into consideration doing justice to these members of the merchant marine.

We are hearing much these days about social security, and yet only $400,000 has been set aside to reestablish in civilian life in Canada the 80,000 men who have already been

discharged from active service. This works out at $5 per head per annum. What a ridiculous sum! And yet an amount of 6½ million dollars is provided in the estimates for civilian air-raid precautions, which means that civilians who are really running no risk are being protected to this extent.

I am pleased that the Minister of Finance has accepted the principle of taking income tax on a pay-as-you-earn basis, but I am sorry that, having accepted the principle, he did not proceed courageously and equitably to forget all about the unpaid taxes of 1942. I say equitably advisedly, because it is not equitable. When the basis is changed from a past year to a tax on current earnings, it is neither just nor fair to add to present rates a so-called debt from the other year. There should have been a clean cut-away from the old basis to the new.

I know that an effort has been made to create the idea that such a procedure would have helped the wealthy man, and would be of no particular benefit to the poor man. What really happens is that it hits the classes of earners who have had little or no increase in income during the war, or who actually have suffered decreases because of the war. Those who go scot-free because their incomes have increased as much as or more than the income tax are not embarrassed by this additional impost or "hangover" from a discarded and faulty way of levying income tax. But the others I mention, who have really suffered financially by the old method of income tax, are now given an extra burden from 1942.

Those who have capital to dip into may do so cheerfully in many cases, because they think it is helping to win the war, but the others—and they are many—see in the finance minister's claim that there has been no increase in the rate of taxation nothing but mockery. They know they pay more, just as most consumers realize that they pay more than what passes over the counter for the items going into the cost of living. They know that the taxes they pay include a large amount for subsidies. Perhaps the extra $135,000,000 which the minister gets in this way from income tax may have been made necessary by the subsidy policy. The subsidy policy may have been a necessary accompaniment to the price ceilings policy, once it was adopted. War has always been accompanied by inflation, but the government seems to think that if it can disguise the inflation then it does not exist. What has happened is that the government placed those earning incomes from $2,500 to $7,500 in a special category. They should perhaps be flattered because they bear the heaviest burdens by far. They do not object to the fact that they will pay increased taxes by reason of the cessation of the deductions for national defence tax paid last year. It will be very hard for them, but they see that similar increases, according to ability to pay, will occur all along the line. To change to a 1943 basis and still charge any taxes for 1942 would seem to be adding insult to injury. They know it is only a way of getting extra taxes, but they think it should have been obtained by increased rates applied to those who have in 1943 an income that can be further squeezed.

After all, a man's ability to pay cannot be assessed by the actual size of his income. I am referring to the number of a married man's dependents, for which the income tax authorities make inadequate concession. Many earners had pledged a great deal of their income to saving for the future for old age and their dependents. But the imposts cut their income so far that they find themselves now living in larger houses than they can afford. Men who have sold such houses are regarded as being lucky because they can reduce their expenses. Others find that the smaller houses and apartments have increased rentals or sales prices to a point where savings cannot be made in this way; or the smaller houses and apartments are unavailable and it is to the public interest that those who occupy the larger houses should remain in them so as to leave more room for others. Many of them have regretfully had to reduce insurance and to drop enterprises in which they had already put considerable money. They are patriotic and willing and they do not deserve this impost on top of the larger taxes they will now have to pay. These people, glad as they are that the pay-as-you-earn basis is to apply from now on, with the exceptions noted, would have been better off for this year under the old system. It will be hard for scores of thousands to pay during the current year part of last year's taxes, as well as this year's. Possibly some help would be given if the extra payments were not so large, but there should be no hold-over from the 1942 basis at all. May I remind the minister that justice is always worth while.

I must congratulate the finance minister, and the Canadian people, upon his ability to collect and their ability to pay and lend the enormous sums he has asked and is going to ask from them. If he would only bring up his excellent lecture on inflation and collect in taxes and loans from the people who have increased incomes and who are spending them, and be just enough not to impose it in such a

manner that it falls more heavily on some groups than on others, there would be even more reason for congratulations.

I have referred to the immense sums of money which the finance minister gets for spending in the departments. We are all behind him and them, so far as value and winning the war is concerned. But there is another service he should render, a service only second to the great one of collecting the taxes on as fair a basis as possible. He should see that the spending of the money is not wasteful. It is not fair for the government to ask sacrifices from the people without giving them the best possible example by reorganizing every department which can be run more efficiently for less money. I am informed by men familiar with the civil service that there is not a department which would not be better for a double process of reorganization and the pruning knife. Men thus made available would be paid for working for the national war effort with the money saved in such reorganization. I am aware that the finance minister has told his colleagues to cut down and that some changes have been made, but I am informed also, and I think the ministers know it themselves, that the changes made are small compared with what could be done if the job were courageously and intelligently tackled.

That part of the contemplated war expenditure which covers the sending of munitions to Britain, to Russia and to China is welcomed by us all. Brave fighters against the common enemy give full value by their fighting for all that we send. Canadians feel that it is a privilege to help them. We have a very special interest in our own fighting forces and we want to see them adequately equipped and supported. I am sure that these huge amounts which the minister collects will do far more damage to the enemy when we have a balanced and effective man-power policy and when the burdens are more evenly placed. Until that happens, we do not know how far we can go.

In conclusion, I should like to ask the Minister of Finance to remedy those parts of the income tax which tax capital as though it were income. The fact that a man can take his savings and buy a pension for his wife with them is taken advantage of by the income tax branch, which says that by that act he has changed the capital into income. If he had left it in the bank for her, she could have taken it out in the same yearly proportion without a tax. It is ridiculous and unjust to apply a tax in such a way as to stop such a praiseworthy provision for dependents, a type of provision which is very much in the interest of the nation.

[Mr. Bruce.]

Mr. T. V. GRANT (Kings): Mr. Speaker, since my time is limited I shall not attempt to debate the matters referred to by the hon. member for Parkdale (Mr. Bruce) in the speech which he has just read. There has been so much talk in this house recently about the shortage of wood for fuel that I was beginning to think Charlie McCarthy must be getting uneasy.

As those hon. members who have spoken already on the budget are anxious to have it concluded, I shall make my remarks brief and confine myself to matters pertaining to my own province of Prince Edward Island, the smallest and greatest province in Canada. If any member of this house doubts that assertion, let him remember that in proportion to its population Prince Edward Island has contributed a larger number of men to the three armed services than any other province in Canada; that Prince Edward Island has been the first to go over the top in providing money for the Red Cross, and that Prince Edward Island has been the first to exceed its quota by way of war savings certificates and bonds. We are not the richest province in Canada, but we are united. Like all other provinces, we are loyal. We have plenty of good fellowship. We have a good Liberal government, and a good Conservative opposition. We have no Cooperative Commonwealth Federation and no strikes. We have no social credit and no inflation.

Before taking up matters concerning my own province I should like to extend my heartiest congratulations to the Minister of Finance (Mr. Ilsley) upon the budget and upon his wonderful qualities of endurance. I would be the last to add to his burden, but I do agree with the hon. member for Danforth (Mr. Harris) when he says that the postage on third-class mail should have been increased instead of the postage on letters. The postage on letters has been three cents an ounce or fraction thereof; the postage on circulars has been one cent for two ounces or fraction thereof. Anyone who has ever handled material of this kind knows that circulars are much more difficult to handle than letters. They are uneven in size; they cannot be put up in packages like letters; yet they go through the mails at the rate of one cent for two ounces, and that rate has not been increased. The Minister of Finance would do well to increase the postage on circulars from one cent for two ounces to two cents for one ounce. It might eliminate a good deal of that class of mail matter, but we could afford to have it eliminated, besides receiving a higher revenue.

I wish to refer to the need for a second car ferry on the Cape Tormentine-Borden route between the mainland and Prince Edward

Island. This matter has been agitating the minds of the people for the last year. A year ago the new car ferry, which cost this country over $2,000,000, was lost. Since then they have been trying to carry on the service there with a car ferry which is thirty years old—over the age limit. I have received petitions and resolutions passed by all the boards of trade of Prince Edward Island regarding this matter; and according to the newspapers, both the *Patriot* and the *Guardian,* the legislative assembly of that province has passed a resolution asking for the immediate construction of a new car ferry. I shall read the resolution:

Whereas the citizens of Prince Edward Island through their several organizations have requested the legislative assembly in session assembled to insist that the dominion government build a new car ferry at once to replace the ss. *Charlottetown,*

And whereas all the members of the legislative assembly fully recognize the dire situation in which the province finds itself as regards transportation facilities with the mainland;

And whereas the dominion government is emphasizing the increased production of food products for 1943;

And whereas almost the entire exports of the province are food products essential to war requirements, and the total outward movement of freight cars for the year 1942 amounted to 17,500;

And whereas the very existence of the citizens of the province depends upon continuous transportation facilities because almost all the essential fuel, fertilizers and large quantities of mill feeds and concentrates for the production of butter, cheese and meat products must be imported;

And whereas the essential requirements of the various services of the armed forces in the province greatly increased the tax on transportation facilities and greatly decreased the carrying capacity of the car ferry for other purposes;

And whereas the present car ferry is being worked to the utmost limit of its capacity and has proved inadequate to cope with our freight situation, because the ss. *Prince Edward Island* has only two-thirds of the freight carrying capacity of the ss. *Charlottetown;*

And whereas the volume of traffic is increasing enormously and in addition much of the freight formerly moved by steamer must now be ferried;

And whereas in the opinion of this legislature it is totally unsafe to rely upon one aged ferry, over thirty years old and which has already met with two serious accidents this winter, to maintain the essential services already set forth;

Therefore resolved that the legislative assembly of the province of Prince Edward Island petition the government of Canada to take steps to build a new car ferry, as a war measure to be ready for the 1943 fall trade.

I have several other resolutions here from different boards of trade in the province asking that a new car ferry be constructed in time for the 1943 trade, but I shall not take time to read them. I should like, however, to read a report by Mr. J. W. Boulton, secretary of the potato growers' association of Prince Edward Island, who is one of our best authorities. He is reported in the press as saying:

We export annually approximately 3,000,000 pounds of butter, 1,000,000 pounds of cheese, 4,000,000 bushels of potatoes, 1,000,000 bushels of turnips, over 3,000,000 dozens of eggs, 1,268 carloads of live stock, 223 carloads of dressed meat, 700,000 pounds of canned meats, 313 cars of fish and canned fish products. This is the equivalent of at least 8,400 minimum cars of food supplies.

This all has to be ferried across by an old car ferry which is over thirty years of age.

Now for imports. In the production of our crops we must import at least 900 carloads of fertilizers, and if the ground limestone is added it brings the figure to well over 1,000 cars. We are unable to estimate the volume of space required on the ferry to bring in the necessary supplies for the air training centres, the army and the navy. This is entirely apart from all the additional materials which must be imported if we are to exist.

One item for instance is fuel. This province is dependent almost entirely on coal and oil all of which must be brought into the province. We are obliged to import a tremendous quantity of mill feeds and concentrates for the production of butter, cheese, eggs and meat products without which we could not produce the quantities now marketed.

The newspapers of Prince Edward Island are teeming with reports of numerous meetings, at which speeches have been made concerning this matter. In fact, a gentleman who was defeated at the last election—naturally he was a Conservative—suggested at a meeting in Charlottetown that an indignation meeting should be held in connection with this car ferry matter. The mayor of Charlottetown, also a Conservative, who holds one of the highest and most responsible positions in the province with the Department of Pensions and National Health, suggested, too, that an indignation meeting be held in Charlottetown. That is the condition existing at present in Prince Edward Island. The people are determined to have a new car ferry built at once, and we do not want any more procrastination.

I have asked the Minister of Agriculture (Mr. Gardiner) to have his officials look into the possibility of constructing a frost-proof potato shed at Sackville, New Brunswick, for the purpose of storing Prince Edward Island potatoes during the winter, and I feel sure he will do his best in the matter. If we had such a shed, potatoes, after being graded, could be brought over in the fall and stored at that point; then the shippers would be in a position to send them to any part of Canada

or the United States during the winter when markets would be at their highest. I believe that last year the loss to the farmers of Prince Edward Island through potatoes being frozen as a result of poor storage have been more than enough to meet the cost of such a frost-proof potato shed.

Within my memory there have been five ice-breakers built by the dominion government to maintain winter service between Prince Edward Island and the mainland. The average cost of these ice-breakers has been about $1,000,000. The *Charlottetown*, which was lost, cost the government over $2,000,000, and now we are to have another one built at a cost of $3,000,000. If we add the $3,000,000 to what it cost to build the other five, we get the figure of $8,000,000. Then, according to the figures given in this house the other day by the Minister of Transport (Mr. Michaud), in the last ten years the deficits from the operation of that car ferry have totalled $4,000,000. The deficits by years were as follows:

1933	$ 288,144 18
1934	383,942 00
1935	360,334 36
1936	303,439 89
1937	333,287 34
1938	387,643 58
1939	426,854 05
1940	460,773 48
1941	423,650 75
1942	591,095 36
Total	$3,959,164 99

If we add this $4,000,000 to the figure I have already mentioned, we have a total of $12,000,000, and all that money is gone. Undoubtedly the repairs to these ferry boats for the last fifty years would bring that total to at least $20,000,000. The point I wish to make is that for the last fifty years or more our people have advocated the construction of a tunnel between Prince Edward Island and the mainland. If this tunnel had been built fifty years ago it would not have cost over $20,000,000, which is the amount we have spent since that time in providing service by car ferries, and now we have nothing to show for it except one car ferry which is thirty years old. We are now building a new car ferry at a cost of $3,000,000, but in another year we shall still have only one boat, because the old *Prince Edward Island* will probably be obsolete by that time. Then we shall have to spend another $3,000,000 for another car ferry, because we cannot get along with one boat.

The public recognize that a tunnel would be the best solution from a practical point of view, because the cost of a tunnel has been spent since the government began to make an honest attempt to give us daily winter communication with the mainland. It would be the right solution from an economic point of view. It would also be the right solution from an employment point of view, in the interest of our returned soldiers. We can talk as much as we like about what we intend to do for the returned soldiers. It seems that we are to create a utopia to offer them when they come back, but we might as well stop talking about that. The social security plan being prepared by the Department of Pensions and National Health and the plan for the rehabilitation of returned soldiers are all to the good, and I am glad they are under way, but the first thing we must do when the soldiers come back is to see to it that they have employment until they are settled on the land or established in their respective callings, and I think the construction of a tunnel between Prince Edward Island and the mainland would provide an immense amount of employment. I believe this tunnel should be commenced as soon as this war is over. This is the only means of fulfilling the terms of confederation, which were that we would have daily communication between the island and the mainland. The Prime Minister and his grandfather, William Lyon Mackenzie, before him have been exponents of responsible government. It would be a grand climax in his life if he were to be the man to fulfil the terms of confederation by having this tunnel constructed between Prince Edward Island and the mainland and I hope this work will be started during the premiership of the Right Hon. William Lyon Mackenzie King.

Mr. GRAYDON: If I may ask my hon. friend a question, what have been the interruptions in the ferry service during the last year? I know there have been several, and I was wondering if my hon. friend could tell the house about them.

Mr. GRANT: In one case the propeller broke, and we were lucky to get it repaired and replaced in less than a week, because they were able to have it repaired in Charlottetown. Then there was another interruption, but at the moment I cannot remember the reason. There were two interruptions this winter, and in addition, as most people know, we came close to losing the car ferry not so long ago.

Mr. GRAYDON: Once in a while the island becomes almost isolated, I understand.

Mr. GRANT: Yes. I wish to thank the leader of the opposition (Mr. Graydon) because he has reminded me of something we are advocating at the present time. We should have on Prince Edward Island a slip of sufficient capacity to take this car ferry when it needs repairs, instead of having to send it to Saint John, in dangerous waters, or up the St. Lawrence river. I believe the government are considering the construction of such a slip in Prince Edward Island, which is not considered to be in dangerous waters.

Mr. GRAYDON: You certainly need some help in regard to transportation between the mainland and the island.

Mr. GRANT: Yes. The hon. gentleman has been so kind that I should like to congratulate him upon his appointment as house leader of his party. As hon. members know, at the Winnipeg convention is was rather amusing when the Conservative party again changed its name. People across Canada were smiling, but I wish to congratulate the Progressive Conservative party, because they could not have chosen a better man to laugh it off.

I am sorry that the ex-leader of the exit Conservative party is not in his seat at the moment, because he has been in the habit of flying over to my province and trying to deposit poisonous spawn, if not on the leaves of our potatoes, then in the minds of our people. He has been telling them that they have no representatives in the house who will rise in their places and speak, although at the same time he knew very well that the same would apply to every province, because we overflow our benches. Not only do we fill the Liberal side of the house, but we require at least a third of the space on the opposition side. That is why hon. members on this side of the house who wish to get down to business, and get home some time within twelve months, do not speak so often. When we do speak we perhaps show a lack of practice.

The ex-leader of the exit Conservative party has said that New Brunswick and Prince Edward Island have the best potatoes in the world. I wish to correct that statement. Prince Edward Island has the best potatoes in the world; Ireland has the next best, and perhaps New Brunswick would come third.

It is my honest opinion that we have too many political parties. The constitution should be changed so that there would be only two parties, the government and the opposition and if men like the leader of the Cooperative Commonwealth Federation wish to enter politics, let them enter one or other party, and try to improve it. That is democracy. When I referred to entering one or other party I was not referring to every hon. member who sits opposite, but had particular reference to the leader of the Cooperative Commonwealth Federation.

For some time the hon. member for Vancouver East (Mr. MacInnis) has been a great exponent of the Japanese cause.

Mr. MacINNIS: The hon. member should clarify what he means when he says I have been an exponent of the Japanese cause. He should state of what particular Japanese cause I have been the exponent.

Mr. GRANT: I did not have reference to the war. I am referring to before the war —and since the war, too.

Mr. MacINNIS: The Japanese I have been concerned about are not Japanese; they are Canadians. Possibly my hon. friend does not know that?

Mr. GRANT: Some have said that the hon. member for Vancouver East must be part Japanese himself, but, Mr. Speaker, I assure you that is not so. He was born in my constituency in Prince Edward Island, of good, honest and decent parents. They were old Scotch people right from Scotland, and there were certainly no Japanese in that part of the country. There were a few Chinese around there—but no Japs.

We have heard too much talk about national security, post-war problems and social security. Let us take the advice of Mr. Churchill, Mr. Roosevelt and our own Prime Minister (Mr. Mackenzie King), and leave most of these matters for the consideration of the younger generation, after the war is over. It would be too sudden a change altogether if after the war we had everything we would like to have. We must go into these things gradually. What we have done is all very well; but we cannot have it all arranged before the war is over. In this connection I believe I could not do better than quote Pope's famous couplet:

> Be not the first by whom the new are tried,
> Nor yet the last to lay the old aside.

On motion of Mr. Ilsley the debate was adjourned.

On motion of Mr. Mackenzie (Vancouver Centre) the house adjourned at six p.m.

Monday, March 22, 1943

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

GAS AND COKE—LOW TEMPERATURE CARBONIZATION PROCESS

Mr. NOSEWORTHY:

1. What study has the government made of the possibility of using a low temperature carbonization process to provide gas and coke from Canadian coal?

2. Has the government investigated the claims made public in the *Globe and Mail* on March 5 by the patentee of the Caunt retort?

Mr. MacKINNON (Edmonton West):

1 and 2. Studies of the more promising low temperature carbonization processes in operation in Europe and the United States were made by the mines branch of the Department of Mines during the period 1920 to 1930 when low temperature carbonization was a subject of particularly wide interest. Most Canadian coals were tested on a laboratory scale at the fuel research laboratories and the results of these tests were published in departmental reports. Subsequently arrangements were made to test Nova Scotia coal by one of the most promising processes developed up to that time and operating in South Wales. This test is reported in mines branch report No. 721, investigations of fuels and fuel testing 1929. The report concludes with the following statement: "In conclusion, it might be stated that it appears to the writers that in the case of the Sydney coal field there is an exceedingly good chance of converting bituminous coal into a domestic product, coomparable to the existing fuels used for heating in central Canada, economically."

The hoped for development in Nova Scootia did not materialize and the anticipated expansion in low temperature carbonization generally did not take place.

Regarding the claims published in the *Globe and Mail* of March 5, 1943, to the effect that excellent coke and other valuable products can be recovered from inferior coals, it may be observed that these are the general claims made by most promoters of low temperature carbonization processes and they have not shown them to be commercially practicable in Canada. Although engineers of the mines branch have kept fully informed of the development of the so called Caunt low temperature process since its inception in 1927, they have no knowledge of it being developed on a scale to enable the claims made for it to be established.

TAXING OF WHEAT POOL ORGANIZATIONS

Mr. DOUGLAS (Weyburn):

1. What decision has been reached by the government with reference to taxing the wheat pool organizations of western Canada?

2. Will this taxation be retroactive and, if so, to what date?

Mr. GIBSON:

1. It is not the intention of the government to have any change made in the provisions of the Income War Tax Act or the Excess Profits Tax Act which exempt the income of cooperative companies and associations from taxation thereunder; but, in view of opinions given by the Department of Justice, after an investigation of the facts, that certain corporations, referred to in the question as the wheat pool organizations of western Canada, do not qualify for tax exemption under such provisions, it is felt desirable that the questions of facts and of law pertinent to the liability of such corporations for tax be brought before the courts for investigation and final determination.

The Department of Justice has advised that the most practical method of getting these matters before the courts in a manner that will provide opportunity for a full investigation of all pertinent questions will be to assess such corporations, so that they may appeal from such assessments in the usual way if they continue to dispute liability.

It is the intention of the government to make such assessments and, if appeals are made by the taxpayers, the government will be prepared to discuss with the representatives of these corporations such arrangements as may be necessary to provide that the costs of such appeals to the corporations will not be greater than would be occasioned to them by a reference to the courts by the government itself.

2. This question cannot be answered at this time.

MOBILIZATION ACT—STUDENTS WHO FAIL IN EXAMINATIONS

Mr. LACOMBE:

1. In carrying out the enforcement of the mobilization act, has the government taken any steps to allow students to finish their education before being called to the armed forces?

2. Under existing regulations of the mobilization act, is a student failing in his examinations forced to give up his studies?

3. Will the government allow a student who fails in examinations to try again or grant him a postponement?

Mr. MITCHELL:

1. Yes. See section 12 of national selective service mobilization regulations with amendments up to January 28, 1943.

2. Subject to certain conditions, including those in section 12 of said regulations a "student" may lose his right to postponement if he fails to pass any term or yearly academic examination within the meaning of paragraph (c) of subsection 3 in section 12. It is for the university, college or school authorities in question to decide whether or not such a student may continue his studies.

3. Yes, if in the opinion of the university, college or school authorities and the district officer commanding such failure is due to circumstances beyond the control of such student and he should be permitted to continue his course of studies.

FRENCH BATTLESHIP "RICHELIEU"—ENLISTMENT OF CREW MEMBERS IN FIGHTING FRENCH FORCES

Mr. CHURCH:

1. Were any members of the crew of the french battleship *Richelieu*, undergoing repairs in New York, sent on to Canada to enlist in the fighting french forces for transfer to Britain?

2. If so, when and how many?

Mr. MACKENZIE KING: Under arrangements made some time ago with the United Kingdom and fighting french authorities recruits for the fighting french forces are granted transit privileges through Canadian ports en route to the United Kingdom. The Canadian authorities do not normally enquire into the antecedents of bona fide members of allied forces passing through Canada. It is understood, however, that among the recruits for the fighting french forces who have reached Halifax during the last few weeks there have been some who had previously served on the *Richelieu* and on other french naval vessels moved to the United States from north Africa. Concerning the number, the government have no detailed information.

CANADIAN WHEAT BOARD—LIABILITY TO CHARTERED BANKS

Mr. CASTLEDEN:

1. What is the amount of the present liability of the Canadian wheat board to the chartered banks?

2. What is the interest rate that is being paid on this loan?

Mr. ILSLEY:

1. The liability of the Canadian wheat board to the chartered banks as at February 16, 1943, was stated in the appendix to the budget speech (page 42) to be as follows:—

Wheat, $91,880,239; flaxseed, $7,444,191; oats and barley, $227,257; soybeans, $1,032.

2. 3 per cent.

ARRANGEMENTS FOR DELIVERY OF 1942 WHEAT CROP

Mr. CASTLEDEN:

1. What arrangements are being made to permit the farmers of western Canada to deliver the allotted quotas of 14 bushels per acre?

2. What steps are being taken to accept delivery of the balance of the 1942 crop?

3. Is there any possibility that the farmer will be allowed to deliver his 1942 crop in western Canada this year?

4. What arrangements are being made to assist the farmer in case he cannot deliver his crop?

5. What is the estimated quantity of, (a) wheat, (b) coarse grains, still in storage on the farms of each of the three prairie provinces?

Mr. MacKINNON (Edmonton West):

1. By increasing delivery quotas as rapidly as transportation and storage permit. On March 13, 1943, 1,040 out of 2,108 delivery points in the west (49 per cent) were on a 14 bus. delivery quota basis; 340 delivery points (16 per cent) were on a 12 bus. delivery quota basis; 684 delivery points (33 per cent) were on a 10 bus. delivery quota basis; and 44 delivery points (2 per cent) were on an 8 bus. delivery quota basis.

2. Total marketing from the 1942 western wheat crop during the crop year 1942-43 are restricted to 280,000,000 bus. This quantity of 1942 wheat will be taken as storage and transportation permit. After August 1, 1943, and up to July 31, 1944, either 1942 or 1943 wheat may be delivered up to 14 bus. per authorized acre.

3. See No. 2.

4. Given adequate transportation, the government's 1942-1943 programme will be implemented. If available transportation proves inadequate the government will take steps to deal with such problems as may arise therefrom.

5. Official statistics of farm stocks as at March 31, 1943, will be published by the Dominion Bureau of Statistics on April 15, 1943.

CONSTRUCTION CONTROL

Mr. BENCE:

1. Who is the controller of construction?

2. Whom did he succeed?

3. Where is the office of such controller?

4. Was the office of the controller of construction moved from Ottawa to Toronto?

5. If so, on what date?

6. Was such office moved back from Toronto to Ottawa?

7. If so, on what date?

8. How many persons are employed in the office of the controller of construction?

9. Did any persons employed in this office resign from their positions after the decision to move this office back to Ottawa had been made?

10. If so, what was the number of such persons?
11. What was the cost of moving the office back from Toronto to Ottawa?
12. Why was it so moved?

Mr. HOWE:

1. John Schofield.
2. C. Blake Jackson.
3. Ottawa.
4. Yes.
5. April 25, 1942.
6. Yes.
7. February 8, 1943.
8. In Ottawa, 36 including the controller; in Montreal, 3; in Vancouver, 3.
9. Yes.
10. Seven.
11. No accounts have been rendered to date covering the moving of the office of the controller of construction from Toronto to Ottawa.
12. The office of the controller of construction was moved back to Ottawa because of recent developments in the United States priority system. This made it imperative to have closer coordination with certain other control offices now in Ottawa with a view to simplification of procedure for the general public in applications for licences, materials required in such construction, and for priority assistance required in connection therewith.

SELECTIVE SERVICE—BRITISH COLUMBIA—CHARLES S. HENLEY

Mr. CARDIFF:

1. What living expenses have been paid to Charles S. Henley, special representative for British Columbia on the staff of the director of national selective service for each calendar month since his appointment?
2. Has he, in addition, been paid any travelling expenses?
3. If so, in what amounts for each of the calendar months since his appointment?

Mr. MITCHELL:

1, 2 and 3.

	Travelling expenses	Living expenses
April, 1942	301 76	
May, 1942	174 10	48 44
June, 1942	88 60	191 01
July, 1942	314 47	72 60
August, 1942	50 50	97 54
September, 1942 ..	44 90	106 70
October, 1942	52 70	104 39
November, 1942 ..	42 90	103 42
December, 1942 ..	49 25	118 58
January, 1943 ...	90 55	91 82
February, 1943 ...	46 20	102 15
Totals	$1,255 93	$1,036 65

[Mr. Bence.]

MUNITIONS AND SUPPLY—PURCHASES FROM ZEPHYR LOOMS AND TEXTILES LIMITED

Mr. HAZEN:

What was the value of the goods purchased by the Department of Munitions and Supply from Zephyr Looms and Textiles Ltd., in 1940, 1941 and 1942?

Mr. HOWE:

1940, $4,274,095; 1941, $1,231,505; 1942, $4,894,439. Total $10,400,039—for Canadian account.

MUNITIONS AND SUPPLY—M. & C. AVIATION COMPANY LIMITED

Mr. DIEFENBAKER:

1. How much money, if any, has been advanced to the M. & C. Aviation Company, Limited, Prince Albert, Saskatchewan, by way of capital assistance?
2. What amounts have been paid by the Department of Munitions and Supply to the said company for services rendered or materials supplied, during the years 1940 to 1942 inclusive, by years; and what amount, if any, still remains unpaid?

Mr. HOWE:

1. The Department of Munitions and Supply has granted capital assistance of $199,875 to the M. & C. Aviation Company Limited of which $111,638 has been paid as of December 30, 1942.
2. None, except as stated in question 1. Payments for services rendered or materials supplied have been made by the Department of National Defence for Air.

COMPENSATION TO DISTILLERIES FOR DISCONTINUING PRODUCTION OF SPIRITUOUS LIQUORS

Mr. DIEFENBAKER:

1. Was any compensation paid or promised to any of the Canadian distilleries upon the discontinuance of the production of spirituous liquors by them?
2. If so, how much, and to whom?

Mr. HOWE:

1. No.
2. Answered by No. 1.

MANUFACTURE OF INDUSTRIAL ALCOHOL FROM WHEAT

Mr. BENCE:

1. How much industrial alcohol was manufactured in Canada in 1942?
2. How much of such industrial alcohol was manufactured from wheat?
3. What quantity of wheat was used in such manufacture?
4. Is industrial alcohol being manufactured from wheat at the present time?
5. If so, where is it being so manufactured?

6. What is the anticipated amount of wheat to be used in the manufacture of industrial alcohol in 1943?

7. What is the anticipated amount of industrial alcohol which is to be manufactured from wheat in 1943?

Mr. HOWE:

1. Approximately 5,450,000 gallons sold.
2. Approximately 1,400,000 gallons.
3. Approximately 700,000 bushels.
4. Yes.
5. Amherst Distilleries Limited, Amherstburg, Ontario; British Columbia Distillery Company Limited, New Westminster, B.C.; Canadian Industrial Alcohol Company Limited, Corbyville, Ontario; Commercial Alcohols Limited, Montreal, P.Q.; Distillers Corporation Limited, Montreal, P.Q.; W. & A. Gilbey Limited, New Toronto, Ontario; Gooderham & Worts Limited, Toronto, Ontario; Melcher's Distilleries Limited, Berthierville, P.Q.; Montreal Products Company Limited, Montreal, P.Q.; Quebec Distillers Limited, Valleyfield, P.Q.; Joseph Seagram & Sons, Waterloo, Ontario; United Distillers Limited, Vancouver, B.C.; Hiram Walker & Sons Limited, Walkerville, Ontario.
6. Approximately 7,000,000 bushels.
7. Approximately 14,000,000 gallons.

IMPORTS OF WOOLLEN GOODS, 1939-42

Mr. DUROCHER:

What was the value of woollen goods imported into Canada under tariff items 554, 554A, 554B, 554C, 554F, and 555, during the years 1939 to 1942, both inclusive?

Mr. MacKINNON (Edmonton West):

Canadian imports— Tariff	1939	1940	1941	1942
	$	$	$	$
554	596,056	695,160	1,154,493	918,990
554A	65,920	65,469	51,463	41,801
554B	8,838,347	11,894,880	12,032,671	13,502,174
554C	766,675	1,093,034	1,546,879	1,634,935
554F	50,227	58,052	54,081	68,118
555	929,534	879,593	780,474	782,907

QUESTIONS PASSED AS ORDERS FOR RETURNS

COAL AND IRON ORE IN BRITISH COLUMBIA

Mr. REID:

1. Has the Department of Mines and Resources made any investigations, extensive or otherwise, as to the quantities of coal and iron ore in the province of British Columbia?
2. If so, what amounts of coking coal are estimated by the department in existence or in reserve in the various coal areas in British Columbia including that of Comox area?
3. What amounts of iron ore are estimated by the department to be available or in existence in British Columbia?
4. What districts are the various iron ore deposits located with, (a) the amounts of iron ore estimated in each district, and (b) the analysis of the various iron ore?
5. In regard to estimates made by the department as to the quantities of coking coal and iron ore in the province of British Columbia how do these estimates compare with that of estimates put out by both the provincial government of British Columbia and that of private interests?
6. On what dates were the various investigations made by officials of the Department of Mines and Resources regarding iron ore deposits and coking coal in the province of British Columbia?

Mr. MacKINNON (Edmonton West): Return tabled.

FARNHAM, QUE., INTERNMENT CAMP—VEGETABLES

Mr. FRASER (Peterborough West):

1. How many tons of turnips were grown at the internment camp, Farnham, Quebec?
2. Were any other vegetables grown at that camp?
3. If so, what kind of vegetables and what quantity of each were grown?
4. To whom were these turnips and other vegetables sold?
5. At what price were they sold?
6. Did the government receive the proceeds from the sale of these vegetables?
7. If not, who did receive the proceeds?

CONTROLLERS

Mr. BRUNELLE:

1. What are the names of all the controllers appointed by the federal government since the beginning of this war?
2. Where is the head office of each controller and what production or consumption does he control and where are the branch offices of each controller located throughout Canada?

PACIFIC COAST WHALING STATIONS

Mr. STIRLING:

1. How many whaling stations operated on the Pacific coast in 1939, 1940, 1941 and 1942, and where are they located?
2. How many ships were operated in connection with those whaling stations in each of those years?

3. How many whales were killed resulting from those operations in each of those years?
4. How many men were employed, (a) at the whaling stations, (b) on the ships, in each of those years?
5. Is the government considering means for expanding the whaling industry because of the value of the meat, fat, oil and bone derived therefrom?

Mr. McLARTY: Order for return.

Mr. STIRLING: Is not all that information in the records of the Department of Fisheries, and would it not be quite easy to answer it as a question?

Mr. McLARTY: The information which was given to me and confirmed by the department was that it concerns the Departments of Fisheries, Trade and Commerce and Munitions and Supply, and the wartime prices and trade board.

TASHME JAPANESE CAMP

Mr. CRUICKSHANK:

1. What rent is paid for the Tashme Japanese camp?
2. What is the assessed value of the property?
3. What is the amount of the taxes?
4. Who pays the taxes?
5. How much money has been expended in alterations or additions to the permanent buildings?
6. How much money has been expended on the water works?
7. Were any furnace radiators installed, if so, for what purpose, at what cost?
8. What amount has been expended for fuel, (a) coal, (b) wood?
9. What agreement is there as to disposition of improvements of permanent buildings and water system at end of the lease?

MUNITIONS AND SUPPLY—CAPITAL ASSISTANCE TO PRIVATE INDUSTRY AND GOVERNMENT CORPORATIONS

Mr. HAZEN:

1. In each province what is the total amount of capital assistance given by the Department of Munitions and Supply to, (a) private industry, (b) wholly owned government corporations, since war was declared?
2. What is the total volume of all orders given by the Department of Munitions and Supply to all Canadian industry?
3. What is the amount of all war orders given to private industry in each province?

BONUS OR SUBSIDY ON BEEF

Mr. DIEFENBAKER:

1. Have any payments been made or promised to the packers by way of bonus or subsidy on beef since December, 1942? If so, what are the particulars?
2. What price does the army pay packers for beef per pound at Vancouver, Regina, Winnipeg, Toronto and Montreal?

[Mr. Stirling.]

PARLIAMENT HILL—CLEARING OF ROADS AND SIDEWALKS

Mr. CHURCH:

1. What authority is given for the clearing of roads and sidewalks in winter around the houses of parliament and approaches thereto?
2. Who is in charge of this work and what does it cost?
3. Who is responsible for the dangerous condition of same?
4. Does the government or crown accept responsibility for damages to the public who are injured or may be injured as a result?

CURTAILMENT OF GOVERNMENT PUBLICATIONS

Mr. MARSHALL:

1. What steps are being taken by departments of government to curtail the issue of non-essential and essential government publications in Canada?
2. What publications were completely discontinued in the year 1942?

PLEBISCITE, 1942—COSTS

Mr. MARSHALL:

1. What is the detailed account of legal service performed by Messrs. Pender and West under treasury board minute T.202571 B., February 5, 1943, and total amount paid for these services?
2. Were any legal advisers appointed by the government to assist the chief plebiscite officer in the dominion plebiscite taken in 1942?
3. If so, what were their names and their salaries or other emoluments?

Mr. McLARTY: Return tabled.

PAYMENTS TO CABINET MINISTERS

Mr. MARSHALL:

What amounts other than salaries and car allowances were paid to cabinet ministers during the year ended December 31, 1942, and what services were performed covered by these payments?

REPRESENTATIVES OF FARMERS ON WAR BOARDS

Mr. FAIR:

1. Since the commencement of the war, how many boards have been set up that directly affect the farmers of Canada?
2. What are the names of those boards and who are the members thereof?
3. What are the names of the practical farmers on each of those boards?
4. What are the names of the members of those boards who have been recommended by organized agriculture?
5. By whom were the remaining members recommended and what are their qualifications?

BONUS TO FIREWOOD DEALERS IN YUKON

Mr. BLACK (Yukon):

1. Will dealers in firewood in Yukon be paid a bonus per cord on wood?
2. If so, what bonus, and on wood cut until what time?

3. Will the government charge stumpage on wood so bonused and if so, what stumpage per cord?

4. What proof is required of the quantities of wood on which bonus will be paid?

5. Through what agencies will such bonus be paid, and when?

ORANGES, ETC.—IMPORTS AND SUBSIDIES

Mr. BLACK (Cumberland):

What quantities have been imported and what subsidies have been paid or remain to be paid on importations, up to March 1, 1943, on the following commodities, (a) oranges, (b) orange juice, (c) other orange products, (d) grapefruit, (e) grapefruit juice, (f) prunes, (g) any other dried fruits?

MOTIONS FOR PAPERS

WESTERN DEBT CONFERENCE

Mr. DOUGLAS (Weyburn):

For a copy of all memoranda, submissions and other documents presented to the dominion government by the western debt conference, since June 30, 1942?

PURCHASE OR RENTAL OF BUILDINGS AND OTHER SPACE SINCE SEPTEMBER 1939

Mr. LOCKHART:

1. For a list of all the buildings purchased by the government, or its agencies, in the city of Ottawa and within a radius of 20 miles, since the commencement of the war, together with the following information in each case, (a) the name of the vendor, (b) the selling price, (c) complete description of the property acquired, (d) the purpose for which the property was used immediately prior to purchase, (e) the assessed value placed thereon by the city of Ottawa, (f) the purpose for which each building is used.

2. A list of all the buildings and other space presently rented by the government, or its agencies, in the city of Ottawa, and within a radius of 20 miles, with the following information, (a) the name of the landlord, (b) the purpose for which each building and other space is used, (c) the date of the first leasing by the government, or its agencies, (d) the yearly rental, (e) complete description of the property, (f) the assessed value thereof, (g) the length of the lease and whether there is a termination clause.

GOVERNMENT LIQUOR REGULATIONS

Mr. NICHOLSON:

For a copy of all correspondence exchanged between E. P. Taylor of Canadian Breweries Limited, H. W. Molson of Molson's Breweries Limited, Norman Dawes of National Breweries Limited, and the Prime Minister, since December 16, 1942, regarding government liquor regulations.

Mr. MACKENZIE KING: Return tabled.

BUILDING OF ATLANTIC COAST FISHING BOATS

Mr. ISNOR:

For a copy of all letters, telegrams, correspondence and other documents in the possession of the government dated from January 1, 1941, to the present time relating to the building of fishing boats to be operated on the Atlantic coast under the dominion government, fishing boat subsidy or any other plan.

BUILDING OF PACIFIC COAST FISHING BOATS

Mr. ISNOR:

For a copy of all letters, telegrams, correspondence and other documents in the possession of the government dated from January 1, 1941, to the present time relating to the building of fishing boats to be operated on the Pacific coast under the dominion government, fishing boat subsidy or any other plan.

USE OF FARM PRODUCTS IN PRODUCTION OF POWER ALCOHOL OR SYNTHETIC RUBBER

Mr. PERLEY:

For a copy of all correspondence, memoranda, reports and other documents passing between Mr. M. M. Rosten and the Minister of Agriculture or any officials in the Department of Agriculture, or any officials in the Department of Munitions and Supply, with respect to the use of wheat and other farm products in the production of power alcohol, or synthetic rubber or in and towards the production of any article afterwards used to produce rubber.

ENGINE WORKS AND TRADING COMPANY, MONTREAL

Mr. FRASER (Peterborough West):

For a copy of all telegrams, letters, memoranda, reports and other documents received from any commissioner, investigator, or any person exercising similar function, who investigated the operations of Engine Works and Trading Company of Montreal.

Mr. HOWE: Mr. Speaker, the documents referred to are confidential. An investigator was appointed to make a confidential report to determine whether or not a prosecution was warranted in this case. It was found that a prosecution was warranted; the confidential report was turned over to the Department of Justice, and a prosecution ensued. I must insist that the confidential report to myself is a privileged document.

Motion dropped.

ALUMINUM PLANTS

Mr. COLDWELL:

For a copy of all contracts, agreements and other documents in the possession of the government, dated from September 1, 1939, to the present, relating to undertakings concerning the erection of any new aluminum plants, or additions to plants, in Canada, together with any orders in council, contracts, agreements or understandings, regarding depreciation or rebates to be allowed by the government from amounts otherwise payable under excess profits tax or other tax legislation; also a copy of any agreements regarding financial aid or undertakings by the government of Canada in the erection of such plants, or any similar agreement, of which the government has knowledge, made by the company with any other government.

LABOUR CONDITIONS

PRESS REPORT AS TO EMPLOYMENT OF QUEBEC PROVINCE WORKERS IN MAINE SUGAR BUSH

On the orders of the day:

Mr. MARK C. SENN (Haldimand): Mr. Speaker, I should like to address a question to the Minister of Labour. It is reported that an arrangement has been concluded between the minister and the government of Quebec which will enable some three hundred men from the southern counties of that province to go to the state of Maine to work in the sugar bushes there. Has such an arrangement been concluded, and if so, on what terms and conditions will these men be allowed to leave Canada? In view of the serious shortage of farm labour, will the minister tell the house what reasons actuated him and the selective service administration in agreeing to issue the necessary permits to these three hundred men?

Mr. SPEAKER: I rather think this is a question which should be placed on the order paper. The latter part of it asks for a declaration of policy on the part of the government.

Mr. GORDON GRAYDON (Leader of the Opposition): I think Your Honour might readily allow this question to be answered. It is a matter of considerable urgency. If the question were to be placed first in *Votes and Proceedings* and afterwards on the order paper, by the time it was answered these men might have completed their work in the sugar bush and returned to Canada.

Mr. SPEAKER: The first part of the question might be answered, but the latter part, asking for a declaration of policy, should surely not be answered on the orders of the day.

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, the hon. member gave me notice of the question. I find upon inquiry that representations have been made to the department with respect to this matter, but as yet no decision has been made.

OIL

INQUIRY WITH RESPECT TO CLOSING DOWN OF ALBERTA WELL

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): I desire to direct a question to the Minister of Munitions and Supply. Has the government been informed that in at least one case in Alberta an oil well which produced 576 barrels daily of clean, frothy, pipeline oil, was cemented over and has been left closed to this present day?

Hon. C. D. HOWE (Minister of Munitions and Supply): The hon. member gave me notice of his question. I have made inquiries in my department and find that we have no such information.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Friday, March 19, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Coldwell.

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I had some doubt about whether I should make a speech in this debate. I had that doubt partly because I am anxious that the debate close at the earliest possible moment so that we may address ourselves to the budget resolutions, some of which are extremely important, and the passage of which at an early date is equally important. I have been concerned, however, by some speeches that have been made in the house, not only in the debate on the budget but also in the debate on the address, particularly as to the effect they may have in the house and in the country on our measures of price control and generally on our fight against inflation.

So far as my recollection goes, no member of the Progressive Conservative party opposition, with the exception of one, the hon. member for York West (Mr. Adamson) to whom I am very grateful, has said he was in favour of our measures designed to prevent the growing and eventually the prevailing of the menace of inflation in this country. On the other hand I think it is fair to say that they have not expressed their disapproval of those measures. But they have done something which is the equivalent; they have attacked piecemeal the preservation of the price ceiling and the wage ceiling. This applies equally to the other opposition parties and also to the utterances of some hon. members supporting the government. This being so I think it is my duty at this stage in the debate to present once

more to the house the reasons for our anti-inflationary policies and the great importance of administering and enforcing those policies in an effective manner.

In the budget speech I outlined the growing force of inflationary tendencies in this country. I said that the forces making for inflation are present on a large scale, and that their pressure is held in check only by the rigour of our existing taxation, by the willingness of Canadians to save on an unprecedented scale, and by our price control and wage control.

There has not been in this debate much attack upon, much objection taken to, our taxation programme—remarkably little; perhaps that will come later, on the resolutions. There has not been a serious or widespread attack on our borrowing policies. There has been some, but it has not been very great. But there has been a disconcerting tendency on the part of a fairly large number of hon. members, mostly in the various oppositions, to urge that we weaken our price and wage controls.

My colleague the Minister of Munitions and Supply (Mr. Howe) the other night, speaking in the fuel debate, put the matter in better language than I could when he said, as reported at page 1316 of *Hansard*:

> We have had various suggestions offered to-day for a solution of the problem. I think the one most often given was to increase the ceiling price. That is an easy solution for a great many problems, but it must be obvious to every member that if we were to adopt the practice of increasing the ceiling price to meet every problem that comes along, we should soon have no price ceiling and no price control at all, and thus be well on the road to inflation. Five hon. members of the Progressive Conservative party offered that solution. I urge them to avoid suggestions of that kind if they believe that price control is a sound policy in times such as this, because that policy can be maintained only by rigidly observing existing price ceilings. One break-through for a particular commodity invites a break-through for a number of other commodities. To maintain a price ceiling policy with frequent exceptions is an impossibility.

These attacks in individual cases have been accompanied more or less by attacks on the wartime prices and trade board and on the chairman and officials of that board, and, in some cases, on boards generally, officials connected with boards generally, and on the system which we have set up, a system which demands a certain amount of extra-parliamentary activity.

I think that in order to deal with this matter in a fundamental way I shall have to start there and explain why it is that we do have this system; first, why it is that parliament has to delegate so many of its powers to the governor in council, and, secondly, why it is that the government has to delegate so many of its powers to boards and controllers. Why is it that we do not bring this great mass of activity into the House of Commons for discussion before it is undertaken? Why is it that we do not bring these measures before the house and deal with them by way of legislation? Hon. members must know that the reason is that in time of war the other course is essential to get action. In the last session of this parliament we sat here for six months. We dealt with a substantial number of very important measures; we could not have dealt with many more. I assume that it is not the wish of the house or the country that parliament sit here for twelve months in the year. Certainly if parliament were to deal with all the things that have to be dealt with, there would not be enough time in the year for parliament to get through the business. So far this session we have sat here thirty-seven days, and hon. members can just think over for themselves what our record of legislation achievement has been.

Mr. DIEFENBAKER: Is that not an argument for change of the rules?

Mr. ILSLEY: No change of the rules could possibly overcome that. It is because in war time the necessity for action is so great, the necessity for so much action, that there must be measures such as the War Measures Act under which there is a broad delegation of authority to the governor in council.

It may be asked: if that is so, why does not the governor in council assume its responsibility and discharge its duties? Why does it in turn delegate so much to boards and officials? The answer is just the same as the first answer I have given. That is in turn essential if we are to get action. During the twelve months which ended December 31, 1942, there were 11,597 orders in council passed, that is, about one thousand a month. Recommendations submitted but not passed numbered 117; treasury board reports passed numbered 88, and the treasury board dealt with 5,653 matters the record of which is found in 5,653 minutes of treasury board. The total number of recommendations to council was 11,802, or as I said, about one thousand a month.

Council does the best it can by internal organization to handle this great mass of business. Much of it is delegated to treasury board; much of it is delegated to the war committee of the cabinet. A large part of it is delegated to the wheat committee, a

great deal to the routine business committee of the cabinet, and from time to time a great deal is delegated to special committees of the cabinet. We do our best by internal organization to meet this great mass of work, but we cannot overtake it. Therefore we have to pass orders in council which delegate to others in the employ of the government, in whom we have confidence, the power to deal with these matters. This is democracy functioning in time of war. It does not mean that the business of the country is being placed in the hands of irresponsible officials. All these officials have ministers to whom they are responsible. The ministers are part of a government which is responsible to parliament. Parliament has an overriding control upon the government, the ministers and the officials, and so far as I have ever been able to learn, there is no other way we can do it.

I say that by way of introduction, because I hear from the odd member of this house charges that parliament has abdicated its functions, that the government has delegated its responsibilities, that we are in the hands of bureaucrats and irresponsible officials, and that the democracy for which we are fighting does not exist in any real sense. I deny that entirely.

I come now to the other matter I mentioned, that is the attack or the sporadic attacks upon one particular board for which as Minister of Finance I am responsible. To hear a good many speeches in this house one would think that the wartime prices and trade board has through its chairman, Mr. Donald Gordon, framed its own policies and is administering those policies in an arbitrary and bureaucratic way without regard to the wishes of parliament or of the government. I want to say a word about that. Nothing could be further from the truth than this statement. To begin with, Mr. Gordon and the other officials of the wartime prices and trade board are continually in consultation with myself, almost every day and for many hours on some days. I am kept closely in touch with all important decisions of policy made by the board; I take full responsibility for those decisions, and am prepared to take full responsibility in this house. I do not say that mistakes have not been made, but where they have been made and when they have been made I am prepared to take responsibility for them. The attacks that are made here should not be made upon the board or upon Mr. Gordon; they should be made upon myself and upon the government, and I will undertake to defend what has been done to the extent of my ability. I think a pretty effective defence can be offered, in the main, in regard to the record and achievements of the wartime prices and trade board.

One would think, to listen to some of the speeches in this house, that Mr. Donald Gordon is some sort of big banker pushing around the primary producers and the small retailers just because he is a big banker. What nonsense! Mr. Donald Gordon came to this country when he was thirteen years of age, an immigrant from Scotland, without any money. At fifteen years of age he went into the Bank of Nova Scotia, and by sheer ability and force of character attained a high executive position in that bank by the time he was in his early thirties. He was so prominent, so eminent and so promising that he was brought to Ottawa when he was thirty-four years of age and made secretary of the Bank of Canada. In 1938, at the age of thirty-seven, he was made deputy governor of the Bank of Canada, and it was while he was holding that position, in the fall of 1941, that we approached him to undertake this worst of all jobs, this job of administering and enforcing our price ceiling policy.

I want to point out that not since 1934 has Mr. Gordon had any connection whatever with the private banking system of this country. Since that time he has been a servant of the state; he has been an official of the bank which for two or three years was controlled by the government of Canada, and which since that time has been owned entirely by the government of Canada, not a private institution but a nationalized institution, a people's central bank. I want to make that very clear, because one would think in listening to some references to Mr. Gordon that such was not the case. He was largely responsible for the organization of the foreign exchange control board, and anyone who knows anything about that organization knows that he did a magnificent job. We went to him in the fall of 1941 and requested him, almost pleaded with him to take on the most difficult of all jobs, the most thankless of all jobs, one of the most if not the most important of all jobs, the administration and enforcement of our price ceiling policy. He could have declined it. He was no job seeker. He was no suppliant for government favours. He had an assured position, of which he was making an outstanding success, but to my immeasurable relief and to the relief of my colleagues he accepted the assignment. And he accepted it as a war duty, knowing that he might fail; knowing that he might break down his health; knowing that he could not faithfully discharge his duties without incurring considerable unpopularity and resentment. He took on the

job; and if ever a man, in the killing seventeen months since, has discharged his duty, it has been he. I have had my differences with him. Some of his officials have had their differences with him. Some members of the public have had their differences with him; but I want to say now that I have never met a man with greater honesty or integrity, with greater moral courage, with greater capacity for straight, clear thinking, with greater capacity for hard, nerve-wracking work, with greater capacity for decision or with more unselfish devotion to duty. He may not be giving everyone who comes to him everything he wants, but I am profoundly thankful, as I think the members of this house should be profoundly thankful, that we have him.

Now, what about his administration of the policy we have told him to administer? Just a word about this policy, which in its very essence must be more concerned with the main objective, the general result, than with fine questions of equity. So that I may not be misunderstood I want to read something which will put the matter in clearer words than I could. This is a quotation from the minister responsible for price control in New Zealand. Our friends of the Cooperative Commonwealth Federation are great admirers of New Zealand, its government and principles of that government, and I do not say they are wrong at all. Last November the responsible minister there, Mr. Sullivan, speaking about their price and wage control system, the principle of which as I understand the matter was adopted from ours, said:

> We are now at the point when, in bringing in an all-round policy of stabilization which, I repeat, is absolutely vital to-day, the stabilization of income cannot be balked by demands for concessions from any classes of the community. To peg everybody's income where it is might crystallize certain inequalities for the time being, but I would point out that if inflation were left to develop and run riot the inequalities which would be created would be far more serious and far more unjust in their incidence upon the community. Thus, if stabilization brings about the fixing of wages or farm prices at their present levels, some sections of the community may feel that they are being made to contribute more towards stabilization than others. It may be only rough justice but it will be far preferable to the complete injustice which inflation run amuck would bring about.

This expresses the thought I have in mind. The more important inequalities are ironed out, of course, by subsidies and some minor adjustments of prices; but the sort of adjustments which many members of this house in their speeches have indicated they want made, would wreck the policy entirely.

A few days ago Mr. Prentiss Brown, head of the office of price administration in the United States, referred to the insidious way in which inflation may creep upon us—by little concessions here and there; by granting this wage demand or that price increase. Declaring that if the increased wages demanded for coal miners were granted, the fight of his country against inflation would be lost. He said:

> If that wage increase takes place there is nothing for the more conservative-minded labour leaders, men like Philip Murray, who has supported the present programme, and William Green who has also stood by it, to do but follow the lead and attempt to get increases for their people.
>
> Inflation will come, not by big leaps in costs, but inch by inch, a little bit at a time, in steps that seem so difficult to stop.

He might have said "in steps that seem so easy to take," because some plausible reason or excuse can be given for nearly all concessions that are demanded. Each pressure group believes, probably sincerely, that it has a right to get what it is asking for, and says: Surely this little bit will not cause inflation; that is only a bogey you are conjuring up to scare the people. But the trouble is, as Mr. Brown shows so clearly, that one little concession leads inevitably to a series of others. That is the way the inflationary spiral begins, and once it gets started its momentum increases. Soon there is no way to stop it, until the inevitable collapse comes.

The future of Canada is going to depend in a large degree upon whether our pressure groups have sufficient intelligence and foresight to restrain the exercise of their special bargaining power in a war-time emergency. If they do not, they may gain a temporary selfish advantage, but they will do so to the sacrifice of their long-run best interest, and to the jeopardy of the nation and the war effort.

I do not wish to quote unduly, but I should like to place on record something from the *New Republic,* which, as we know, is a left wing periodical. This is what it says, in a recent issue:

> The farm bloc wants higher prices for food because wages have gone up. Labour wants higher wages because the cost of food has gone up. It must be clear even to a simpleton that simultaneous granting of both demands would lead only to their repetition. That is the perfect formula for blowing up the balloon of prices until it bursts with a loud bang in the faces of all concerned. And while prices were rising, the farmers would not get any more industrial products for their increased money, nor would labour get any more food.
>
> This is really a dispute concerning the division of an amount of goods available for civilian consumption which cannot be increased, and may decrease. Neither party to the dispute can win so long as both enforce their present formulas, and both will lose in the end. The rest of the consumers lose as long as the dispute goes on.

Now, what have been the results of price control, which has been an essential part of our fight against inflation in the last seventeen months? Well, cost-of-living index figures speak for themselves. An average of the four years 1935-39 was taken as 100. The index figure at August 1, 1939, just prior to the outbreak of the war, was 100·8. The index figure at October 1, 1941, the base period for the price ceiling was 115·5, which amounts to an increase of 14·6 per cent over the latest pre-war figure. The index figure at July 2, 1942, the date at which the cost-of-living bonus was last adjusted, was 117·9, which is 17 per cent above the pre-war figure, and 2·4 points above the figure for October 1, 1941, the base period for the price ceiling. The index figure for February 1, 1943, the latest figure available, is 116·9. This amounts to an increase of 16 per cent over the pre-war figure. This latest figure is one point below that for July 2 of last year, and only 1·4 above the figure for October 1, 1941, the base period of the price ceiling.

We have kept prices very successfully in check, especially when we consider the experiences of the last war, and when we compare our experiences with those of other countries.

Mr. DIEFENBAKER: Does the minister explain the higher agricultural prices in the United States over those in Canada as being due to a greater degree of inflation in the United States than in Canada?

Mr. ILSLEY: Oh, yes. The cost of living has increased very much more rapidly in the United States during the last year than it has in Canada. So much so that, as the hon. member knows, it is leading to demands for increased wages on the part of labour, so that they will be able to pay the increased prices, which will, in turn, lead to the demand for increased prices for farm products, because of the increased costs of goods into which labour entered.

Someone might say: You have a cost-of-living index which you are holding up before us; but is your cost-of-living index a true index? That matter has been most carefully investigated. A pamphlet entitled "Is the Cost of Living Index Phony" has been issued by the wartime prices and trade board, and in that pamphlet they have shown that upon the most careful investigation it is a true index of prices. It is a much truer index of prices than would be indicated if we had a different system which allowed prices to go up all round the articles in the index. But by our ceiling policy we keep prices down over the whole field, and we have a true cost-of-living index.

To date our policy has been remarkably successful. Whether it can continue to succeed depends in my judgment upon three factors, and upon whether three conditions are complied with. In the first place it depends upon whether the hon. members of this house—I do not think anything has been said in the other house one way or the other—and those whose views they represent, will cease their piecemeal attacks upon this measure, and will give our efforts their cooperation. I think I am entitled to ask that that cooperation be given.

You will say at once: Do you not want us to criticize? Certainly I want criticism; but I want criticism based upon some consistent and defensible principles. And, if I may say so, I think that the one piece of criticism which I have heard from the opposition which might be termed consistent and defensible criticism, was that which came from the hon. member for Battle River (Mr. Fair), when he attacked the five-cent increase on the price of meals. He attacked us for yielding. Everyone else has attacked us for standing firm. Everyone has attacked Gordon because he has not given way. The hon. member attacked him because in this matter he did give way. There is a defence for what was done. Naturally, with the great increase in the prices of beef, something which I am sure the hon. member for Battle River, among others, demanded—although I did not hear him in the house—the restaurants found themselves in an impossible position.

Mr. FAIR: I am coming back to that, and I shall have more to say about it later on. I am able to justify my stand, if the minister can justify his.

Mr. ILSLEY: I am afraid the hon. member can not justify his interruption, though, according to the rules of the house.

But the point I am making is that the wartime prices and trade board, including the chairman of that board, have been given a job to do. It is not their policy; it is the policy of the government of this country. Therefore it seems to me that criticism, if it is to be of the highest type, should be for the way they have fallen down in the discharge of their duties—which, I may say, has been very seldom.

In the instances in which they have made minor adjustments in prices there have been abundant reasons for those adjustments. The case of the restaurants, for instance, was studied at least for six months before it was found necessary to make some adjustment. The only alternative would have been subsidies, to prevent many restaurants from going out of business at a time when restaurants must stay in business if the needs of this war population are to be served.

The second condition is that the wage stabilization policy succeed, and the national war labour board be strengthened, not weakened by utterances of members of parliament and by labour leaders; for certainly if any group has everything to lose and nothing to gain by a break-down of our anti-inflation policy, it is labour.

The third condition is that our fiscal policies and our policy of taxation and the encouraging of saving shall receive the support that they deserve.

We believe that our financial policies are sound. We believe that the policy of heavy taxation and the encouragement of saving and borrowing from the people as large a proportion of their earnings as we can possibly persuade them to save is sound. It is not a particularly original policy. It has been followed by Great Britain and the United States and by the other British dominions, but we believe in the policy. There are some members of this house who do not believe in it, but I do not think we should ever forget that we are in the throes of a mighty conflict. If we are right, we certainly should be supported. If by chance we and the other governments of the United Nations are wrong about this, is this the time to try to upset the policy? It is working reasonably well and will continue to work reasonably well. I think I am justified in making an appeal to members of this house not to say anything—some things have been said in speeches here—which will prejudice the success of our great loan campaigns, especially the fourth victory loan campaign. I invite the cooperation of members of the house. I must say that I have received cooperation consistently from the beginning from the great majority of the members of this house, I think from all members of the Progressive Conservative party and from most of the members of the house generally.

Those are the three conditions for the success of our fight against inflation. I hope that those conditions will be complied with. We have a tremendous task to raise such huge sums of money, to bring in these billions and to pay out these billions, but while the task is hard it is not as hard as keeping the money good, keeping the money so that it will buy as much in the future as it has in the past. If that once begins to slip, our task of financing will be immeasurably more difficult, our war effort will be greatly impeded, and the misery among the people will be very great.

I have said nothing about the terms of the amendment or the subamendment. Nothing turns upon the details of these amendments and there will be abundant opportunity later to deal with them on the resolutions or when the proper items are being discussed. They constitute the usual want of confidence motion in the government brought forward when the vote on any budget takes place. Personally while I am not hurrying, and will not undertake to hurry the house, I should like to see the house get to the stage of effective action as soon as possible, the kind of action that this nation expects from parliament in time of war.

Mr. ROSS (Souris): I have expressed myself in favour of the principle of price ceilings. Can the minister tell us why parity remuneration for the agricultural producer who is producing foodstuffs and who composes one-third of our population has not been placed on the same basis as that of industry and organized labour?

Mr. ILSLEY: I cannot answer that question until the hon. gentleman defines "parity". If he will do that I think I can answer his question.

Mr. ROSS (Souris): You set a base period for industry and organized labour, but you neglected agriculture.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, I am not going to try to follow the minister other than to refer to one or two of his statements. He told us that the house has been in session thirty-seven days. I want to tell the minister that I, just as much as he, believe that I am wasting my time getting up to speak. I know that anything I can say will not alter anything that will be done in this house. We on this side of the house feel that our efforts are futile. What can we do? We have offered all that we have to the government, but has anyone on this side of the house been asked to do a thing? I have not been asked to do anything, although when war broke out I offered all I had. Is that the way to treat all this side of the house, not only the official opposition but the members of the other opposition groups? Collectively we represent a large number of people in this country. I have no suggestions to make as to what should be done. It is up to the government to tell us what should be done. We are all ready to do what we can.

I think I can speak for everyone else on this side of the house when I say that we have not been asked to do a thing. The minister has scolded the whole opposition, but I am not going to reply to that. We are in a great war and there is no time to enter into that class of argument. I do not deserve any

scolding under the circumstances. I have offered all I have to the government, and so has everyone else on this side of the house. I feel I am just wasting my time here. What can I do?

I feel that I have accomplished a little through this house and the Ontario legislature. A few years ago I strongly recommended that this government should assist the Ontario government in starting production of iron at the Helen mine in Algoma. This government turned a deaf ear to the proposal. However, I have received some recompense for opening up the matter, because the Ontario government listened to the argument that was put up here. Their action followed the speech I made in this house, but I do not say they acted because of my speech. I am happy to be able to say to-day that the Algoma Steel Corporation are producing approximately 400,000 tons of pig-iron a year from native low-grade iron ores. They deserve great credit for doing that. I feel it is a slight accomplishment on my part.

I am not sure whether my suggestion of a year ago that we should produce more oil in this country is going to bring results. I have made two trips into the great north country and I have been told by letters, and through rumours I have heard, that something is going to be done. I hope that before long Canada will be increasing her oil production. If this should come about through action by this government—that is the only way it can come about—then I shall feel that I have played a small part in this development too.

I believe I assisted somewhat in bringing about the unemployment insurance measures. I made exhaustive inquiries into this matter years ago. I hope that what I said on national health insurance will have some effect. But outside of these items, and a few others, I feel that I have wasted the thirteen years I have been in this house.

When I was on the government side I received the same treatment as any other member sitting over there behind the treasury benches. Our opinions were not sought and we had little or no weight. I find that hon. gentlemen who are sitting where I sat for five years have little weight to-day. I have none over here with the government. It is up to the government to tell each one of us just what we can do. Every member of this house wants to aid the government. The government has many able men among its ranks. There are a lot of men in this house who have had considerable experience in business, and after all, in my judgment business is everything. It comes ahead of everything else by a long way. That is all I am going to say about what the minister said.

[Mr. MacNicol.]

I am not going to deal directly with the budget proposals, unless what I say has something to do with broadening the bases of taxation upon which the finance minister will erect his taxation structure. If what I say has something to do with that, I shall feel that my remarks have some relation to the budget proposals.

For the remainder of my time I intend to refer to certain matters affecting three sections of the country, and then I shall continue from where I left off on February 10 in my proposals for improvement in the western economy. For I am convinced even more strongly than I was when I spoke previously, having received a multitude of letters and resolutions from boards of trade and other organizations and people in all parts of the west, that I am on the right course. I hope that in due time not only the three western ministers but every hon. member from the west, of whom I believe there are fifty-four will support a programme for western rehabilitation. In trying to do something for their country an easterner from the city of Toronto ought to have their support—not because it is I who propose it, but because it is for the good of their country.

I have travelled many times to the east, and perhaps more frequently into that beautiful little province in the gulf, Prince Edward Island, which is one of the richest agricultural areas in the world. There in that little island they are doing a great job, about the only job they can do, and it is what the government has specifically asked them to do, namely, to produce farm products. I am told that last year they shipped out of that small province some 17,500 cars of farm produce. But think of the jeopardy they are in to-day, with only one comparatively small ship plying between Tormentine and Borden, connecting them with the mainland. They had a larger ship, the *Charlottetown*, but it was destroyed. What has the government done to replace it? About a week ago the Prince Edward Island legislature passed a strong resolution asking the government to do something for the transportation service, because they realize that if anything happens to the one ship which is left, all shipments will cease until another boat is made available. I beg on their behalf that the government use every effort to provide Prince Edward Island as speedily as possible with a better transportation system than it has to-day. They were promised proper treatment in this respect when they came into confederation, but we have failed to carry out our bargain.

I pass to Nova Scotia, to make brief reference to a matter which affects our financial structure. In 1913 Ontario and Quebec were buying about two million tons of coal from Nova Scotia. I myself am a user of Nova

Scotia coal and have always advocated its use. I am convinced that after the war, and it is only then that what I am asking for can be done, efforts should be made to bring into Ontario and Quebec twice as much Nova Scotia coal as was brought in before the war. I firmly believe that our provinces can be held together only by interprovincial support and a greater measure of interprovincial trade. Nova Scotia has coal for sale, or will have again. Ontario is the biggest buyer in Canada, and Quebec also consumes large quantities; they should be encouraged to buy Nova Scotia coal and so give more employment to the miners of that province.

A few days ago a committee of this house was told that some 350,000 tons of coal was imported from Seattle or some adjacent point across the border. I am not finding any fault with this; perhaps we ought to be glad to get it from anywhere. But where do you think it went? It went to the Alaska highway, perhaps to Dawson Creek and places beyond, for use in the camps of those who are building the Alaska road. Just stop to think that that 350,000 tons of coal had to pass by not far from a mountain of coal, about eighty miles west of the Alaska highway, and there is no better coal in the world. I have a piece of this Bull Head mountain coal on my desk. I picked it out myself; it comes to the top of the ground. Geologists in our own department tell us that there are six hundred million tons of it. They say it has less than one per cent of moisture, about eighty-four per cent of carbon, only fourteen per cent of volatile matter, and less than two per cent of ash. We have been asleep at the switch in not being able to supply coal from our own deposits there in the building of the Alaska highway. I have been asking for two or three years that the railway and roadway on the north side of the Peace River should be extended westward as far as it can go, through to the sea. It has not been done, and that is the reason, I suppose, why coal had to be purchased in Seattle instead of being mined in northern British Columbia. There is, it is true, an indifferent kind of roadway through there as far as Gold Bar. I got over it myself. I believe that the contractors are improving it sufficiently to transport some coal to the Alaska highway from Bull Head mountain. But we should have been in a position to supply all that was required had we not been asleep at the switch. Here is one way to broaden our basis of taxation.

A word about Toronto. Last Saturday I tried to get coal there for some of my buildings, but I could not get any. I was told by a dealer that in 1939 there were 339 coal dealers in Toronto—I speak from memory—that up to the beginning of this year the number had been reduced to 177, and that since the beginning of the present year fifteen more have gone out of business. In other words there are to-day, I assume, only 162 or more coal dealers, for the most part in a large way of business; most of the little fellows have been squeezed out. It is an outrage that these small dealers should be squeezed out of business. It is in line with what we have seen happening to the corner groceries; and everyone in this house knows what happened to the economy of our cities through chasing the corner grocer out of business. We must have the little coal dealer. It is because he is not to be found in Toronto in the numbers operating a few years ago that we cannot get deliveries. I believe there is an abundance of coal in the cities, but one cannot get it delivered. The sooner we get back to the small dealer in every line of business, the sooner this country will go forward.

I believe that people in eastern Canada should know more about the west. There is constantly in my mind the recollection of a trip I made from the city of Regina three years ago. Regina is the beautiful capital of what should be, and I hope will be, a province of smiling prosperity, but it has been so hard hit that it is scarcely possible to find language adequate to describe what its people have come through in the last few years. It is a province to which every one of us should be ready to contribute whatever he can to help it get back on its feet. I drove from Regina to Estevan, and all the way I was thinking of the late Hon. Gideon Robertson, how he told of his trip through that country in the depression days when he was minister of labour, and how the sights he saw broke his heart. I presume that the trip through those dried-out areas finally killed him. I shall never forget the fine houses and barns I saw as I was driving along the roads, but there was not a blade of grain growing. My heart did not break but it certainly bled for those people all the way through.

Then I drove north from Regina to a place called Cabri, north of Swift Current. There again I found, in a country that should have been productive, everything stripped. They had planted their grain hopefully, but at the time I was there they had no return. Therefore I am determined more than ever to do what I can do as an easterner to help that western country, no matter what the cost may be. The cost does not enter into my argument at all. Cost invested becomes a capital expenditure. When I think of what we are doing elsewhere to build up this country

it seems to me that there is no reason whatever why we cannot help to build up the west. I see that in Quebec from $160,000,000 to $175,000,000 is being spent to build a power plant, and rightly so. I am in favour of it. But there is no reason why we should not spend $75,000,000 to build power plants in the west too. In Ontario, under our hydro commission, we are using up to nearly 2,000,000 horse-power, and they are going to increase that by building a plant on the Ottawa river which will bring in another 400,000 horse-power. I am all for it. We have a wonderful commission in Ontario and it deserves unstinted praise not only from this province but from all of Canada. But why can we not do that for the west as well? We can, and I am going to appeal to every eastern member to support any sound programme which the government brings down that will build up the economy of the west through the development of power and other resources.

Since I made my address to this house on February 10 I have been literally swamped with letters from distinguished people, and many from old-timers and pioneers, which it was a delight for me to read. They are wonderful men. One of them must be ninety years of age, but he wrote me one of the finest letters I received supporting the argument I put up, and it was written in his own firm handwriting. That shows what the west does for a man—gives him strength even to a great old age. One gentleman came to see me. I am sorry I did not keep his name. He was interested in pulp manufacturing, and he asked me if what I had stated about northern Manitoba was a fact, that power could be produced on the Fairford river and at Meadow portage between lake Winnipegosis and lake Manitoba, if the Saskatchewan river were diverted. He told me that he was a scaler, that he had scaled all through that area around those lakes and lake St. Martin and the surrounding country, and that there was probably from ten to fifteen million cords of pulpwood in that area. Pulpwood lasts probably thirty to forty years before it rots and drops down. He asked me what I had seen of pulpwood in that area. I told him that I had seen a great deal of spruce. I told him about the possibilities of developments on the Fairford river through damming the Saskatchewan river at Flying Post and diverting its water, which would raise the water level of Cedar lake to 835 feet. Then divert it into lake Winnipegosis and lake Manitoba and lake St. Martin; in other words add the whole watershed of the Dauphin river to the Saskatchewan river watershed.

What would be the result of that? I pointed out to the gentleman who came to see me that it would permit the storing of approximately 600 billion cubic feet of water, which would permit the Saskatchewan river water to produce power steadily 400,000 horse-power. That amount can be produced by taking the waters from these lakes and developing power first at Meadow portage, where from 60,000 to 75,000 horse-power could be developed because there is a difference of eighteen feet between the levels of lake Winnipegosis and lake Manitoba. Another 30,000 to 40,000 horse-power could be developed at Fairford because there is a difference of twelve feet between the levels of lake Manitoba and lake St. Martin. I hope I converted that gentleman to the possibilities of processing pulpwood there. He said that he could put up a pulpwood mill with a capacity of 200 tons of paper a day and the pulpwood around these lakes would keep that mill going in perpetuity. Is not that something? Why should we not do it? Why should we not assist the west in producing power in that area and developing our pulpwood resources? That is what we want in this country. We want production in a much greater way than ever before.

Mr. KUHL: Where is the money coming from?

Mr. MacNICOL: Get it in the same place that we get it to run the war. I said in the last depression that this country would find money to fight a war, and I argued strongly then that we should find the money to put men to work during the depression.

Mr. KUHL: You did not do it.

Mr. MacNICOL: The money will come all right. I am not interested in my hon. friend's question as to where the money will come from.

Among others who commended the argument I made on February 10 was the Nipawin and District board of trade of Saskatchewan and I am very grateful to them for going to the expense of wiring me when a letter would have done. The wire reads:

> Your efforts to have the Saskatchewan river utilized as a power project would be feasible and would produce an enormous amount of cheap energy. This board of trade appreciate your efforts and will support you. We are half way between Prince Albert and The Pas. We will assist you.

That is only one of many such that I have received, and I feel encouraged. I am always willing to help people who take an interest in their own affairs, and I will do all I can to help them get on their feet out there.

I also had a letter from a dear old gentleman, Mr. A. M. Mouat, who was at one time a factor with the Hudson's Bay company. He

was very much interested in the programme of navigation on the Saskatchewan and he went to the trouble of sending me a picture of one of the boats that ran on the river when he was a factor in that country. The boat was called the *North-West*. It was not the picture I have here, but it was one like it. This picture came from another gentleman. There is a boat 202 feet long and 40 feet wide, with a draft of from three to four feet. That boat ran from the eighties until 1896 or later. Is that not proof positive that at one time the river was navigable? It certainly was. What has happened since? Why is it not navigable to-day? I will explain that in a few moments.

Another gentleman sent me a picture of the *Marquis*. I was very much interested in that picture because when I was out west last summer my friend the member for Lake Centre (Mr. Diefenbaker) drove me down the river. He showed me the ribs of an old boat lying on the shore. They turned out to be the ribs of the *Marquis*, the boat on which the Toronto Royal Grenadiers went up the south branch of the river to the battle of Batoche on May 12, 1885. What a panorama of history has come to me and to my office from those fine citizens who are thoroughly interested in the progress of their country. These pictures are clear evidence that at one time the river was navigable. I am firmly convinced that God made that river to be a great glory and benefit to the economy of the west, with power, navigation and water resources.

A word about water resources. The hon. member for Medicine Hat (Mr. Gershaw) made a short time ago what I thought was a constructive speech with regard to irrigable land in southern Alberta. I am not going to talk about that now, but I concur in what he said, and I will add that the irrigable land can be doubled in area. I believe that the province is not using one-third of what it could use, and even if it were using all of it, the irrigable land can still be doubled in area if you have the water. My hon. friend spoke of storing some water in places suitable for reservoirs. There are many such suitable places, and I urge upon this government as strongly as I can that they have their engineers, in cooperation with Alberta engineers, make a careful survey of all the possible reservoirs in which mountain water that now flows through the Saskatchewan to the sea, doing little or nothing on its way, could be stored for use to double the irrigated land in Alberta. It is wonderful what can be grown on irrigated land which without irrigation is utterly useless.

I have a letter here on the letterhead of the Saskatchewan Historical Society, signed by George Shepherd. He writes a very good letter, supporting what I have said, and in conclusion he says:

> My brother and I started in with cattle twelve years ago, 120 head of cattle and 40 areas of irrigated alfalfa kept our two families off relief during the bad years. To-day we have 200 head of white faces, much more irrigated land, are clear of debt. We are now paying a great deal of attention to crested wheat grass.

That in my judgment is a remarkable example of the results obtainable from irrigated land, though perhaps not as good as was read by the hon. member for Medicine Hat. The evidence is that where the land receiving about eighteen inches of water in the crop year, wonderful crops are raised.

We are a long way behind other countries in irrigation. I doubt if I have time to say anything about that, because I want to say a word about that country I went through, from Regina to Estevan. I have been in correspondence with a number of people who have written to me about diverting Saskatchewan river water at a place called Riverhurst. I have made a good deal of inquiry into that. The Saskatchewan river should not be diverted unless the first part of the programme, namely, provision to store spring water in reservoirs is carried out first. There is plenty of water, but if you let it run down to the sea you cannot use it for irrigation.

An engineer has written me on a programme to dam the south Saskatchewan at Riverhurst. I have not been there, so that I cannot talk as accurately as I should like, but I expect to be there next summer and look into it. But I have made inquiry from other engineers who confirm what this gentleman writes, namely, that a dam can be built there —that of course is an engineers problem. A dam two hundred feet high, which is not a high dam, would make a lake one hundred miles long containing 200 billion cubic feet of water, according to an engineer, sufficient to irrigate almost anything in Saskatchewan that you want to irrigate and to allow plenty of water to run down the river for the use of northern Manitoba. I am not a hydraulic engineer, and I cannot pass judgment on the details, but to build a dam there two hundred feet high and instead of pumping it over the height of land, which is only eight miles wide, boring a twenty-five foot tunnel, or two tunnels, so that the water could flow through by gravity, would be a boon to Saskatchewan. A twenty-five foot tunnel would take two thousand cubic second feet,

flowing three miles an hour. Two such tunnels would provide ample water to irrigate a strip forty miles wide and seventy to one hundred miles long, all the way to Moose Jaw, and would put under cultivation land that was formerly cultivated, permitting thousands of people to settle there and develop that country. I feel sorry for that province, losing four members in the next parliament, all because its population has moved out. Give them a chance to come back.

Some one may say, what about the cost? I am not interested in the cost. It would be a capital expenditure. We can find ample money to fight a war; we can do something to keep our people on the land and help to build up the western provinces. I cannot see how we are going to hold this country together unless all the provinces are supported as they should be. I know that down east we spent not much less than $600 million on our canals and docks and dredging. So far as I can ascertain we have not done a thing for the three western provinces on this water question except the building of the St. Andrew's locks on the Red river, at a cost of perhaps $2,500,000. I doubt if the whole west, including British Columbia, has had $50 million spent on it. I am strongly in favour of our canals in the east and everything that may be required to keep them going, but I am also strongly in favour of giving the west a chance. If drilling through the height of land can be done, what a boon that would be. If that is not practicable the water could be pumped over the height of land. It would take several thousand horsepower, but the water is running there anyway.

I see a grave problem in the west. I can see the whole of the west in the greatest danger unless some action is taken. I said a few minutes ago that up to five thousand cubic second feet can be taken out of the different rivers in Alberta that are the sources of the south Saskatchewan to irrigate southern Alberta. I couple with that the restoration of the water by building reservoirs. What do we find to-day? Alberta can take but is not taking up to five thousand cubic second feet. Suppose it takes about three thousand; I believe about thirty per cent of the water going on the land for irrigation would be returned to the river. That would mean that perhaps 1,500 to 2,000 out of the five thousand feet would come back to the river. At present there is no replenishment from reservoirs as there should be. All over the world where they have large irrigation projects they have large reservoirs to restore the water. We should do the same thing; we should restore the water, and we could do it by building these reservoirs. In northern Manitoba I found all the lakes much below what should be their levels. A few years ago lake Manitoba, which is only one of the lakes forming the Dauphin river watershed, had a flow which formed a substantial river. In September of last year, however, I walked back and forth across the Fairford river at three different places without wetting the soles of my feet. I inquired as to why there was little water in the river, and the man who was guiding me replied that they had lowered the lake outlet. Of course that would be it; they lowered the reservoir, which was lake Manitoba. I also found in northern Manitoba and Saskatchewan a project under way to drain large marshes into the rivers.

So I come back to what I said on February 10. In my judgment it is imperative that this government set up a board of engineers, perhaps composed of its own engineers and those of the three western provinces, or whatever the government may decide, with authority to conserve water through the building of reservoirs, and to see to it that Alberta gets its fair share, that Saskatchewan gets a fair share and that Manitoba gets its share. What will happen if we do not do that? The river will lose its water, because each province will do what it likes with it. I suggest some sort of board like the Tennessee Valley Authority, which takes care of the Tennessee river for the seven states through which it runs. We could set up a board to take care of the whole water economy of the Saskatchewan river basin, and if the dominion were associated with it that would cut down the cost. Then we could develop reservoirs through navigation, at least for a goodly part of the route. In the old days the ships to which I have referred, the *North-West, North Cote* and *Marquis,* sailed up the river as far as Edmonton. I have a picture of the *North-West* unloading at the point where the town of Battleford now is located. That picture was taken somewhere around 1884. It does not show any buildings, but now Battleford has grown into quite a substantial town. The fact is that they did have navigation on that river, and I want to appeal to the government once more on behalf of western economy to do something at the earliest possible moment after the war to place the Saskatchewan river in proper condition. It may be that nothing can be done until after the war, but I repeat that in my judgment that river was given by God Almighty to be a

joy and a source of profit to the three western provinces. It is a great river, though its flow perhaps is not as great as it should be. It is over a thousand miles long, and at many points is a mile wide. Fortunately the spring floods occur during the growing season; and because that is so the river would not lose anything because of irrigation, since the surplus water would be available in any case. After the growing season the valves could be closed again and the water conserved. That is what they do at Grand Coulee dam and at Boulder dam, both of which are for power and conservation and irrigation.

I do not know what else I can say, Mr. Speaker. I want to help the government if I can, though of course they may not want anyone to help them. I can only offer suggestions, in the hope that some time they may be listened to by the government as well as by the western members. I want members from the west to feel that in me they have a strong friend who is anxious to help them restore their economy. I want to do all I can for the western provinces, because I am convinced that anything we do for the west we do for all of Canada.

Mr. J. A. MARSHALL (Camrose): Mr. Speaker, I should like to make just one brief comment on the speech delivered early this afternoon by the Minister of Finance (Mr. Ilsley). It is this. The cost of living index has not gone up, but no one will deny that the cost of living has gone up and is still going up.

I agree with the hon. member who has just taken his seat (Mr. MacNicol) that the government should make more use of the services and ability of members of this house. I feel that there are many ways in which we can serve to advantage in this war effort, but in my judgment the government is not availing itself of our services.

I never listen to a budget speech by a minister of finance without having my blood pressure go up anywhere from five to twenty-five points. This year when the minister concluded his speech with the Liberal slogan for 1943, "Work and save", I made this remark to my deskmate, the hon. member for Wetaskiwin (Mr. Jaques): "If the people of Canada have not suffered enough under this unholy, unrighteous, debt-creating system, it is their God-given right to suffer some more." Perhaps I should thank the minister for having cancelled the payment of part of my income tax for the year 1942. Pressure has been brought upon the government to have the taxes for that year cancelled in toto. That has not been done, but I understand that fifty per cent is being cancelled. I think that is wrong, for this reason. We agreed to this tax in 1942; and if we believe that the system under which we are operating to-day is such a God-given system, then every single dollar the Minister of Finance can secure in order to run the war should be secured. However, there is still another aspect to this question. While part of my tax for 1942 has been cancelled, the debt which that money would have liquidated remains as a charge upon all the people of Canada for years to come, with at least three per cent interest added. In to-day's mail I received a letter from the chairman of the Alberta victory loan committee, asking me to take part in the forthcoming campaign. I just wonder what answer I should give to anyone who might ask me why I should go out looking for money and at the same time give my consent to the cancellation of part of my income tax for the year 1942. It just does not make sense. We may be winning the war, but budgets of this nature make me feel we are losing the peace.

A discussion of the details of the budget is superfluous, because in my opinion it is based upon a false premise. That premise is that there is in circulation to-day in Canada only a limited amount of money, and that consequently we must budget for money. In peace time this falsity is not so easily detected, because ministers impress upon the people the suggestion that there is just enough money to go round to meet their various requirements. In war time however the situation is changed considerably. People begin to ask some awkward questions, such as the one asked by the hon. member who spoke immediately before me: Where will the money come from? That is the question we must face, and there is no use thinking we can sidestep it very much longer. Debts are growing at such an alarming rate and are reaching such huge proportions that the question must be faced. In peace time people do not bother about money problems, but in war they ask: where does it come from? Then they make the awkward suggestion that if we can get billions for destruction we surely can get a few millions for construction.

I do not wish at this time, however, to deal in greater length with the details of the present budget as it affects the nation. Rather I should like to make some observations respecting farmers' budgets, because I believe they are as important as the national budget. I admit at the outset that to some extent the war has helped farmers, because they are getting better prices for many of their products. Some products still require price adjustment,

but I believe the farmer is receiving a fair price for some commodities. On the whole our farm policy has been a hit or miss policy.

First I should like to discuss the problem of farm help, because spring is approaching, and because a large percentage of the 1942 crop is still unthreshed. In my constituency a large number of men and women from the farms have volunteered for service in the active forces. I hope action will be taken to freeze on the farms the young men and women who are left, in order that they may assist in the 1943 operations.

Many farmers have come to me asking my advice, and I have told them they should organize into little groups which would meet together to plan out a policy beneficial to all. By so doing they would produce the greatest possible maximum effort, but I believe they will not reach anything like the amount the Minister of Agriculture (Mr. Gardiner) hopes to get in the coming season. I believe there will be a substantial decrease in production, because there is a limit to human endurance and effort beyond which even farmers cannot go.

The Minister of Agriculture is optimistic in his production programme for 1943. I do not share his optimism. The money which many farmers have obtained from the sale of products has been used by them to pay interest on loans, machine notes, bank loans, mortgage payments, and other accounts of the kind. Had the government formulated a policy which would have permitted these people to keep their money and plough it back, if I might use that expression, to increase their herds of cattle and their hogs, we might have been able to reach the amount of production for which the minister hopes in 1943.

I would judge that from forty to sixty per cent of the crop is still under the snow in my part of the country. It is my opinion that threshing could have been completed before the snow came last fall, had a better policy been adopted. At the peak of the threshing season someone had the bright idea of bringing young men from Quebec to help in the harvesting. Some of them were only boys from the high schools and colleges. While they were willing and eager to do everything they could, and while one must admire their courage, the fact remains that they lacked practical experience and training. They went into the harvest fields and after a few days came back into the small villages, weary in body and soul, with their hands cut and bleeding. After resting a few days they would return to the fields and try it again, rather than allow the word to go back to Quebec that they were quitters. An old hand at stooking and pitching bundles told me that last season was one of the toughest he had experienced. Yet someone asked these raw youths to step into the breach. It was just like sending inexperienced troops with bows and arrows against highly seasoned troops armed with machine guns. Someone blundered. I never heard of anyone being censured or dismissed. That is one thing that never occurs when bureaucracy is acting in a matter of that sort. The ironical part of the whole business is that we have an army training centre right in the heart of that farming community. In this centre were over 1,200 men, toughened by experience, and quite capable of helping in the harvesting of the crop. I have no doubt that if they had been allowed to assist in the work, that crop could have been saved within two weeks. I have not heard any sensible reason for not utilizing that man-power when our Canadian economy was jeopardized.

I have been a member of this house for the past seven years. Efforts have been made by members of all parties year in and year out; by every member of my own group, by every member of the Cooperative Commonwealth Federation and large numbers of Conservatives and Liberals, to get the government to take some sane step to solve the farm problem. We have not been able to persuade the government to do anything, and I think I am quite safe in saying that our efforts along these lines have been fruitless.

There are three questions I should like to ask and I hope to answer them before I conclude my remarks. First, who is to blame for these past muddles and mistakes? Second, why can we not find a sane, sound long-range policy for agriculture? Third, what is hindering the Minister of Agriculture? There seems to be something which prevents him from going forward.

The farmers of Canada have asked for parity prices. Why have they not received them? In the days before the war we were told that there was not enough money to carry through some of these proposals, but those days are gone. What in the name of common sense is preventing the farmers from attaining their desires? Two summers ago a petition was circulated by one of the farm organizations of Saskatchewan asking for parity prices. It was signed by more than 180,000 people in Saskatchewan and Alberta, including professional men and business men as well as farmers. The people formed themselves into little groups and elected representatives to bring the petition to Ottawa. Over 400 people

were elected and more than $40,000 was collected to pay their expenses. What was the result of the work done in those two provinces? My honest opinion is that there was no appreciable result.

Let us look at the situation for a moment to see why that was so. On the one hand we have the Minister of Agriculture with his very formidable array of advisers. These men and women are highly trained, they are efficient, they are expert in their particular lines of work. But they are trained to focus their minds on two phases of the one subject, that is, the problem of agriculture and the means whereby it can be financed. I believe that before the problem of agriculture can be solved the people who advise the Minister of Agriculture must forget completely and entirely the matter of finance and focus their whole attention upon the problem of parity prices. You cannot serve two masters; you cannot serve the farmer and the banker at the same time.

On the other side of the picture we have the farmer. Assisting him is a large number of farm organizations. I do not know just how many there are, but a few days ago I read in a western paper that at the recent debt conference in Saskatoon there were fourteen organizations represented. My own opinion of these various organizations is that they are inefficient, they are effete, they are lackadaisical and they love to bask in the light which shines from Parliament Hill. There are two notable examples of farm organizations with headquarters in Ottawa, and I have yet to hear of one noteworthy piece of work being done by them on behalf of the farmers of western Canada. The officials of these organizations meet in conference, they draw up resolutions which are embodied in briefs which with a great deal of publicity they present to the Minister of Agriculture and other members of the cabinet. They then go back to their offices and fall asleep for another twelve months.

What can be done about this situation? How can we as members of parliament and representatives of the people bring about a change of conditions? I think the whole trouble lies with the farmer himself. We shall have to be honest with ourselves and go back to the farmer and endeavour to have him see the situation in a different light. The first thing the farmer must do is to get rid of about nine-tenths of the farm organizations which are supposed to be working in his interest. In my judgment they are doing nothing of the sort. One good organization fully alive to the farmer's difficulties, fully conscious of his needs and problems, would be better than the whole host of organizations he has to-day.

I have in mind one particular organization, the Alberta Farmers' Union. This is a new organization which has sprung into existence during the last few months and is making tremendous strides in Alberta. It is creating considerable interest among the farmers. In my judgment the reason for its success is the fact that the officials keep very close to the farmer. This organization or any farm organization that is to succeed will have to adopt a different technique, what is known as pressure politics. I do not mean that they should align themselves with any particular party or political organization, because I do not think that would be in the best interests of the farmer or of the farm organization.

To come back to the problem which I set myself early in my speech when I spoke about the petition which was circulated in Saskatchewan. Why did a petition for parity prices, signed by 180,000 farmers, not produce the results for which it was designed? A simple answer to that question is, I think, that the wrong course of action was adopted. That petition should have been presented to every member of parliament. It should have been sent to him to read over carefully. Then, each member of parliament should have been summoned to a public gathering in his own constituency; he should have been asked to speak on the resolution to the people gathered at that public meeting; he should then have been asked if he would be prepared to support it on the floor of the House of Commons. Had the farmers of western Canada taken that course of action, they would have had approximately fifty-five members in this house demanding from the government day in and day out, that parity prices be given to the farmers. The member of parliament should have been told that he must not slacken his efforts until these demands had been met. He should have been told further to vote against the government, no matter whether he was a member of the Liberal party or not, until this demand had been met. Then would the elected representatives of the people be the real servants of the people who sent them to parliament.

Why do I speak in the way I have done? For this reason: year in and year out we have cajoled and pleaded with the government; we have threatened the government, but it does not seem to have had any effect. Consequently, this course of action having proved unsuccessful, we must change it. Many hon. members may think this is very elementary. But as I view the situation, hon. members must be aroused to their own perilous position. Representative democracy is being replaced by bureaucracy, and it is quite within

reason to expect that in a very short space of time parliamentary representatives can be dispensed with.

I had in mind to discuss other matters affecting the farmer. I wanted to say something about the debt problem, because I have had a very large number of letters from my constituents telling me of action taken by various mortgage companies, and of their eagerness to foreclose. I think I shall have to leave this matter until the government have arrived at a decision as to what they intend to do about the question of debt.

There is also the question of a ceiling on mortgages, particularly with respect to interest. I do not think the amount charged should be more than three per cent.

I should like the Minister of Agriculture (Mr. Gardiner), when he comes to deal with these questions, to give us some idea as to the situation which developed last summer with respect to the beef muddle. I understand that a food corporation was set up by the wartime prices and trade board, that it functioned very satisfactorily and to the benefit of the farmers, but that for some reason best known to the wartime prices and trade board and to the government, the food corporation was told to buy no more cattle, and was also relieved of the financing of the difference between export and domestic prices. Since this is a subject which affects the farmers directly I hope the minister will give us a complete outline of what actually took place last summer.

One hon. member, in referring to the budget, said that if it had been broadcast it would have given the people of Canada inspiration. I do not know what inspiration a person can get when the Minister of Finance (Mr. Ilsley) comes along and takes from him a considerable portion of his pay envelope. I see no inspiration in action of that kind. To-day we suffer from the popular delusion that the financial system is a gift from God beyond the power of man to augment, circumscribe or replace. In 1940, that year we all remember so well, when the Prime Minister (Mr. Mackenzie King) called a snap election, I enunciated what I considered to be the four major tasks of any government elected in Canada. They were these:

1. To ensure that no productive undertaking in Canada was short of credit to develop its enterprise.

2. To take the necessary measures to guarantee an adequate supply of raw materials for war purposes—which it can do quite easily by withdrawing supplies from the market, or by rationing.

3. To regulate prices so that they are made up solely of genuine costs plus agreed profits, profiteering being impossible.

[Mr. Marshall.]

4. To ensure that goods which are produced are never lacking a purchaser because the public has insufficient money to buy them.

I wish to deal particularly with No. 4.

On February 23, I placed upon the order paper two questions dealing with the operations of the wartime prices and trade board. Question No. 1 was:

> What financial arrangements have been made by the wartime prices and trade board with the chartered banks for the handling of ration coupons under order effective March 1, 1943?

Question No. 2 was:

> When will the government issue coupons covering rationed commodities which will be a claim for goods without the limiting financial factors?

I desired to find out how far the government had actually gone on the road to a sane, sensible form of rationing. Here are the answers I got, which show just how stupid and asinine a bureaucracy can be at times. The answer to question No. 1 is as follows:

> The ration administration of the wartime prices and trade board has arranged with the chartered banks that they shall be reimbursed for the handling of ration coupons on a cost basis. The formula for deriving this cost figure will be worked out between the banks' accountants and the comptroller of the wartime prices and trade board.

Surely that is not giving very much information with respect to the agreement which had been reached between the chartered banks and the board.

Here is the answer to No. 2:

> This question relates to a matter of policy and it is not the practice of the government to disclose policy in giving answers to questions.

Rationing arrangements should provide for a special board to secure for everybody at least the necessities of life. So far as essential goods are concerned, the ration coupons should not only be the title to purchase such goods but also be accepted in payment of the purchase price. This would ensure that no person would be deprived of his fair share of essential goods by reason of inability to pay for them. It would lower the cost of living, and thus strike at the vicious spiral of rising prices and rising wages. It would ensure a better distribution of the basis of a healthy diet. Such an arrangement would, after the war, be capable of further sensible development.

In conclusion, Mr. Speaker, I should like to ask the Minister of Finance one or two questions with respect to his slogan for 1943. My first question is with reference to work.

If work for all is wanted; if all want work, as we are constantly being told, and if food, clothing and shelter cannot be obtained except

in exchange for work, how is it that the provision of unlimited work entails sacrifice for all?

My other two questions have to deal with that part of his slogan which urges us all to save. We are told that the correct thing to do with money to-day is to save it because that prevents inflation. Am I correct, therefore, in assuming that if everybody saves and nobody buys anything, then there is plenty of everything for everybody, although of course they cannot have it?

My next question is this. If I have to save to pay my income tax, how much must I have to spend so that my grocer can pay his income tax? If I have to save so that more money can be spent for war materials, how much must I spend so that the trade of our country can be saved?

I had intended dealing with the question of taxation, particularly the taxation of the chartered banks. On page 70 of the Public Accounts there is an interesting table. It shows that in 1916 there was placed upon the chartered banks a tax amounting to $1,300,000. But if hon. members will examine that table carefully, they will notice that the tax has been gradually decreasing from year to year, as follows:

1938-39	$1,014,000
1939-40	949,000
1940-41	898,000
1941-42	786,000
1942-43	690,000

I suggest to the Minister of Finance that if he wants to find a source of revenue, here is a splendid source which he can tax. Here we have a powerful institution which creates, controls and destroys the blood stream of our country, which calls all money and credit into existence, which never possessed any physical assets in the beginning but to-day spreads its web all over the country. Yet we find that taxation has not been increased on this institution, although it has been increased on every other institution and upon everybody else in Canada. Perhaps the Minister of Finance will give me some enlightenment on this when he speaks again in this debate. I had other things to say, Mr. Speaker, but I leave them for another time.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, during the eight sessions that I have been attending this house I have studiously avoided indulging in theoretical and abstract discussions. I have tried as much as possible to devote myself to whatever legislation was before the house and to avoid general discussion. This afternoon I propose to depart from that practice. The reason is that ever since this session opened there has been a concerted campaign by the capitalist groups in this house, and by the capitalist press outside it, to launch a storm of vilification and abuse at the Cooperative Commonwealth Federation. Scarcely a member has risen from either of the old-line parties who did not at some time or another in his speech refer to this group, not by its proper name, but as the "Socialist party." We have heard one speaker after another depicting the horrors of dictatorship, regimentation, bureaucracy, and the loss of democracy that would occur should the Cooperative Commonwealth Federation be elected to power in the Dominion of Canada.

To those of us who have been associated with that movement ever since its inception, it is interesting, looking back over the years, to see the bogey-men which have been trotted out and to realize that to-day some of these bogey-men are being advocated and endorsed by both the major political parties in this country. I can remember some of the social security measures that were advocated by this group—unemployment insurance, health insurance, lowering the age for old age pensions and raising the amount of the pension. I remember some of the speeches that were made in which we were told that social security legislation would lessen the incentive to thrift and remove private initiative. But to-day the old-line parties are vying with each other in telling the people how sympathetic they are toward measures of social security. I remember the bogey-man of economic planning that was trotted out. I remember a speech made by the Minister of Agriculture (Mr. Gardiner) in my own constituency in which he told the people that economic planning meant that they would have to telephone the city of Regina to see what they could sow in the south field. Well, this government, under the pressure of war, has been compelled to do some economic planning. It is true it is not the kind of economic planning which we had in mind. It has been haphazard planning. It has been planning from the top and not from the bottom, whereas the planning we wanted was planning in which the farmers and the workers would have some voice both in the planning and in the carrying out of the plan. But this government has been compelled at last to do some economic planning.

I remember the old bogey-man that was trotted out in Saskatchewan in 1934, and one which was very hard to answer. They said that if the Cooperative Commonwealth Federation were elected in Saskatchewan there

would be no more elections. All you can do with a whispering campaign like that is to deny it. The people were afraid. The strange anomaly is that to-day in both Saskatchewan and Ontario there are Liberal governments seeking to cling to office long after they have lost the confidence of the people. I remember in the 1938 provincial election in Saskatchewan the slogan whispered from door to door in some non-English speaking districts was, "If the C.C.F. get in they will close the church." We do not hear that now. I was through some non-English speaking districts this fall, and the story has changed. The story now is, "if the C.C.F. get in they will close the beer parlours." Apparently it was estimated that there is more sympathy for the beer parlours than for the churches, so that the story has been changed.

A few years ago the Cooperative Commonwealth Federation was not mentioned on the public platform without associating it with communism; we were accused of being communists. We do not hear that now, since the magnificent fight put up by the Russian people. Instead of that, the bogeyman now is to say that the Cooperative Commonwealth Federation is fascist. The hon. member for York-Sunbury (Mr. Hanson) the other day—I am sorry he is not in his seat at the moment; I never like firing ammunition unless I can see the whites of their eyes—said that this was national socialism and that national socialism led to fascism. Surely the hon. member knows current history better than that. He must know that the National Socialist party of Germany headed by Adolf Hitler was not built by the common people of Germany; it was built by powerful industrialists and financiers of Germany, in order to break the socialist movement. If we ever get a fascist party in this country it will be that kind of people who will be supporting it, not the common people. The fact is that Hitler put the term "socialist" in the title of his party for the purpose of deceiving the people. If he had told the people that the National Socialist party of Germany was organized for the purpose of taking away their economic and political democracy, he would have had no support. Therefore he used the terminology of the socialists and put the name "socialist" in his title. There are many people in Canada to-day who consider that the word "progressive" has been put in front of the word "Conservative" for very much the same purpose.

This old bogeyman having been pretty well laid, a new bogeyman is being trotted out. We are being told the Cooperative Commonwealth Federation means socialism, means regimentation, means loss of democracy. The hon. member for Swift Current (Mr. Graham), as reported at page 1171 of *Hansard,* said:

> What he proposes as a cure for a situation which we all agree must not exist is to remove the paramount authority, namely, the government or a free parliament . . .

The hon. member for York-Sunbury not only accuses us of wanting to take away democracy but asks other hon. members to join with the two old parties who call for the return to private enterprise. It is a good thing to stop sometimes and clarify our terms. What is private enterprise? The hon. member for York-Sunbury suggests that all that we have that is good in modern civilization we owe to private enterprise. He said, as reported at paage 1358 of *Hansard:*

> It is private enterprise which has built up and improved our economic system ever since the advent of the Christian era.

I suggest that the hon. gentleman may be a good corporation lawyer, but he is slipping badly in his history. The capitalist system did not produce the machine age; the machine age produced the capitalist system. The material prosperity that the world has enjoyed for the last seventy-five or one hundred years has been due to the introduction of power; steam power, then electric power and the internal combustion engine. The capitalist system or the free enterprise system—the terms are synonymous and interchangeable — was the product of the power age. The capitalist system did not produce the power age.

What is this free enterprise system? It is the law of the jungle applied to economics. It is the law of every man for himself, as the elephant said when he was dancing among the chickens. That is not a bad philosophy if, like the hon. member for York-Sunbury, you happen to be in the elephant class, but it is likely to be depressing if you are a farmer or a worker, and belong in the chicken group. Free enterprise means unrestricted competition; the race to the swift and the battle to the strong; nature red in tooth and claw.

These men talk about going back to private enterprise. We have never left it. We have had in Canada both the major line parties in power administering a system of private enterprise or free enterprise. What has been the result? We saw the fruits of that free enterprise system from 1929 to 1939. The people of Canada will not forget that. The free enterprise system produced the growth of monopolies on the one hand and poverty on the other, until the time has come in Canada when

a small handful of bankers control our financial system. Two packing houses control eighty-six per cent of all the country's packing and processing business, and consequently they control the prices which the farmer shall receive for his live-stock products. One large firm and three smaller firms control the entire farm implement industry on the north American continent and are able to set the price that the farmer will pay, and that price is always consistently higher than the price he receives for his products. This free enterprise system produced, for ten years in this country, a state of affairs in which we had about a million people on relief, a million people who were ill-fed, ill-clad, ill-housed. When the war came we were shocked to find, as Mr. Thorson, the then Minister of National War Services said, that forty-six per cent of the men called were rejected because that depression had left physical and psychological scars which will never be erased from that generation.

Does anyone think that the farmers have forgotten that free enterprise gave them loans when wheat was $2 to $2.50 a bushel and then sought to collect payment when wheat was 23 cents a bushel; that it piled up debts upon them that they and their children and their children's children will never be able to pay? It made thousands of people hewers of wood and drawers of water and recipients of relief. Some of the young men who are flying over Germany or standing guard on the coasts of Britain or who took part in Dieppe are the same young men who rode the rods and waited in the bread lines. If the hon. member for York-Sunbury thinks that these young men are coming back to return to the free enterprise system that crushed the life out of them for ten years, I would tell him that he is mistaken. Three or four times in the course of his speech he said: Beware of the Cooperative Commonwealth Federation; they want to destroy things as they are. We do not want to destroy things as they are; we want to change things as they are, and to make sure we shall never go back to things as they were. The other day the hon. member for York-Sunbury stood in his place calling upon the old-line parties to support free enterprise. He reminded me of nothing so much as King Canute bidding the waves go back. But they will not go back, Mr. Speaker. If the Progressive Conservative party wants to board the ship of "back to normalcy" and nail the flag of free enterprise to the masthead, it can do so; but I should like to tell hon. members that if they do this their ship will founder on the rocks of progress and will sink forever into the sea of political oblivion.

Let us now turn to this thing called socialism. Many of the people who talk about socialism have never taken the trouble to read an authoritative work on the subject. Webster defines "socialism" as:

> A political and economic theory of social organization based on collective or governmental ownership and democratic management of the essential means for the production and distribution of goods; also, a policy or practice based on this theory. Socialism aims to replace competition by cooperation, and profit-seeking by social service; and to distribute economic and social opportunity more equitably than they are now believed to be distributed.

A simpler definition, and the one which Norman Thomas has given, is:

> Socialism is the form of society in which the means of production, distribution and exchange are socially owned and democratically managed in the interest of all the people rather than for the benefit of a few.

The socialists believe first of all that we must recognize the fact that in the last century the common people have become divorced from the means of production. With the development of power machinery the weaver left his loom, the blacksmith left his anvil and the carpenter left his bench. They went to work in the great factories; and as someone has said, "he who controls the means by which I live controls me". As the free enterprise system has developed, more and more the worker or the farmer has had less and less to say about the price of things he buys or of the things he has to sell. How much has the average farmer to-day to say about the price he will pay for goods in the stores? They are all set by the chain stores or cartels. How much has the farmer to say about the shipping and marketing of his produce, the price he will pay for farm implements, or the interest on his mortgage? We believe that increasingly the common people have become wage and price slaves.

What is the solution of the situation? We believe it can be summed up in two words: social ownership. There has been some criticism because we do not use the term "socialism". I have no objection to using the word, provided that the man who uses it knows what he means by it. It is an all-inclusive term. There are many kinds of socialism: Marxian socialism, utopian socialism, syndicalist socialism, guild socialism, and the Cooperative Commonwealth form of socialism. We use a specific term because we believe that in the Cooperative Commonwealth form of socialism we have found that synthesis which is so essential between economic planning on the one hand and the retention of individual

responsibility and individual initiative on the other hand. The other day the hon. member for Dauphin (Mr. Ward) said we had only two choices, either government ownership or free enterprise. We do not agree; we do not think we are restricted to those two choices. We believe in social ownership, which does not always mean government ownership. I think that should be made clear; government ownership is only one form of social ownership. Social ownership is any form of ownership in which people collectively own certain facilities for production, distribution and exchange.

Therefore we place social ownership in four categories. First, there are those things which we believe should come under the ownership of the federal government. In the forefront of those we place our financial institutions, the central bank and chartered banks, because we believe that is fundamental; then our transportation systems, communications, key industries and monopolies. Just here may I pause to emphasize the fact that this group has never advocated government ownership of any industry in which there is sufficient competition, but advocates government ownership only of those industries which have become monopolistic in character. We agree with the statement contained in the encyclical Quadragesimo Anno, written by Pope Leo XIII, that "anything which dominates the life of the community should be owned by the community." That is the basis upon which we believe there should be government ownership of monopolistic enterprises.

Then we believe there are other enterprises which ought to come under provincial governments, such as the development of hydro electric power, the development of natural resources and things of that kind.

The third category would include those facilities which can be best owned and operated by the municipalities. There are many examples of these, such as the distribution of milk, which has been attempted in some places, and other forms of our economic process which could be beneficially owned and operated by the municipalities.

Then there is the fourth form of social ownership, namely, cooperative ownership, which we believe to be the most important of all, hence the name "Cooperative Commonwealth". In that form of ownership the people actually engaged in a certain phase of our economic life would themselves own, operate and control it. In that way we would avoid bureaucracy and give to the individuals vitally concerned the responsibility for using their own initiative and developing their own economic processes.

[Mr. T. C. Douglas.]

The other day I noticed that the hon. member for Swift Current said that he saw a certain fuzziness of mind in the members of the Cooperative Commonwealth Federation. I would not think that hon. member would object to anyone having a woolly head, but on one point he must have been a little fuzzy himself; as a matter of fact I wondered if the hon. member had ever read the Cooperative Commonwealth Federation programme. If he did I am sure he did not understand it, or if he understood it certainly he was misrepresenting it the other day, because this is what he said, as reported at page 1172 of *Hansard*:

> The hon. member for Melfort (Mr. Wright) . . . makes the mistake of thinking that his party is identified with the growth of cooperative enterprise. Let me say to him that I am at least a sincere friend and proponent of cooperative enterprise. . . . But the truth is that if you adopt socialism, or centre the industry of this country under government control, you do away with the need of cooperative enterprise.

I wonder if the hon. member for Swift Current ever heard of Sweden. Has he ever read Marquis W. Childs' book "Sweden—the Middle Way", a country in which they have had successive socialist governments, and in which cooperatives are more highly developed than in any other country? Has he ever heard of New Zealand or Australia, both of which have labour governments with programmes almost identical with that of the Cooperative Commonwealth Federation? And in those countries the cooperative movement has been highly developed. Has he ever heard of Great Britain, where cooperatives had their birth, and where the cooperative movement found that free enterprise did everything possible to throttle it, and was finally compelled to take political action by becoming affiliated with the labour party?

We in the Cooperative Commonwealth Federation not only do not want to destroy democracy; we want the people of Canada to use their political democracy. We treasure our political democracy as one of our greatest legacies. We want our people to use political democracy to gain economic democracy. Lincoln once said that "no nation can long survive half slave and half free". We believe no nation can survive politically free but economically enslaved. Either we must use the political freedom we have to gain economic freedom, or we may do as the German and Italian peoples did, namely, be in danger of losing even the political freedom we now enjoy.

Having said that about cooperatives, may I turn to the record of the Liberal party with

regard to cooperatives. The hon. member for Swift Current said he was a true and sincere friend of cooperative enterprise. Well, he may be, but the party he supports certainly has not given much evidence of it.

Let me give just three illustrations. About ten years ago the farmers in Saskatchewan built their own skimming plant. In that skimming plant they could use only light crude oil. They began to produce tractor fuel in the city of Regina. What happened? The next budget brought down by the Liberal government—and the minister of finance at the time was Mr. Dunning—placed a duty of one cent a gallon on light crude oil; and the point of specific gravity at which they made the duty payable was exactly the point below which the skimming plant in Regina could not operate. They could not use a heavier crude. But the heavy crude oil used by the big oil companies which had cracking plants continued to come into this country duty-free. That duty cost the cooperatives in the neighbourhood of $25,000 a year, until they built their own cracking plant. Then, when they finally built their cracking plant one of the first things to happen was that the oil controller cut them down to 400 barrels a day, despite the fact that their capacity was 1,500. I believe they now have had their quota increased to 900 barrels a day.

Let me give another illustration of how this government has treated the cooperatives. For two years we have had allocation of cars on the prairies on the basis of permanent storage. The wheat pools have built annexes capable of handling millions of bushels of wheat, but the cars have been allocated on the basis of permanent storage, no consideration at all being given to temporary storage which has been built. The result is this: There may be four elevators in a town; the pools may be doing fifty per cent of the business, and the other three combined doing only fifty per cent. Each, however, will get an equal number of cars, with the result that thousands upon thousands of farmers who have been members of the wheat pool organization since it began operations have been compelled in the last two years to take their grain to the line elevator companies, with whom their farmer-owned organization is in competition.

Let me take a third example of the way in which this government has treated the cooperative movement. I refer to the decision of the government to tax the wheat pools in western Canada. I think most hon. members will recall that in 1930, on the eve of a general election, the Liberal government amended the Income War Tax Act so as to make cooperative organizations exempt from taxation. Two years ago a campaign was started by a number of eastern papers, principally the *Financial Post* and *Canadian Business*, and later taken up by the Winnipeg grain exchange. For two years these papers and the organization I have mentioned, in season and out of season have demanded to know why the wheat pools are not paying excess profits tax or income tax.

Mr. GIBSON: They asked if they were cooperatives.

Mr. DOUGLAS (Weyburn): Yes, it is the same thing. They asked why the pools were not paying these taxes. Article after article, editorial after editorial asked that question, until finally the government has yielded to the pressure, and the wheat pools are to be taxed. They are to be assessed for taxation under the Income War Tax Act and the Excess Profits Tax Act. Of course they will be allowed to dispute the matter in court. They will have an opportunity of being put to that expense. But I submit to you, Mr. Speaker, that if the government were as sympathetic to the welfare of cooperatives as the hon. member for Swift Current would have us believe, all it would have to do is amend the Income War Tax Act so as to make sure that the exemption covers the wheat pools—if the Department of Justice feels they are not now covered by the act as it stands.

Mr. GIBSON: In other words, to make them cooperatives.

Mr. DOUGLAS (Weyburn): The term "cooperatives" could quite easily be defined so as to cover them, because they are cooperatives.

Mr. DONNELLY: I will tell the hon. member about it.

Mr. DOUGLAS (Weyburn): You have told a lot of people about things, but they were not impressed—and sometimes they have found out that what you told them was not right.

Mr. DONNELLY: Sometimes you are not right, either.

Mr. DOUGLAS (Weyburn): The wheat pools, and the farmers who belonged to them, have never objected to paying taxes; they have never asked for special privileges. But what they have pointed out is that the proceeds, commonly called "patronage dividends," are not dividends in the ordinary sense of the word. They are not returns paid to a man who has invested his money in shares, and who may never see a bushel of wheat. These patronage dividends are in effect savings; they

are the savings which have come back to the people who own and patronize these marketing and storage facilities.

Mr. GIBSON: Does the hon. member suggest that the wheat pools, to which he is referring, come under the exemption granted in the Income War Tax Act, and that they qualify as not dealing with more than 20 per cent from non-members.

Mr. DOUGLAS (Weyburn): I contend that they are cooperatives and that they do come under the exemption. The minister says that they take grain, but they are compelled by the board of grain commissioners to take grain. As a matter of fact, I know that in order to retain their identity as cooperatives and benefit by this exemption the pools have offered to turn over to the government the money they have made by doing work for non-pool members. The government says to the pools, "You must take grain." Then they turn round and say, "Because you take grain, you can no longer be considered to be a bona fide cooperative organization," and they begin to levy taxes. I have been told by those who ought to know that if this assessment is made and the tax levied and made retroactive, it will cost the wheat producers of western Canada in the neighbourhood of $5,000,000. That is a tragic situation.

I ask the western members, particularly those who support the government, what they are going to do about it. If this assessment goes through and these taxes are levied, every cooperative organization in Canada from the prairies to Antigonish may be threatened.

Mr. GIBSON: There are no grounds for that statement.

Mr. DOUGLAS (Weyburn): It is only the beginning. This clause exempting cooperatives has been on the statute books since 1930 and it is only being challenged now. The same people who have challenged it in the press, in season and out of season, will begin to find other forms of economic pressure that can be brought to bear upon the cooperative movement in this country. The time has come when the cooperatives must know who are for them and who are against them. If the hon. member for Swift Current and those who sit with him are, as they say, true friends and proponents of cooperative enterprise, we shall be glad to see them on their feet saying something about taxing cooperatives rather than spending their time in attacking the Cooperative Commonwealth Federation in this house. We want more than lip-service.

The cooperatives will expect the Liberal members in this house to oppose this measure. I want to tell them here and now that I know of no better way to have trouble in western Canada than for the government to proceed with this proposal. I want to tell them that before this session is over, we will give them an opportunity to cast their votes on this issue in order to show whether they stand with the cooperatives or with those who are seeking to destroy the cooperative movement in this country. We in the Cooperative Commonwealth Federation believe that the cooperative movement is the basis of economic democracy. We have never advocated regimentation or bureaucracy or state socialism; what we have asked for is that the common people, the workers and the farmers, should have an opportunity of owning, controlling and operating the facilities by which they live. We believe that the common people want that. We believe that the tide is running in, that all the reactionary cries of "Beware of the C.C.F." will not turn it back. I can think of no better words to sum up our position than those of Edwin Markham when he said:

> Clear the way, then, clear the way,
> Blind creeds and kings have their day.
> Move the dead branches from out the path;
> Our hope is in the aftermath.
> Our hope is in heroic men,
> Star-led to build the world again.
> To this event all ages ran;
> Make way for Brotherhood, make way for Man.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. T. F. DONNELLY (Wood Mountain): I listened with a great deal of interest this afternoon to the hon. member for Davenport (Mr. MacNicol) speaking on the subject of prairie farm rehabilitation. I want to thank him for his kind remarks. I remember that in 1933 or 1934, rising from my seat a little to the rear, I referred to the necessity of making a survey of southern Saskatchewan in order to find out whether it should be farmed or not. I then advised the government of the day, which was led by Mr. Bennett, that if they decided that that section of the country was not fit to be farmed, the inhabitants should be moved out, and that if they decided that it was fit to be farmed they should show the farmers how to farm the land. The result was that the next year the government of the Right Hon. R. B. Bennett let a contract for two dams in the southern section, one at Eastend, I believe, and the other at Valmarie; and from that has grown up what is known as prairie farm rehabilitation. It has done a great

work; it has been expanding and has expanded until we now have a great system of small dams and small dug-outs throughout Saskatchewan, helping farmers to raise stock by providing them with plenty of water.

The hon. member for Davenport wanted to know what he could do to help the government to hurry through with its programme of business. Well, I have been here the same length of time, namely thirty-seven days, as he has this session, and this is the first occasion on which I have made a speech. If the hon. member would do the same as I have done we should get through much quicker and transact a great deal more business. I believe that he has spoken six or seven times this session. If I take up forty minutes in the thirty-seven days I have been here, I shall have just about occupied all the time to which any one member is entitled. But if certain hon. members speak for forty minutes seven or eight times in the session, of course it takes a long time and the business does not go very fast.

I listened to the speech of the hon. member for Weyburn (Mr. Douglas) this afternoon. He seems to have a word on his mind which has been there for a number of years and which to-day he used continually. I refer to the word "bogeyman." He must have used it nine or ten times to-day. I wonder whether he remembers that he also used it away back in 1937. At that time we were trying to get some estimates for national defence through the house, but we had great difficulty in doing so. Let me quote from what the hon. member said at that time, to show that, as things turned out, he was not blessed with much of the prophetic spirit. As reported in *Hansard* of February 19, 1937, at page 1063, he said:

> Against whom are we arming? What potential aggressor is more aggressive to-day? Oh, I know that bogeymen have been trotted out in this chamber. It has been suggested that it might be Italy, it might be Germany, it might be Japan.

What a prophet!

Mr. DOUGLAS (Weyburn): Keep on reading.

Mr. DONNELLY: Yes, "keep on reading." I will read the rest some other time. I wonder whether the hon. member will prove to be any more correct with regard to this "bogeyman" of socialism than in his prophecy that there was no danger of war. We only wish that he had been a real prophet at that time, and that there had been no war. It is too bad for this country and for all the world that he was not a better prophet than he turned out to be. That is all I need say about that at the present time.

Mr. DOUGLAS (Weyburn): I ask the hon. member to read the rest of what I said.

Mr. DONNELLY: The hon. member can read it in his spare time.

Mr. CASTLEDEN: Are you afraid to read it?

Mr. REID: It is just the same kind of doctrine that we heard in 1937.

Mr. DOUGLAS (Weyburn): The time you were shipping munitions to Japan.

Mr. DONNELLY: The hon. member for Weyburn made a speech a while ago and made a mess of it. Why does he not give me a chance? What kind of animal is it that does a lot of chattering?

Why are the members of that group so afraid of this word "socialism"? Out in our section of the country they are not a bit scared of it; they tell us, "That is just what we want. We are going down east and we are going to tackle these big shots, and take away their business and run it." Oh, they will come here and run all the big business in eastern Canada. I have in my hand a copy of a handbook which is distributed among the Cooperative Commonwealth Federation candidates running in Saskatchewan. It was compiled as the report of a conference held in Saskatoon and Regina on January 7 and February 11, 1933. This is what they say is their objective:

> The social ownership of all resources and the machinery of wealth production to the end that we may establish a cooperative commonwealth in which the basic principle, regulating production, distribution and exchange, will be the supplying of human needs instead of the making of profits.

An hon. MEMBER: What is wrong with that?

Mr. DONNELLY:

> Socialization of the banking, credit and financial system of the country, together with the social ownership, development, operation and control of utilities and natural resources.

Everything in the heavens above and the earth beneath and the waters under the earth.

I quote further:

> Q. "Does this political party consider that the objective so stated gives us a mandate to bring into operation socialism if elected?"
> A. "Yes."

Then they find fault because we say they are socialists. I do not know why they should do so.

Mr. DOUGLAS (Weyburn): We do not find fault.

Mr. DONNELLY: Again, in his speech the hon. member referred to the fact that free enterprise in the nineteen-thirties brought the people out there to be hewers of wood and drawers of water, put them in debt so they would never get out, and so on. I live right beside the hon. member; my constituency borders on his. It was not any legislation which caused this condition; it was because we had no crops. When they spoke of "poverty in the midst of plenty" in those times, my people used just to laugh, because the only plenty we had in those days was plenty of dust, plenty of wind, and plenty of poverty; there were no crops at all. Let me here acknowledge the wonderful way in which we were treated in those times of depression and famine by easterners, and by both governments. Liberal and Conservative administrations alike used us well, and we were thankful and grateful to them for what they did, because at that time it was an act of God with which we were confronted; we had no crops whatever. To say that such conditions arose as a result of free enterprise or some policies which were adopted at that time—well, it is ridiculous.

Let us now see what a better authority than the hon. member for Weyburn says. I have here a copy of a report of the Searle Grain company quoting from a speech of the Hon. Sumner Welles. In an address he made in New York on October 7, 1941, this is what he said was the cause of our trouble in the 'thirties:

> Many foreign countries, which had not recovered from the shock of our tariff increases in 1921 and 1922—

That is, tariff increases in the United States.

> —and were tottering on the brink of economic and financial collapse, were literally pushed into the abyss by our tariff action of 1930. Throughout the world this withering blast of trade destruction brought disaster and despair to countless people.
>
> The resultant misery, bewilderment, and resentment, together with other equally pernicious contributing causes, paved the way for the rise of those very dictatorships which have plunged almost the entire world into war.

The report continues:

> It merely requires to be added that Canada, Australia, New Zealand, Brazil, and the Argentine, rapidly followed the example of the United States with similar high tariffs and with other obstructions to trade, and that the example then spread to almost every country in the world.

This is the cause of the depression in the 'thirties as given by Under Secretary of State Sumner Welles.

[Mr. T. C. Douglas.]

I want to refer only to one other statement, because if I were to answer all the piffling remarks which the hon. member made here, it would take up all my time, and I wish to go on with my own speech. He refers to the fact that the Liberal government put a tariff of one cent a gallon on light crude oil coming in from the United States. I happen to know something about that. Years ago I had something to do with the investigation concerning gasoline, if I remember rightly.

Mr. PERLEY: We all remember that.

Mr. DONNELLY: It was not because there was any light crude oil coming from the United States. What they were doing was refining the crude oil to make gasoline, and then putting a little crude oil back into it to lower the specific gravity and get it into Canada free of duty. Consequently this tariff of one cent was put on to prevent that. This mixture was called crude oil in order to avoid the tariff. It was just put through a skimming process, and they were selling that gasoline cheap in competition with our own refineries. There is little or no light crude oil in the United States. That is why the tariff of one cent a gallon was put on, and the hon. member should remember this next time and not talk about matters on which he is not well informed.

To-day, Mr. Speaker, we find ourselves in the midst of a great war, the greatest cataclysm the world has ever known. It affects every nation and every people. It is one of the worst disasters that have ever happened to the world. Every mechanism known to man is being used in this war. It is a life and death struggle between two ways of life. We have gone into this war of our own free will, and not just to defend the British isles. Do not let anybody tell you that we entered this war just to defend the British isles. We did not. We went into this war to defend our own way of life. Make no mistake about that.

Of all the things that have come out of this war up to the present, Mr. Speaker, what would you say is the greatest? To my way of thinking the greatest thing that has come out of this war is the close union that now exists among the English-speaking peoples of the world. There never was such a friendly cooperative spirit between the English-speaking peoples of the world as there is at the present time. This union of the English-speaking peoples ensures for us an early victory, and not only that, it ensures for us and for the world a peace after victory. That is what we have to look forward to.

Who is more responsible than anyone else for this kindly neighbourly feeling that exists

among the English-speaking peoples of the world? It is our Prime Minister (Mr. Mackenzie King), more than any other man. I have sat in this house and have heard him reviled for not doing something that might offend the United States. The Hon. Doctor Manion, who was leading the opposition at that time, told our Prime Minister that he was lacking in red-blooded Canadianism because he would not do something that might offend the people of the United States. But to-day the Prime Minister is reaping his reward, and when history is written this accomplishment of his will be marked as one of his greatest achievements, namely, the union of the English-speaking peoples of the world.

Let me turn for a moment to other members of the government. I remember back in 1927 and 1928 or thereabouts, when our navy consisted of the *Rainbow* and the *Niobe*, the hon. member for Broadview (Mr. Church) spoke in this house and referred to our navy as consisting of these two ships and he asked: Where is our fleet now? And he answered in derision: Tied up in a garage at Halifax. Ah, but he does not say that now. Our fleet is to-day doing a man-sized job, sailing and patrolling the seven seas, and we are all proud of it. It is doing forty per cent of the convoy work in the north Atlantic. We are proud of our navy and the work it is doing, and hon. gentlemen do not deride it and poke fun at it to-day as they did in 1927 and 1928. It has grown from the two ships we had then to the splendid fleet we have now.

I might also refer to the Minister of National Defence for Air (Mr. Power) and to what has been accomplished by Canada in the air. We started from scratch. The government that preceded us up to 1935 did away with all our aircraft, our mail service, and all that. But to-day we have one of the greatest air training schemes in the world, bar none, and we are proud of it, proud of our men and the work they are doing. The President of the United States has called Canada the aerodrome of the world. Think of that—a small nation of eleven and a half million people, and yet we are the aerodrome of the world! Is there any reason why we should not be proud of the work we are doing in the air?

I turn to the Minister of National Defence (Mr. Ralston). For a long time hon. gentlemen to my left kept telling us that we should have conscription for total war. They said that, only a year and a half ago. They said we needed conscription and must have it, but what do we find now? The very same gentlemen who were calling for conscription and total war a year and a half ago are now saying that we have too many conscripts and that we should turn some of them loose and put them to work on the farm.

I could go on, Mr. Speaker, and refer to the Minister of Munitions and Supply (Mr. Howe) and to the Minister of Agriculture (Mr. Gardiner) and the splendid work they are doing through their departments. But I want to spend a little time with the Minister of Finance (Mr. Ilsley). He is doing a great job. Do not make any mistake about that. This pay-as-you-go system of paying taxes is a splendid thing, and the minister deserves the congratulations and support of every member of the house.

My hon. friends to my left take great pleasure in referring to what is being done in Australia and New Zealand. Let me quote what a man in Australia says. This is taken from the Ottawa *Journal* of Saturday, March 20:

> W. J. Jackson, financial editor of the Sydney *Daily Telegraph*, to-day credited Canada with demonstrating a sound way to finance the war.
>
> In an editorial appearing simultaneously with Australia's flotation of a £100,000,000 ($353,000,000) loan, he wrote that "Australia has a case to be very pleased about her industrial achievements since 1939, but would be bloated with pride if she had equalled what Canada has done. From inability fully to equip even a few thousand men in the armed forces before the war Canada has become the third largest arsenal of the united nations. The output of her war industries in 1942 was $2,600,000,000 compared with $1,200,000,000 in 1941.
>
> "For the current year her war industries output is estimated at $3,700,000,000. Despite her start from far behind scratch only one-third of Canada's war production is required for her own forces.
>
> "The result has been a substantial reduction in her overseas debt and two gifts of $1,000,000,000 one to Britain and the other to the United Nations. They took the form of goods, not money. This growth of production resulted in a 150 per cent rise in exports. Australia does not disclose all exports but in 1939 they amounted to £122,543,000 and for 1942 about £136,000,000.
>
> "The reason this side of Australia's economy does not compare favourably is due partly to Canada's closeness to Europe. The fact remains that Canada has reduced her external debt enormously and Australian external debt has grown by £7,000,000 since before the war.
>
> "Meantime Canada's internal economy has been conducted with a deliberate eye to maintaining reasonable sales. Canada has covered about half this war's cost by taxation. Australia's taxation is responsible for a shade less than thirty per cent of her own war cost.
>
> "But despite the higher direct charges on the pockets of Canadians they are subscribing more to loans than Australians."
>
> Jackson said one person in every five and three-quarters subscribed to Canada's last war loan, compared with one in fifteen who contributed to Australia's last "Austerity" loan.

He said Canada's national income worked out to £200 compared to £157 for Australia. He concluded by observing there was a limit to paper money for war purposes, a fact he said Australia had not recognized while Canada had recognized it in the early stages of the war.

I wish now to refer to a remark made by the hon. member for Weyburn in regard to the suggested taxing of pool elevators. In 1930 the Liberal government under the present Prime Minister added a section to the provisions of the income tax act providing for the exemption from income tax of the income of farmers', dairymen's, live stock men's, fruit growers', fishermen's, and other like cooperative associations. So that if the cooperative associations are not taxed to-day it is due to that provision of the Liberal government.

But since that time things have changed. Not the act; the act has remained the same. No cooperative companies are taxed to-day if they are true cooperatives. It has been suggested for some time back that the pools are not true cooperatives, not cooperative companies within the meaning of the act, and therefore they are liable to income tax. That is the reason why it is proposed that they should be taxed.

I have in my hand an extract from the proceedings of the royal grain inquiry commission under the chairmanship of Mr. Justice Turgeon, who was then chief justice of Saskatchewan. He is now in the Argentine. He had before him Paul F. Bredt, president of the Manitoba pool. At page 5508 of the report, volume 44, Mr. Bredt, the witness, said:

Prices for wheat had gone down to such a low level at that time that we felt that it was impossible to expect growers to deliver their wheat at an initial payment which would have to be fixed so low that it would be impossible for them to carry on, so we did not see fit to invite open contract breaking on a wholesale scale and it was decided by the three boards that it would be much better to release all growers from the contract, give them an opportunity to sell in the open market whenever they chose, and so obtain whatever price they might get. . . .

The Commissioner: Pardon me a moment. This is 1930?

Witness: This is 1930.

The Commissioner: All you say now is that your experience in 1930 was such you thought you had better not carry on on a compulsory basis.

A. On a compulsory basis. And so we released all our growers.

Then I want to refer to another section containing further evidence that it is the pools that have changed. This is from pages 3582-3. The commissioner said to Mr. M. A. MacPherson, the lawyer from Regina appearing for the wheat pool:

[Mr. Donnelly.]

The Commissioner: That is not my question. You are operating now as an ordinary elevator company?

Mr. MacPherson: Yes.

The Commissioner: The contracts have all been discharged; there are no more pool members?

Mr. MacPherson: Yes.

So that our pools are not cooperatives according to their own counsel.

The Commissioner: Have you still any exemption from income tax, or are you just on the same basis as other companies?

Mr. MacPherson: I cannot state what the situation is in connection with dominion income tax, but the provincial tax has been paid in Saskatchewan since the Income Tax Act was passed in Saskatchewan.

The Commissioner: What about Alberta?

Mr. Porter for the Alberta pool answered:

In Alberta we do not pay the federal tax. We do pay the provincial tax, in common with all other companies, and the tax forms a fixed charge per elevator. All companies pay that.

This is sworn evidence. Besides that, our pools have promised us many things. They do not want to pay any income tax to the federal government, but they pay it to the provinces. Similar cooperatives or pools pay taxes in the old country just the same as any other company. I defy anyone to tell me in what way a pool operating an elevator in the country is different from any other line elevator.

Mr. DOUGLAS (Weyburn): It is owned by the farmers. Does the hon. member want an answer to his question?

Mr. DONNELLY: You made a mess of your own speech; now sit down. I have here the second annual report of the board of directors—

Mr. DOUGLAS (Weyburn): I rise to a point of order. Is the hon. member allowed to ask rhetorical questions?

Mr. SPEAKER: The hon. member asks whether the rules permit the asking of rhetorical questions. All I would say is that there is no rule of tit-for-tat in this house.

Mr. DONNELLY: I wish to refer to something that has happened to myself and several others in Saskatchewan in regard to this cooperative elevator matter. When the Saskatchewan cooperative elevators started, in order to build elevators, they took two cents a bushel from all the people who gave them wheat to handle, and they took over $6,000,000 for a reserve fund, amounting in all to about eighteen to nineteen million dollars. At that

time they promised us that they would pay interest on it at six per cent. I have here an extract from the second annual report of the Saskatchewan Cooperative Wheat Producers Limited, dated October 12, 1926, at page 6:

> The deduction of two cents per bushel for acquiring elevator facilities as provided under the growers' contract amounted, as a result of last season's operations, to $2,751,765.91. Of this amount the sum of $2,000,000 was turned over to Saskatchewan Pool Elevators Limited to apply on the purchase of the Saskatchewan Cooperative Elevator Company's system, and the balance for the extension of the pool elevator system in other directions. The pool holds stock in the pool elevator company for these amounts plus last year's elevator deductions used in acquiring and constructing elevators.
>
> An account has been opened for each grower crediting him with the full amount of the deductions made out of his deliveries, and it has been decided that such deductions will, subject to the earning capacity of the pool elevator system, bear interest at the rate of six per cent per annum. Interest will be paid in cash at the end of the contract period, when a certificate of beneficial interest, covering the total deductions in each grower's account will also be issued.

They paid that for a few years, but they have not paid any since 1929. They pay no interest on their capital; they are paying no income tax, and they have taken in $18,000,000. It would be a queer thing if they did not prosper. I should like a little of that $18,000,000 myself. Thus we have this company that has taken all this money out of the pockets of the farmers of western Canada, paying no interest on it and paying no income tax, saying, "Boy, we are great business men." What a company! And they call themselves cooperatives.

Then the other evening I believe it was the hon. member for Yorkton (Mr. Castleden) who referred to the fact that we had interlocking directorates in some of our banks of eastern Canada, that certain men were the directors of banks and of other companies. That was a crime; that was almost an unforgivable sin to the people over in that corner. It is all wrong when it is down east, but it is all right when it is out west. I hold in my hand the annual report of the Saskatchewan Pool Elevator company, and as I look over it I find that the same men are directors of Saskatchewan Cooperative Wheat Producers Limited, Modern Press Limited, Saskatchewan Pool Elevators Limited, Saskatchewan Pool Terminals Limited, and so on. They take a few men from Saskatchewan, a few from Alberta and a few from Manitoba, and make them directors of the Canadian Cooperative Wheat Producers Limited and the Canadian Pool Agencies Limited. It is the same thing; these are interlocking directorates, but it is all right out there.

My time is almost gone, Mr. Speaker. I had intended to deal with many other matters, but I should like to mention just one other thing in passing. I notice that our hon. friends in the corner to my left have a tendency to compare everything that happens in this country with what is done in Australia and New Zealand. For instance, at the present time we have before a committee of the house this question of social insurance, and we find the leader of the Cooperative Commonwealth Federation group viewing the whole business with suspicion. I do not know whether he is suspicious of the legislation or of the members of the committee or of the members of the house, but those people are suspicious of everything. It must be terrible to live with men like that. They go on and say, "Why, look at Australia and New Zealand, how they manage their old age pensions. Look at the early age at which it is paid; look at the amounts they pay." That is all quite true; the old age pension is paid at an earlier age, and the amounts paid are greater. But they do not tell us that in those countries the people pay for their old age pensions, and we do not. Here it is handed to the people by the government. There they pay for it as an insurance scheme, and you have a right to do what you like with what you pay for. In this country, however, it is a gift handed out by the government, and it is free.

Mr. BLACKMORE: Who gives it to the government?

Mr. DONNELLY: Well, you do not give very much, do you? You are lucky to be able to give what you do; if you had not been here you would not have given that. Neither do hon. gentlemen in the corner to my left tell us of the financial structure of New Zealand. Let me give this comparison. Last year we budgeted for $4,000,000,000 and expected to spend $4,500,000,000. We raised half of that amount by means of taxation and the other half by borrowing the money from our own people, and we gave a billion dollars to England. What did New Zealand do? They budgeted for £133,000,000 which, with their population of 1,600,000, would give a per capita average just a little lower than ours. How did they raise it? Well, they raised some by taxation and some by loan, but they participated in lease-lend to the extent of £10,000,000, and they are borrowing £46,000,000 from England. In other words, we give England $1,000,000,000, and England gives £46,000,000 of that to New Zealand. That is the great labour government. Hon. gentlemen in the corner to my left do not tell us that,

and I resent that sort of thing. This is my country; I was born here, and I deprecate such talk as that. If they do not like this country; if they think some other country is better, let them go there. Why do they stay here? I hate comparisons; they are always odious, but when you do make a comparison be fair about it and tell us both sides of the case. Do not tell us only one part of it and try to make out a good story for yourselves. You are always caught in stories of that kind. Your sins always find you out.

I should like to refer briefly to the social legislation in my own province. We have more social legislation in Saskatchewan than in any other province.

Mr. CRUICKSHANK: Oh, no.

Mr. DONNELLY: Oh, yes, we have. I come from that province, and I know whereof I speak. We have pensions for the blind; we have unemployment insurance; we have old age pensions. Of course those are in effect all over Canada, but in addition we have workmen's compensation, to which I have already referred, and also mothers' allowances, allowances for dependent children and, besides, what we call our municipal doctors. In Saskatchewan we have 107 municipal doctors; in fact in my constituency there are only three medical men who are not municipal doctors. These municipal doctors are doctors hired by the people, paid by the municipality, who do all the medical work except major operations, in connection with which they receive fifty per cent of the ordinary fee. They also carry on the health work, visiting the schools once a year, examining the children and filling out their cards, showing that a child is deficient in this or that respect; looking at their tonsils and adenoids, seeing that they are vaccinated, and so on. Why, there are eight municipalities in Saskatchewan which even pay for the hospitalization, and for all major operations too. Then in Saskatchewan we have free tubercular hospitals, by arrangement between our municipalities and the provincial government, and in my opinion we have the best hospitals of that kind and the best record of any province in the dominion. More than that, our death rate from tuberculosis has been far lower than that of the other provinces, and it would be much lower this year if we could exclude the Indians. But in my province we have many Indians, among whom the death rate from tuberculosis is very high, which keeps the general death rate higher. In addition, we have free insane asylums.

Some hon. MEMBERS: Oh, oh.

[Mr. Donnelly.]

Mr. DONNELLY: Yes, and one of those is in Weyburn. In addition, our government pays so much per patient per diem to our ordinary hospitals. That payment has been as high as $1 per patient per diem, but at the present time, on account of the financial condition of the province, it is only fifty or seventy-five cents. As far as our municipal doctors are concerned, the public are well satisfied. In my district we have had them for the last fourteen or fifteen years, and would not have anything else. The municipal doctors like it. The people like it, and would not have anything else. These are some of the types of legislation we have there; but to hear some hon. members speaking, one would think that the people from Saskatchewan are half starved, anaemic, poor and ignorant, that they are just poor country cousins.

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, I listened with a great deal of interest to the speech made by the hon. member for Wood Mountain (Mr. Donnelly). I am sorry that with certain aspects of his speech, and particularly that connected with social legislation, I cannot agree. Might I point out to him that when Saskatchewan was being formed Ontario was inaugurating or had already in force a great deal of social legislation. And, by the way, most of the social legislation in Ontario, such as that for workmen's compensation, was introduced by Conservative governments. If anyone has any doubt about that, let him read the record and find out for himself. He will find that Sir James Whitney and the Hon. Howard Ferguson put many pieces of social legislation into force. Ontario has had much of this legislation, and I am glad to see that Saskatchewan has followed in her footsteps. Ontario was the first province in Canada to enforce pasteurization of milk, and the first province in which toxoids were used generally. Therefore I am afraid I cannot agree with much that has been said by the hon. member from Saskatchewan.

I believe a wrong impression was left by what was said a few days ago by the hon. member for Lambton-Kent (Mr. MacKenzie). What he said was, I thought, a slur on hon. members. The hon. member pointed out, among other things, that we were abusing the franking privilege, and gave figures to show the cost of franking the mail. He did not say, however, just where the abuse took place. I venture to say that if the cost of the franking privilege of the Prime Minister (Mr. Mackenzie King) and ministers of the crown were deducted from the sum mentioned by the hon. member, it would be found that the expenditure on private members' account, who

use the privilege as it is their duty to use it, namely, to inform their constituents of what is taking place, would not be very great.

The hon. member who has just taken his seat referred to the wheat pools and the banks. While he was speaking I thought it might be well to place on record some figures respecting insurance companies. The life insurance companies of Canada are well organized. As I said on an earlier occasion, had it not been for them I do not know how the victory loan compaigns would have been carried over the top. The figures I have before me show that in the last victory loan the life insurance companies in Canada invested $155,000,000. That was their direct loan to the government. In war loans, to date, they have invested $450,000,000. This means—and this is the point I wish to make—that each Canadian policyholder has an investment in victory averaging $112. That is his investment in ships, tanks, guns and the like. This does not sound like the work of a monopolistic institution. Through the medium of the life insurance companies each policyholder has been able to invest $112 out of the total of $450,000,000.

Not only this, but it should be added that about 1,900 life insurance agents participated in the last victory loan campaign. They made 170,000 sales to a value of $57,000,000, or an average of $335 for each sale. This is the most important guard against inflation. This huge sum was over fifteen per cent of the total of $375,000,000 subscribed from other than special names and payroll deductions. These figures show that the agents got busy, went out and scratched for their sales. Let me say here and now that I give them great credit. I do not believe there is a more democratic institution in Canada than our life insurance companies, and yet my socialistic friends to my left call life insurance a big monopoly.

May I congratulate the Minister of Finance (Mr. Ilsley) upon his real endeavour to prevent inflation in Canada. I agree with him. We must have price control, but I think there is sometimes not enough brain power used in the setting of controls. That is what leads to discord among various factions in the country. There should be more parity in ceiling prices, and I believe that could be brought about without much difficulty.

In passing, may I refer to the statement by the Minister of Finance to the effect that the billion dollar gift to the allied countries would not make any difference to our taxes, whether we sold them goods or gave them to them. I am heartily in accord with the giving of money to the allied countries. But when the minister says that it would make no difference whether we sold the goods, or gave them away, I must disagree. Not only that, but he pointed out we would have a cash drawer full of I.O.U.'s. In the first place, our taxes are certainly higher, and it seems to me that a bunch of I.O.U.'s backed by the credit of Great Britain would not be worthless. They certainly would have value. Britain has always paid her way, and I have no doubt she intends to continue to do so. I am in favour of giving her and the allied nations money, but I did not like the minister's statement when he suggested there would be no use in our having a drawer full of worthless I.O.U.'s.

There are many inequalities so far as taxes are concerned, but I have one particular unfairness in mind. A man may have a life insurance policy in favour of his wife. The policy may state that on his death she is to be paid $272.50 each month for twenty years. On his death succession duties are paid on a policy of $50,000—because that is the amount required to yield $272.50 monthly for twenty years. In Ontario succession duties would be paid on the amount of $32,620, because $17,380 is required to yield $100 a month. That is exempt in Ontario. Then we take the income tax on the interest in the income, which is determined by taking the difference between 240 times $275.50, or $66,132, and $50,000, or $16,132, which, divided by twenty, gives you $806 a year, or $66.33 a month. That is a considerable difference between the income tax on the total amount of the $275.50 a month and $66.33 a month, which is the case if there is a policy payable for twenty years certain and for the life-time of the beneficiary. Then the succession duties are deducted in the same way, but the income tax is paid on the whole amount of the monthly income, $275.50, whether it is income or principal, just because of the difference between "twenty years certain" and "for life." This should be corrected in the budget.

I come now to a matter which I think is of great importance, the treatment of our returned soldiers. I believe about 80,000 men have been discharged from the forces. Some of these men have tried to get pensions, and I think they should have pensions. But to a great extent they are met with this one argument, namely, that the pre-war disability has not been aggravated by service. I have vivid memories of the Minister of National Defence for Air (Mr. Power) stating in the House of Commons, speaking of his experience when he was minister of pensions, that this war would be different from the last; that we would not

take any men who were crocks; that they would all have to be Simon-pure, A1 men. How does it come that these men who have passed the examinations are now told that their pre-war disabilities have not been aggravated by service? They were allowed to enlist after they had passed the examinations, and it just does not add up. There are hundreds of these cases. It is not the actual case that counts; it is the way the man talks when he is met by such argument. If this is the way the government is to treat these men who have come back and who should have pensions, then we will have many more reds in this country. You can hear them talking now.

These returned men are somewhat different from the man who has had a job and is looking for another one. They should receive different treatment when they go to a national selective service office to look for a job. These men have had service in the army and they need to be rehabilitated. As I say, there are 80,000 of them, and yet we find in the estimates only $400,000 provided for their rehabilitation, or a total of $5 each. How far will that go? In the same estimates we find an item of $6,500,000 for air raid precautions. I agree that we should have air raid precautions, but $6,500,000 seems a great deal. I know there is considerable waste in different parts of the country, but it seems to me we should have more than $400,000, or $5 each, for these men who have come back.

As I said the other day, when these men go to look for a job in Toronto they must go to the national selective service office on Spadina avenue. They receive no special treatment; they must stand in line with other men who have never been overseas. They think they deserve a little more than the average man on the street, and I think they do. Special arrangements should be made for these men. We all know what they are like. There are some lead-swingers among them, but not many. The treatment they have been receiving at some of these national selective service offices is such that they have been calling the places the gestapo, and I do not blame them.

I agree with the hon. member for Lambton West (Mr. Gray) that our troops overseas must not be let down. We now have some idea of what the casualties will be in the fighting. How are we going to have them reinforced? Have we a balanced war effort as far as man-power is concerned? Here are some figures of the strength of our armed forces as of March 12, and also the number of those engaged in industry:

[Mr. Douglas G. Ross.]

Armed forces—	
Males	655,424
Females	20,924
Total	676,348
War industry—	
Males	827,000
Females	222,000
Total	1,049,000
Navy—	
Males	55,076
Females	1,511
Army—	
Males	437,843
Females	9,477
Air force—	
Males	162,505
Females	9,936

Is this the even balance we should have? On June 1, 1941, we had 1,220,516 men on the farms. Since that date 400,000 have left, so that we now have 820,516. Where have those men gone? Have they all gone into industry? They cannot all have gone into the army. How many do we need on the farm? How many should we have in industry? What survey has been made? Have we ever had the result of any survey given to us in this House of Commons? What are the requirements? How much labour is wasted from time to time by hoarding in certain industries?

We hear of certain factories where a change-over in the production line is necessary. In some instances this may take a year, and thousands of men are kept around until that is complete. They try to find work for them, but that is not always possible. Is there not some way by which national selective service could take these people and put them where they are needed? Why cannot labour be used to better advantage? Why do we have the absenteeism we have at the present time? Is it because these people do not want to work so long for the government and pay most of their wages above a certain wage in income tax? I do not believe they are as unpatriotic as that. I think they are worried over seeing so many people in some of these places that they begin to think they do not need to work. What is to be done about this? What survey is being made and who is making it? How can we have any balanced effort in this country unless we know what we want and where we are heading? Up to date, this house has never been told. What we want to know is, what is the capacity of Canada in man-power; how many people have we that can do these various jobs; and how are they to be so distributed that we shall attain a total war effort?

Last year we passed bill No. 80, to amend the mobilization act, and it is in the same old place, just where the plebiscite was before we passed it. We might as well have saved our time; the bill has not accomplished anything that I know of. How soon are we to do something? Anyone who listened to the speech of Mr. Churchill yesterday knows there is a long way to go before this war will be won. The sooner we put our backs to the wheel, the better. It is man-power that is wanted in these days, and man-power must be properly used. Are we to let down our boys overseas? Are our troops over there in adequate force? Have we the reinforcements which will be necessary? If not, how are they to be provided? These are questions which must be answered. We need to know where we are going, what is our policy. Is it merely the same old policy of wait and see, and muddle through somehow?

I am not saying a word against our army overseas. They are a fine body of men, wonderfully trained, and by now, I believe, well equipped; but we must not let them down. Nor am I saying a word in disparagement of our workers in the factories, or on the farms. But guidance is needed; they want to be told what to do. However, so long as the government has no policy, they will not know; we are in the same position as we were before the plebiscite was taken. I hope the government will give us a policy which will show us where we are going and make it clear what we are to do.

I intend to vote against the "funny money" amendment because it does not mean anything. We have all the money we need just now. That is paper money. You cannot fight a war without going into debt. In other words, you cannot get something for nothing. This is your war, and mine. The only way in which it can be fought is to give up a certain amount of time, and lots of it, to fight this war. That means that you give up a certain amount of your money, or you work, or you fight. Just to put a lot of money through a printing press will not do any good; it does not require enough labour to do it.

As regards the amendment of the socialist party, I have tried to explain that finance is already mobilized and to a great extent nationalized; and, thank goodness, finance is controlled by the people who have an interest in it rather than by our socialist friends to the left.

Mr. ARMAND CLOUTIER (Drummond-Arthabaska) (Translation): Mr. Speaker, I would have liked to take part in the debate on the address in reply to the speech from the throne, but I preferred leaving my elders in politics put forth their ideas and make recommendations while I listened attentively to their speeches and their political programmes which were no doubt inspired by the feelings of the electors in their respective constituencies.

May I first of all be permitted, Mr. Speaker, even at this late hour, to congratulate the Right Hon. Prime Minister (Mr. Mackenzie King) on having given the old province of Quebec three new French-Canadian ministers. This representation was anxiously expected by the electors of that province and you may rest assured that these truly patriotic people shall not fail to remember. I wish to extend to these three new members of the government, who have nearly all lived with us, the greetings and congratulations of the electors of the historical constituency of Drummond-Arthabaska which I have the honour to represent in the Canadian Commons.

Let the Minister of Public Works (Mr. Fournier) be assured that our people rejoice at his appointment. While he does not come from our section and has never lived there, many of his relatives and friends are to be found in my constituency, particularly in Victoriaville. On their behalf as well as on my own I wish him success, good health and a long career.

To the hero of Mont-Sorrel and Vimy, the Hon. Minister of National War Services (Mr. LaFlèche), I would state how glad my electors were to learn of his appointment, particularly in Victoriaville where he spent part of his youth and still counts a large number of most sincere friends.

As for the Minister of Fisheries (Mr. Bertrand), a native son of our district, since he first saw the light of day in the charming town of Princeville, also in my constituency, we are delighted to see him occupying such a high post and we are confident that with both his colleagues whom I have just mentioned he will continue the long line of great politicians who have represented my constituency, the Dorions (l'Enfant terrible), the Lauriers, the Lavergnes, the Perraults and the Girouards, and that history will see fit to link his name with those who have been the pride of French Canada, of their province and of their country.

Since the budget debate, Mr. Speaker, offers to every member scope for remarks on a variety of subjects, you will allow me to touch briefly upon every question, for I have no intention of detaining the house unduly at this late date. I intend merely to bespeak the mind of those who in 1940 did me the great honour of calling on me to represent them as member for Drummond-Arthabaska on the highest court in the land.

I have had no occasion to speak in this house since the resignation of the former Minister of Transport and Public Works (Mr. Cardin) for whom I have always had and still have the greatest admiration. A man of great culture, a fluent speaker, a great parliamentarian and a great Canadian, I wish him to know that my electors would have had him remain a member of the government where he would have scrupulously watched over minority interests through the preservation of a truly national spirit in this country. Unfortunately, without notice to the Quebec members of whom he was the leader, he resigned from the present government to become a private member. No doubt he had serious, very serious reasons for doing this.

The subamendment recently moved by the hon. member without first consulting his colleagues from Quebec has produced quite a commotion among us and we have often wondered what were the intentions of the hon. member in this connection. Personally, and especially at first, I would have been inclined to endorse at once this subamendment purporting to suspend the calling of men under the National Resources Mobilization Act.

However, after having taken the advice of my colleagues more experienced in politics, after having spoken to the Liberal leaders of my constituency and especially after having heard the masterly speech delivered by my leader, the right hon. Prime Minister of Canada, against this subamendment, on February 19 last, in which he enumerated the effects which the adoption of such a subamendment would have among the armed forces of Canada, as well as in Great Britain and the other dominions, in the United States and other allied nations and, above all, among our enemies, I realized that voting in favour of this subamendment would mean casting a vote of non-confidence in my leader and his government. On this occasion, Mr. Speaker, I asked myself who would be called upon to replace the right hon. Prime Minister who, upon losing the confidence of the deputation, would tender his resignation. Would it be such men as Mr. Meighen, Mr. Bracken, or the leader of the Cooperative Commonwealth Federation group (Mr. Coldwell), or the Social Credit chieftain (Mr. Blackmore), every one of whom, since the beginning of the war, has persistently advocated conscription for overseas service and criticized the Liberal government, claiming that they have not gone far enough in the prosecution of the war and that Canada should participate to the last man and the last dollar?

I have gladly voted with the government on this occasion and I say without fear that, at the present time, the right hon. Prime Minister of Canada is the only man qualified to prosecute the war. This fact is acknowledged by right-thinking Conservatives in my constituency.

I feel bound to make the following statement: as long as my leader, the right hon. Prime Minister refrains from putting conscription into force for overseas service, I shall remain among his most faithful followers; however, I must say to him that if he ever gives way to the imperialists, even though they be members of the present government, or to the opposition, and puts conscription into force for overseas service, it shall be my painful duty to fight him, for I am opposed to conscription for overseas service and as a gentleman, and a man of honour, I shall keep my pledge; in other words, I shall discharge the trust reposed in me by my constituents in this respect. Doubtless, my constituents would have preferred to see the hon. member for Richelieu-Verchères (Mr. Cardin) refrain from obstructing the government's policy. On the other hand, had the hon. member had good reasons for moving his subamendment, I still feel that this conflict between these two outstanding figures of Canadian politics should never have occurred. After the work accomplished in Quebec during the last quarter of a century by the hon. member, to promote friendship, to preach conciliation, to establish mutual understanding between the two great races of our country, we would have wished to enjoy seeing these two great men marching hand in hand, in close cooperation, and pursuing the tremendous task they had undertaken in the footsteps of their great and revered leader, Sir Wilfrid Laurier.

Mr. Speaker, I have followed with great interest the budget speech delivered by the Minister of Finance (Mr. Ilsley). Generally speaking, this budget brings a marked improvement to the condition of the people. It remits half the liability for war taxes on 1942 incomes; it simplifies the final settlement of accounts with the income tax office through a 5 per cent increase of the deduction from wages or salaries.

The new taxes, unimportant as they are, will not affect him, if he will only tone down on alcohol and tobacco. It must also be remembered that the workers are assured by the government that the buying power of the Canadian dollar will be maintained, and thus they are freed from all material worries till the end of March, 1944. This is truly a workingman's budget, Mr. Speaker. The increase of more than 20 per cent on alcoholic beverages ensures both moral and practical

results; it fosters temperance and economy, and both these things are conducive to the greater industrial and financial effort which we will have to put forth during this critical year. On this point, the civil and religious authorities from the province of Quebec willingly approve the federal government.

Canada will spend the enormous sum of nearly four billion dollars on its war effort and will contribute a billion dollars to aid the united nations this year. What classes will benefit most from the five billion dollars which the government will spend for war purposes, on food, munitions and arms, if not the farmers and the workers? The farmers in my county are prosperous nowadays as they never were before. Many of those who had borrowed money from the Canadian farm loan board have asked the board to reimburse both principal and interest on their loans.

As to the working men of my constituency, many of them who are working in the war plants of the district and who only earned $15 a week in the past, though they were glad to earn that sum then, are now earning from $75 to $100 a week. Not long ago I met a working man from my town who, during the depression had to wait six months before obtaining a job at $14.99 a week. He told me he had earned $116 in a single week; he added that he had paid $30 in taxes of all kinds, namely, income tax, unemployment tax, compulsory savings, etc., and that he had $86 left for the week, instead of the $14.99 which he earned heretofore. This worker, a true Canadian and a real patriot, told me that, even if the government were to double his taxes, in order to preserve his religion, his tongue, his freedom of action, his freedom of speech in this country, he would still be quite satisfied.

I must congratulate the hon. Minister of Pensions and National Health on his vast programme of social security for the post-war period, a programme which he himself laid before the parliamentary committee on social security, whose chairman is the hon. member for Queens (Mr. Macmillan), the operation of which will cost the enormous sum of one billion dollars a year. I have gone through that report and I have been glad to see that it advocates a great deal of social legislation.

There is first a contributory health insurance proposal that would cover the whole population and would be subsidized by the central power subject to certain conditions to be fulfilled by the provinces.

Second, the report offers also to pay children allowances of $8 or $9 a month for each child or graduated according to age, without taking into consideration the family revenue, but doing away with the income tax exemptions for dependent children.

Third, there is a provision with regard to unemployment insurance. It tends to increase the insurance benefits paid to workers with dependents.

Fourth, it mentions free medical care for every one.

Fifth, maternity allowances for women workers only.

Sixth, sickness benefits with rates comparable to those of the unemployment insurance.

Seventh, increase of old age pensions from $20 to $30 a month and lowering of the age for eligibility from seventy to sixty-five for men and sixty for women.

Eighth, setting up of a new contributory system of superannuation.

Ninth, payment of pensions for total incapacity to those unfit for work.

Tenth, death allowances at the rates of $100 for adults, $65 for children and $25 for infants.

Such are, Mr. Speaker, the principal measures embodied in that social security plan.

I was glad to note that the recommendations made by my good friend the hon. member for Compton (Mr. Blanchette) and endorsed by myself concerning family allowance have been incorporated in this plan. And I must congratulate him on the forcefulness which he has displayed in the speeches he has delivered in this house, particularly in that of February 19, in which he so brilliantly and so eloquently pleaded for the enactment of such a measure.

As I wanted to endorse the recommendations made by the hon. member for Compton with regard to family allowances in the event of this report on so-called social security being presented after the adoption of the budget, I intended also to demand an increase of old age pensions, which doubtless had become imperative, and I am glad to find that a provision calling for that increase has been included in the report.

While I am dealing with the matter of social security, may I call the attention of the government to female labour, particularly to industrial female labour at night.

One of the most deplorable effects of industrial capitalism has been to take women out of their homes and throw them in increasing numbers into industries. Women have re-

sponded, actuated in the first place by the necessity of supplementing a family income which is entirely inadequate and lured by a selfish and blind propaganda setting woman's dignity not in her role as wife, mother and queen of the home, but in the assertion of her personality, in the organizing of her own life and in her emancipation.

So, for the last three years, the enlistment of thousands of men in the armed forces and the building up of new industries have created an urgent and extensive need for additional labour and such is the need that our Canadian women are called upon to meet. Such is the terrific tax raised by modern total war. Tens of thousands of Canadian women are already serving on the industrial front.

It behooves our political and industrial leaders, conscious of their responsibilities to the nation, to restrict to the real needs the taking on of women in industrial plants, particularly in war plants. Now, far from being so, in a good many war industries, men, even of military age are being freely set aside in favour of girls who, of course, are paid less and thus removed from their home and from school, for a great number of them are barely more than children, and laid open to the moral dangers of the factory and even to many a physical hazard.

Many employers of Canadian war industries do not seem to have realized the impropriety of having women work in the night-time. Night work exposes women, and especially girls, to a multitude of physical and moral hazards, leading to the disintegration of the home.

To this very day, nations most busily engaged in the conflict are endeavouring to secure strict adherence to the provisions of the International Labour office which, for half a century, has striven to prohibit women from doing night work in industry.

For instance, in Great Britain, the employment of female labour on night shifts in factories is prohibited by law and is allowed exceptionally only on special permit.

Is it not truly deplorable, therefore, that our own country should countenance, as it does, girls, wives and mothers engaging in a form of labour which amounts to the sabotage of our nation?

I trust I may be allowed, Mr. Speaker, to read a copy of a resolution passed at the Quebec Province Catholic Action Congress, recently held in Montreal. It reads as follows:

Resolutions respecting female labour.

The following are resolutions passed by special organizations of the Quebec Province Catholic Action gathered in congress at Montreal and are to be referred for adoption to the provincial and dominion governments:

1. Prohibition of night work for girls and married women;

2. Prohibition of factory work for married women with children under 18;

3. An 8-hour day and a 48-hour week;

4. Prohibition of too strenuous work and the lifting of too heavy weights;

5. Improvement of sanitary and safety conditions wherever these are still below standard;

6. The general extension of industrial social service;

7. The creation of working conditions and of standards of supervision calculated to ensure the moral safeguard of girls and women;

All of which will serve as a protection against the abuses of female labour and as a safeguard to the family, unit of a sound nation.

Inasmuch as the same resolution was passed in the various towns of my county, I feel bound to express in this house the feelings of my electors on this grave issue.

Mr. Speaker, I listened with the deepest interest to the splendid speech delivered in this house by the hon. member for Shefford (Mr. Leclerc). It contained many thoughtful statements, and constituted a magnificent plea on behalf of the workers of the small manufacturing towns of the province of Quebec.

The present plight of the small town industrial worker is obviously unfair.

Wages have been frozen to the lowest level of any industrial province of the country. Had not the federal authorities acted with such speed, these workers would have been better off. The freezing order came into force on November 15, 1941. At that time, the provincial government of Quebec was considering the adoption of various orders to raise the basic wages. Notices to that effect had already appeared in the *Official Gazette* of the province. The orders would have been in force after three months. The federal order was enacted before the expiration of this delay, with the effect that a legitimate adjustment of wages in small industrial towns of the province of Quebec was prevented and, at the same time, a rank injustice was perpetrated. All these workers who, during the depression, could not obtain a readjustment had their wages frozen at the level obtaining during the depression. With the hon. member for Shefford, and on behalf of the working class of my constituency, I strongly protest against such discrimination and I hope the government will take the necessary steps to remedy the conditions existing at present in the small manufacturing towns of our province.

Mr. Speaker, I would feel derelict in my duty, if I refrained from pointing to the house the sorry plight of weekly newspapers at the present time, especially those published in the small towns of our province and circulated mostly in rural districts.

As a result of the restriction imposed upon publicity by the government a large number of these newspapers will find themselves in a most embarrassing financial condition and may even be forced out of business. Yet, no one has contributed more generously to our war effort than our newspapers. We have in my county five weekly newspapers and I wish here to commend them for their earnest co-operation with the government during the campaigns in connection with the victory loans, the sale of savings certificates and the Red Cross.

Our weekly newspapers must be maintained, Mr. Speaker. I therefore respectfully suggest to the government that they compensate for the loss in commercial publicity by a large amount of advertisements concerning the different departments of administration.

I feel it my duty on behalf of the farmers, the farmers' help and farmers' sons and of the persons employed in a part-time capacity in industries connected with agriculture to thank the government for having adopted the measure which came into force on March 23, 1942, exempting these classes of citizens from military service. This measure, Mr. Speaker, has been a real boon to the agricultural population. Here is, for example, what happened in a parish in my constituency. After that law came into force, a few citizens of that parish came to my office seeking more information and the proper procedure in the matter of getting a postponement should any one be called for military service. I explained that the procedure was as follows:

(a) The farmer's son, the farmer's help, the farmer or part-time farm help who receives notice to pass his medical examination, must do so within three days from the date of such notice;

(b) Should he wish to apply for a postponement, he must apply in writing, within fourteen clear days from the date shown on the notice, to the registrar of the division where the notice originated.

In filing his application for postponement the applicant must:

1. File with the registrar of the division an affidavit stating that on March 23, 1942, he was wholly employed in agriculture or that he was employed in a part-time capacity only in lumbering, forestry, fishing, hunting or trapping;

2. File a letter signed under the seal of his parish priest or the mayor of his municipality, attesting the truth of the statements.

I must say, Mr. Speaker, that these men went to work with a fine desire of cooperation and that out of ninety persons called for military service from the agricultural municipality, eighty-eight were granted a postponement.

The difficulties which I met in connection with the mobilization act came from people who, although acting in good faith, instead of consulting me, chose to take advice from persons with political opinions different from those of our party. These individuals to whom I shall refer as petty politicians, dissuaded them from seeing me and advised them not to pay any attention to the notice. In advising them to do so, they knew that these young men who had been called for military service would have trouble with the authorities concerned and thus supply an opportunity to state that the Liberal party was not any better than their own and that we had conscription. They even went as far as to say that conscription was effective for overseas.

I had to deal with a good many of those cases, and I accompanied the young draftees concerned to Montreal so as to explain their cases to the registrar—by the way, I did all this without any compensation, to help them —whom, I must thank as well as all the members of his staff for their hearty cooperation.

I imagine that some of these young men have not yet legally applied for the deferment to which they would be entitled and who are worried and living in fear of the military police for not having obeyed the law. I join with the hon. member for Labelle (Mr. Lalonde) who, in the magnificent speech he has made in this house, has requested an amnesty for these young men who have been deceived by shortsighted politicians.

Mr. Speaker, I would have liked to tell you about the war effort of my constituency, particularly in connection with the third victory loan, but I presume that I will have a chance to take up this subject before the end of the session. I shall then speak in English so as to be understood by my English-speaking colleagues for whom I have the greatest regard and consideration.

Before I conclude my remarks, I shall say a few words about the airmen, sailors and soldiers from my constituency. Our people are proud of them. As to those who have fallen on the field of honour, I wish their relatives to be sure that we will always keep a pious and grateful remembrance of our heroes. To the family of Flight Sergeant

Béliveau, who died for his country, I offer in the name of the whole population of my constituency the most sincere sympathy.

I do not want to forget Corporal Cloutier, severely wounded at Dieppe, presently in the hospital. According to the medical men both his legs will have to be amputated. He is only twenty years old. What a pity to see such a young one become an invalid for the rest of his life! I am proud to tell you that this hero is a son of my county. He has been a fine representative of his race at the Dieppe raid: "Rather die than surrender." His name will never be forgotten among our people who will remember this victim of the war who risked his life for them in the defence of justice, right, liberty and honour.

Mr. J. P. TRIPP (Assiniboia): Mr. Speaker, may I first of all congratulate you upon your elevation to your high office, and may I say that it comes to you as a reward for service, and by the unanimous consent of the house.

This evening I should like to speak about the constituency of Assiniboia, which I have the honour to represent. My constituency is located in the southeastern corner of Saskatchewan. This was about the first portion of the province which was settled, in the early eighties, a larger number coming in the early nineties. Most of the settlers came from the two older provinces of Ontario and Quebec. Those men and women did not come out for the purpose of making money quickly and then flying away to some other part of Canada or the United States. Rather they came for the purpose of establishing homes, of securing pieces of land they might own, and with the object in view of establishing their families on other lands close by. Those early settlers homesteaded, built roads, and erected churches in which they worshipped. They organized school districts, trading centres and municipal governments. For a number of years they were a prosperous and contented people.

Then, in 1930 began a series of disastrous years. For the following ten or eleven years they suffered as possibly no other community in Canada has ever been called upon to suffer. For those ten or eleven years men and women sowed but did not reap. In the spring time they did their ploughing and seeded their land, but in the fall they never had occasion to use either binder or threshing machine. Through it all, however, they maintained their faith in their country. Most of them stayed there, and came through.

This afternoon we listened to an ably delivered address by the hon. member for

[Mr. Cloutier.]

Weyburn (Mr. Douglas) who also comes from Saskatchewan. In that address he defined free enterprise as rugged and uncontrolled individualism. I think most hon. members know, and I think he knows that that definition could not be applied to the affairs of Canada for the past fifty years. For that length of time we have not had uncontrolled or rugged individualism.

He also defined a new type of socialism. I believe he called it Cooperative Commonwealth Federation socialism. I was reminded that Heinz, the famous manufacturers of pickles, pride themselves on their fifty-seven varieties. Well, I am told there are over 200 kinds of socialism, and I believe at this session we have heard nine different kinds described by the nine members of the Cooperative Commonwealth Federation party. This afternoon the hon. member for Weyburn defined a new kind, and went back to Sweden for his authority. He stated that his was the kind of socialism they had in Sweden. Although he did not quote from a book, he did refer to one. To-night I will quote from a book called "Sweden—the Middle Way".

Mr. DOUGLAS (Weyburn): That is the book.

Mr. TRIPP: I will quote from it. At page 22 it says:

> Cooperative leaders are proud that in the course of their long struggle they have never appealed to the state for help. They have been able to meet their competitors on an equal basis without seeking special privileges or favours. And yet in many respects Swedish law has worked to the disadvantage of the cooperatives and in the interests of privately owned stores. This is particularly true with regard to taxation.

And at page 23 it says:

> If the cooperators are proud of their independence of the state, they are also proud of the fact—and they insist that it is a fact—of their independence of political parties.

True friends of cooperation would do well to follow this advice. I have heard it stated many times that neither Sweden nor Norway is a socialistic state, but that they have highly developed cooperatives within their boundaries, not as means of socialism but as means whereby individuals can cooperate, and can use their capital to compete with individual capital within a capitalistic country. In no way or manner could one describe the situation in Sweden or Norway as socialistic.

Mr. COLDWELL: But do not tell the Norwegians that.

Mr. TRIPP: I said a few moments ago that our people are recovering. In 1941 and 1942 we had good crops in our section of the country. The other day a question was asked as to whether these people are paying their debts. I can tell the house that they are paying their debts, but they cannot be expected to pay off the debts which they incurred during the ten or eleven years when they had no immediate financial returns. I was told the other day that over ninety-nine per cent of the current debts for the last two years have been paid out of the last two crops, and some of the old debts have been paid off as well. But those old debts are too great to be paid off in one or two years; it will take a number of years to overcome the ill-effects of those disastrous years. A delegation from the western provinces recently asked this government to enact legislation which would prevent creditors from foreclosing. I think the government would be well advised to listen to the recommendations made by that delegation.

In many respects the constituency of Assiniboia is similar to other constituencies within the province, but there is one difference. We have within the boundaries of my constituency the largest coal producing area in the province. That area is located in the Estevan and Bienfait districts. The coal is found in two layers. There is an upper seam with an overburden of from twenty to twenty-five feet of earth, while the lower seam has an overburden of from 100 to 150 feet. The coal is mined by two methods. The top layer is stripped with large shovels or other machinery; they take off the overburden and then take out the coal which is then transported to tipples for processing. The deep seam is mined in the usual way; shafts are sunk, and the men go down and tunnel underneath the ground.

This coal is not a high-grade lignite; it is a soft or low-grade lignite coal. It contains about thirty per cent moisture and has a low ash content. In 1940 this area produced about 1,000,000 tons; in 1941, about 1,300,000 tons, and in 1942, the same production. In order to relieve a possible shortage of coal during this next year the government is assisting the operators in this area and will assist others in order to increase production. It is hoped to increase the production of that area by from 800,000 to 1,000,000 tons.

A report about this coal will be found in some of the offices here in Ottawa. This report was prepared by Mr. Sutherland, a noted combustion engineer, but it was put out about ten years ago and is now out of date. The report states that in order to get the best results from this coal it must be combined with a coal of a higher grade, but the fact is that with the use of the newer types of burning equipment it is no longer necessary to mix this coal. During the last few years it has been proven that this coal will burn alone in the new type burners with as high an efficiency as if mixed with other coal. This production serves the southeast and south central portion of Saskatchewan and the southern portion of Manitoba. At one time this coal came into Ontario, but the fuel controller stopped this movement in recent years.

The coal is also manufactured into briquettes of high quality which are distributed widely in the southern portions of Saskatchewan and Manitoba. In the manufacture of these briquettes is produced a distillate, a thick tarry liquid. This liquid contains all the chemicals, all the aniline dyes, all the perfumes and all the other ingredients to be found in German coal. But it is not used to a great extent. At the present time it is used only as a preservative of wood because of the creosote contained in the liquid. It is shipped to the lumber companies for use in the preservation of wood to be used underground.

The other day I noticed in the Estevan *Mercury* a dispatch reading as follows:

> A huge post-war chemical industry developed through the use of great lignite deposits in Manitoba and Saskatchewan and the bordering states of North and South Dakota, was pictured at the mid-continent research conference in Minneapolis, Minnesota, last weekend.

Apparently that conference took place in Minneapolis, and they were considering what use could be made of these materials in the years following the war. What will likely happen will be that a new chemical industry will be built across the line, and the distillate obtained from the manufacture of these briquettes will be shipped there. My suggestion is that the dominion government or the provincial government or a combination of the two should carry on research in the district to which I refer. The results of this research may possibly attract capital, and an effort may be made to use this liquid locally.

Last week we were told in the committee room by Doctor Wallace that all industries should be located at the head of power development. The Estevan district offers tremendous possibilities for the development of power. It has been estimated that power can be produced from this coal at a price which can compete with hydro power.

The other day they were talking about the dehydration of foods. In the Souris valley there is a tremendous area which could be irrigated and which could produce thousands and thousands of tons of vegetables. That is one industry which might be located there, and there are hundreds of other industries, which are required in Saskatchewan.

For a moment or two I should like to discuss what I consider to be the most important matter before this house at the present time, namely, Canada's war effort. The hon. member for Wood Mountain (Mr. Donnelly) has dealt with this already to-night, and I can only add to the praise he gave to the Prime Minister (Mr. Mackenzie King). I think our Prime Minister has given this country very good leadership during the past three and a half years, and has maintained national unity far better than any other man in Canada could have done. Last week the hon. member for York-Sunbury (Mr. Hanson), when he spoke in the house, quoted President Roosevelt as having stated that the most important matter before that country at the present time was the conduct of the war. Our Prime Minister pointed that out to this house six weeks ago, and in his address yesterday Mr. Winston Churchill also made the same statement. I also want to thank the members of the cabinet for the service they are rendering to the country. They have demonstrated that they are capable of doing a remarkable job. I also wish to congratulate the Canadian people upon having cooperated so well with the Prime Minister and the cabinet in developing a balanced war effort, of which we can all be very proud.

At this time I propose to talk for a while about the food production of the dominion, and to give praise to the Minister of Agriculture (Mr. Gardiner). It was stated recently in this chamber that our agricultural policy was not planned. But I would remind hon. members of a debate which took place here three years ago. Hon. members rose one after another to tell the minister that his policy was not the correct one. But he stuck to his policy, and events since have proved that he was right in initiating it and continuing it during the last three years. We are getting results. It is true that we have been favoured by nature, but I think our greatest result has come from the direction given by the Minister of Agriculture two or three years ago.

In 1942 Canada's total farm income was over one billion dollars. Of this sum Ontario received $344,000,000, and Saskatchewan, with over one-half the cultivated acreage of the dominion, received $220,000,000. There are probably reasons for the difference. One is, I believe, that Saskatchewan has been in the habit of selling grain, its principal product, as grain, while in Ontario they buy grain and sell the finished article. In this direction the planning of the dominion Department of Agriculture is producing good results. Saskatchewan nowadays is not selling so much grain as such, and is feeding more. Another reason for the difference in incomes lies in our geographical situation. We are in the centre of this country, and to put our products in a position competitive with those of Ontario we have to pay considerable transportation costs, which are applicable to all our agricultural products. The story is told of an old Frenchman who farmed out in Saskatchewan. A friend came from Ontario to visit him, and remarked, "Well, Jean, you had a pretty good crop this year." "Yes," said Jean, "I had a good crop." "I suppose," said the friend, "you have lots of money now." "No, I haven't much", said the Frenchman. "Well, what became of the crop?" "Oh," said the old farmer, "de ducts got it." So the friend asked him, "What do you mean, that 'de ducts' got it?" "Well," said the Frenchman, "you have de duct so much for threshing, de duct so much for insurance, so much for elevator charges, so much for transportation—anyway, de ducts got it." That is the way with a lot of our farmers in Saskatchewan, they have to pay too much to "de ducts".

I wish to put on *Hansard* a few additional figures pertaining to the income of Saskatchewan:

	Value of farm products
1940	$149,429,000
1942	189,558,000

Here is a breakdown of these figures:

	1940	1942
Grains	$109,343,000	$110,421,000
Live stock	27,255,000	53,327,000
Dairy products	7,375,000	16,556,000
Poultry	2,136,000	4,834,000
Eggs	2,238,000	5,142,000

It will be noticed that the values of grains in the two years are much the same, for, although we received more for our grain in 1942, the price having been raised from 70 cents to 90 cents a bushel, we were not allowed to deliver the same quantity. Further, in 1939 there were only 470,000 hogs on the farms. This was because during the ten preceding hard years we did not grow even enough feed to raise and maintain hogs. But in 1940, 1941, and 1942 we were able to grow more grain, with the result that last year we had 1,325,000 hogs on the farms. I might point out that in this re-

gard Saskatchewan is just getting into its stride, and the number will be very greatly increased this year.

These results have been achieved by hard work on the part of the farmers. Indeed, they have worked harder than ever in their lives before. Surplus labour has practically all gone; yet our farmers, when asked to raise increased quantities of food products, have gone ahead with a will and are accomplishing great results.

A second important matter upon which I wish to speak this evening has not been mentioned very often in this chamber. I refer to what will happen after this war is over. I believe all of us realize that unless we remove fears of future wars we shall not have accomplished very much. We all know what took place in the axis countries prior to the war. They were preparing for war, and therefore were not concerned with the social welfare or standards of living of their people, but were trying to remove the possible effects of a blockade when war did come. They had suffered from a blockade during the first world war and did not want to be caught again. It was not their policy to trade freely with other nations, and they are not likely to do so in the future unless all fear of another war is removed. We may talk as much as we like about rehabilitation and reconstruction, but unless confidence is restored and fear of future wars removed, we shall just be preparing for another great war in the years to come.

I have mentioned rehabilitation and reconstruction. Lately we have spent considerable time in this house in discussing social security. I should like to place myself on record as favouring an immediate increase in the amounts payable to old age pensioners. Some increase is long overdue, and I hope the government will cooperate with the provincial governments to see to it that this amount is increased.

At this point I would issue a word of warning to the so-called capitalists who believe in high tariffs and other restrictions, and yet regard themselves as shining examples of free enterprise. The real enemies of free enterprise are those who in any manner restrict the flow of goods from one country to another. The success of free enterprise is dependent upon the freedom with which goods are allowed to pass between nations. Following this war it will be our endeavour to manufacture as many goods as we are manufacturing to-day, though at the present time we are producing goods that are deliberately labelled for destruction or to be given away. It is obvious that we shall endeavour to maintain our national income at the present rate. If we do, we shall have to find markets throughout the world to a greater extent than in the past.

Production after the war will have to be sold and paid for, and we must place ourselves in a position to sell as much as possible in the export market so as to increase that income. Our local market will not be sufficient to consume all the goods we shall produce in the years following the war. Therefore, anything that we do to restrict sales must necessarily restrict that income.

Goods which we sell in the export market are of necessity paid for by imports, a fact which is now universally recognized, so that obviously if we restrict imports by way of duties, exchange restrictions or any other means, we destroy sales. In other words, our national income is reduced.

This being a fact, why do we continue to impose these restrictions? In my opinion we should not wait until this war is over to correct this fundamental error but should start now, and the sooner the better.

Mr. LIONEL BERTRAND (Terrebonne): Mr. Speaker, this debate accords me an opportunity of making a few important remarks since they are concerned with the press of this country, the role it fulfils and the limited objectives which it may accomplish. At this moment I am speaking as a newspaper man, as editor of a newspaper, as president of the rural press association of the province of Quebec. I also feel that I am the spokesman of all daily and weekly newspapers, of all those publications which in their respective districts are the true vehicles of thought, the unquestionable representatives of public opinion, the master propagandists of information.

The necessity of the press, beyond question during peace time, takes on a great importance during war time. A permanent and essential tool to the progress of a nation, the press brings to the public the information, the directions, the facts which will enable itself to adapt its mode of living to the constant laws of evolution, to direct it toward a definite and practical object, to fulfil the numerous activities which are its share.

During war time when orders in council decrees, official statements, drafted, redrafted,

amended and corrected bills are difficult to understand on account of their legal construction, the newspaper popularizes the information and makes it accessible to everyone. Only the newspaper can boast of attaining this end. It is superior to the radio, because the public, even after it has heard a broadcast, wants to see a newspaper to find out whether it understood the radio aright and in order to know more. The newspaper prevails over all meetings and conferences. Is is not by itself a permanent conference, an uninterrupted meeting grouping not only a handful of citizens, but every day uniting hundreds of thousands? A necessary visitor, it talks and converses. It narrates the facts; it brings the news from all the world; it sets forth all the situations; it explains the laws that have been debated and adopted; it brings forth explanations of debates; it says things and repeats them. Everyone wants his newspaper as much as he wants his tobacco and, if he had to choose between them, he would choose the newspaper. A necessity in peace time, the newspaper in war time becomes the heavy artillery of public information.

The people want their newspapers in order to be well informed, in order to follow the events day by day, learn the progress and setbacks of the war, the actions of the nation, what it intends to do, and what it resolves. They want to know to what extent restrictions and taxes will affect their mode of living, in order to adapt it to the necessities of the moment. They are always anxious to know all details concerning an offensive, a landing, a decision taken by the government. Who can inform them more accurately than the newspaper? But does the direct information concerning the war, which is handed out to the people, satisfy its eagerness to know, its anxiousness to know, and its right to know? I am voicing a general opinion when I say that the public would like to be better informed concerning the direct actions of the war. Would censorship be too hard on newspapers? In certain instances would the regulations be arbitrary? Or official statements be made too late and sometimes not be clear enough? In my opinion, the public is entitled to know the whole truth concerning the sinkings which may occur off Canadian coasts, concerning disasters or setbacks which directly affect our country, and it has a right to know it before the news has gone all round the world. The public will applaud the victories, and its enthusiasm will be all the greater. On the other hand, it will accept setbacks with coolness because it will better understand, as a result of this cold truth, the meaning of the war and of its terrible evils. A quick and accurate spreading of public information relating to the war would put an end to all these rumours which develop as they go around to such an extent that at one time or another they call for an official statement, which may be true to the facts but which will always leave some doubts in the minds of the people. If all sinkings in the St. Lawrence had been announced accurately and at the proper time and place, not only would everyone have accepted the dire facts of the moment, but we would have avoided the present debate to find out whether twenty or thirty ships have been sunk. Under the present circumstances, this is a very childish game.

The newspapers are only too anxious to inform the public; it is their duty to do so. They are so well organized that from morn till night eleven million people are handed out the same news. Without the newspapers where would the war effort be? How successful would be our victory loan campaigns or our organizations dealing with national interests? Who would inform the public? Information bureaus? How many would be required? What staff would it take? The radio? I believe too great importance has been given to radio as a vehicle of public information. It is well to hear, but to read is necessary. When the Prime Minister makes his speech over the radio the public listen to him because all the newspapers have announced that he is to speak. But the next day everyone looks at the newspapers in order to read the text of his speech and to understand better everything he said. Therefore in the process of information the newspaper becomes the most important means of informing the public.

Until now has the press been considered as an essential industry? When the government rationed newsprint did it take into consideration the services which the press is giving this country? I do not like rationing, I like it even less when it is detrimental to the public health, to the progress of the nation. Therefore I do not approve this restriction. But you may say, *c'est la guerre.* But should the war accord a pretext to ration one of the most important war industries, public information? Should we not rather take advantage of the war to reduce the enormous and useless waste of paper which occurs in government offices and to cancel for the duration a series of publications which are

not read and which very often go straight into the furnace and not to the salvage committee? In my opinion rationing of newsprint cannot be justified, especially in wartime when the public resort to newspapers more than ever and feel the necessity to a greater extent than during peace time of reading many newspapers in order to form a better opinion concerning public events.

Ten days ago the press announced that the E. B. Eddy Company would stop making newsprint, on account of the shortage of pulpwood and the shortage of man-power for forestry work. Still, in spite of all this, enlistment goes on without a definite general plan and without taking into consideration the essential needs of industry and of the nation.

I should like to say a few words concerning liquor advertising. On December 18, 1942, an order entitled "war-time alcoholic beverages order, 1942," prohibited from February 1, 1943, brewers and distillers from advertising their products in newspapers or magazines, or in any other way. Newspapers from British Columbia and Quebec were the hardest hit, together with a large number of Canadian magazines dealing with trade or sport and social and literary matters. On February 8 last I spoke in this house in favour of the newspapers of my province, especially the weeklies. The restrictions imposed by war upon a great number of items were responsible for the weeklies losing a large amount of local and national advertising. The dailies had wider sources of publicity to rely on, although they still faced a serious handicap in that situation; but the weeklies and the magazines, drawing more than one-third of their net national advertising from beer, wine and liquors, found themselves in a very bad position.

Speaking for the Quebec weeklies, I set their case before the Minister of National Revenue (Mr. Gibson) and requested that if this advertising was to be discontinued the government should grant them compensation from other sources. The Canadian weekly newspapers association also made strong representations.

On March 2, 1943, the war-time alcoholic beverages order, 1942, was amended. This amendment permitted beer, wine and liquor firms to publish advertisements helping the war effort or public interests. This was an improvement. But I believe that the government should also permit these companies to mention below their trade names the products which they manufacture. This amendment does not give them the right to do so. The amendment benefits a company which makes products bearing its name, but does not benefit companies whose products do not appear below the trade name. On the other hand, the name of the product, whether it be the case of a distiller or any other industrialist, is an essential fact, especially when one knows that millions have to be spent in publicity and years of propaganda in order to have it accepted by the public.

I also wish to draw to the attention of the government the fact that United States distillers and brewers have full-page advertisements in magazines printed on the other side of the border. It is true that quite a few of these brands, advertised in United States magazines, are not sold in this country, but if the government bans liquor advertisements in this country on the ground that they incite people to drink, it should not allow this principle to be violated by indirect means. I have examined many United States magazines having wide circulation in Canada, and I find that quite a few brands of alcoholic beverages which are sold in this country are advertised in those magazines, because the companies which make them have branches in both Canada and the United States. I even noticed an advertisement completely Canadian in its character on the outside cover of *Time* magazine of March 15 last. Therefore United States companies which have branches in Canada, or Canadian companies which have branches in the United States, will assign large sums for liquor publicity in magazines which are allowed to enter this country; they will use all means at their disposal to circulate these magazines. This is highly unfair, first for Canadian distillers and brewers who have no branches in the United States and thereby cannot advertise their products, and then for the newspapers and magazines of this country who will be compelled to withdraw before these United States magazines, a few of which on many occasions publish injurious and obnoxious articles relating to Canada and the province of Quebec. These United States magazines have a total circulation in Canada of 1,118,000 copies.

I am convinced that the government is making a good war investment by voting estimates for advertising in the newspapers of the country. A well-drafted official advertisement is always read; sometimes it is cut out for future reference, and it always has direct and practical results. The daily press is of vital importance because each day it covers a large area. The weekly press, operating in a smaller area, does not hinder the work of the

larger press, but is rather its complement. If in order to inform the population of a country like Canada as to the multitude of laws arising from the war, the government itself had to print and distribute this volume of matter, often covering full pages, which the newspapers print without charge, as an information service, how many millions of dollars would the government be compelled to spend for this purpose? When a newspaper publishes a government advertisement, out of deference to its readers it also writes along with it editorial comments and remarks which create an opinion, or which give a diversified public an opportunity to form an opinion in the light of those facts.

Has the wartime information board, which this year is to be provided with an amount of $1,500,000, since its creation produced the results which the public were entitled to expect? No. Many competent persons with a thorough knowledge of journalism were successively appointed to direct this organization, and they all walked out as if they considered that nothing efficient could be effected in that bureau, as if its very existence was questionable and its organization impossible to materialize on a practical basis. A newspaper man does not stick very long to a job where his sense of initiative is paralysed. This board must be reorganized. Others have been asked to direct it. Will they be more successful? I do not think so. The press is too well equipped to expect from this organization any help in spreading its daily information, and the newspapers have too many sources of current information at their disposal to be interested in publishing re-sifted news, commonplace literature or information without local interest. In other fields of public information this bureau may be useful; but instead of flooding newspapers with literature and bulletins which are not used, it should limit its task to the radio and the movies, to a national programme in favour of unity, better understanding and a common effort. For instance, why should it not initiate a series of broadcasts on the success encountered in this or that district during national victory loan campaigns or Red Cross drives? These addresses could be delivered by newspaper men familiar with the various districts, who would be well qualified to deal with these matters in an interesting way and with practical results. And how many more broadcasts could be prepared to awaken the nation, inform it on various important matters, and so forth? As far as journalism is concerned, the wartime information board is groping in the dark, wasting its time, wasting the country's money, without giving it anything in return; and the releases it hands out are nothing but a repetition of statements issued by various departments of the government.

I really believe that in order to be efficient, departmental information should be decentralized away from Ottawa, and handed over to various provincial and district organizations. In order to illustrate what I wish to say, may I be permitted to point out that the releases sent out to newspapers, especially to weeklies, by the Montreal office of the wartime prices and trade board, and signed by Henri Girard, are ideal models in the matter; they are short, precise, accurate, well written, and never encumbered with useless sentences which too often seem to come out of textbooks. Some boards and departments are in the habit of issuing statements which are too long, and thus are never published. Official information relating to a province or a district can be developed in an interesting manner, and it would be to the interest of the government to consult the various newspaper associations in order to become acquainted with their suggestions. The daily newspapers have particular needs, and they have an association. Why should it not be consulted? The weeklies of English expression also have their association, the Canadian weekly newspaper association, which has been quite useful in the past and which certainly would have interesting proposals to submit. In Quebec the weeklies also have the association of French-Canadian weeklies, which at present has a membership of approximately fifty. Their problems may be different from those of the weeklies in the rest of the country, but they could submit serious and useful suggestions toward a common cause. May I point out that the government ignored or forgot the existence of this organization, when it did not see fit to invite it to send representatives with the group of newspaper men who visited Great Britain last September.

At present, Mr. Speaker, Canada has 110 dailies and 973 weeklies. These figures are impressive. The eighty-eight dailies affiliated with the Canadian press have a total circulation of 2,364,844 copies. I cannot give the exact circulation of the weeklies, but I believe it to be almost as high, since the weeklies, as local papers, enter into every home in the districts they serve. Without exaggerating I may state that a newspaper enters two and a half million Canadian homes out of a total of 2,660,000. This is indisputable proof of the power of the newspapers, of their importance

and of their superiority over all other forms of propaganda and information, even the radio. In a recent interview in Vancouver the general manager of the Canadian Broadcasting Corporation, Doctor J. S. Thomson, stated:

> Radio will never replace the newspaper. After they have heard the summary of the news, people want to know more and refer to the newspaper.

I was pleased to read this statement, which confirms the opinions I have expressed in this speech. The newspaper is the heavy artillery of public information. It proves so every day. The services it renders to the nation are of such a nature that they cannot be remunerated. Of course every newspaper editor has his own opinions, which he freely expressed. The freedom of the press is a sacred thing, and when it exists in a country that country can be assured of surviving. The press is a leading power, and to deprive a society of such a power would be tantamount to condemning it to die. The existence of this leading power must therefore be assured. More than any other financial undertaking, the newspapers have felt severe blows from the war—on one hand, rationing of paper, continuous increase, and a further possible increase in the price of newsprint, higher taxes and salaries, and other restrictions; on the other hand, their principal source of revenue, namely, that of advertising, has constantly been on the decrease. The government, by appropriate measures and concessions, should facilitate the task of the press at this period when it must face alone a greater amount of work together with increased obligations. Thus the government would enable it to fulfil its mission, its whole mission, namely, that of informing the public.

On motion of Mr. Graydon the debate was adjourned.

On motion of Mr. Mackenzie (Vancouver Centre) the house adjourned at 10.50 p.m.

Tuesday, March 23, 1943

The house met at three o'clock.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Monday, March 22, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance), that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Coldwell.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I should like first of all to deal with some matters which were raised by the Minister of Finance (Mr. Ilsley) in his speech of yesterday. I think I should begin by giving him this word of encouragement, that all hon. members on this side of the house, and no doubt all in the House of Commons, appreciate to the full the difficulties and the hard work which a minister of finance in a war-time period must necessarily encounter. Though there may be times when he feels that it is a thankless job, he must also realize that the various criticisms which are made from time to time by his majesty's loyal opposition are made with the very honest and sincere desire to help him, and to help the war effort.

I have some comment to make on the minister's address of yesterday because I believe he raised certain points which reflected on the Progressive Conservative party. He indicated that some of us on this side have failed to give praise to the government's anti-inflationary programme. We have been accused from time to time of criticizing the government, but we are now being criticized for failing to praise the administration. The minister set up yesterday—I will not say by design, because frankly I do not think it was by design—what actually was a straw man so far as our position in the matter of an anti-inflationary programme is concerned. It looked to me as if he were out with a lantern in the dark trying to find some non-existent issue upon which he could attack. So that all doubt may be dispelled, I say to him and to other hon. members that the Progressive Conservative party stands for adequate and effective control of inflation in Canada. I do not think the minister meant to characterize us as enemies of inflation control in the dominion, but if he did I would point out to him that this party has consistently attempted to play the game with the goverment in connection with their anti-inflation programme. One very good example of that may be cited in the fact that we have not brought down or asked this house to consider any amendment to the budget resolutions.

While perhaps I should not mention this, the minister did in his speech make some reference to pressure groups, not in Canada but in a relationship which he attempted to establish in connection with the republic to the south. So far as this party is concerned we have attempted during this session and in

other sessions to plead the cause of various sections of Canada, and I do not think the minister would wish to deny us the opportunity to fulfil that bounden duty which is ours. When one speaks of pressure groups, may I take time to say that after all I do not think the farmers of Canada can be called a pressure group; and more than that, I think if they were so regarded, it would be a pressure exerted not for the purpose of gaining an advantage over someone else but rather for the purpose of trying to establish some measure of equality and justice under the present programme.

Upon the shoulders of the government and the wartime prices and trade board falls the burden of responsibility for the administration of the policy which is now in effect. I do not regard it as an incongruous position to take when we seek to find some remedy for the injustices and inequalities which do exist under the present anti-inflation programme. The voices of labour and of agriculture in the House of Commons it seems to me are still, small voices compared to the voices which are raised throughout the country by these various sections themselves. I do not think that this opposition party can be chided for having given any undue leadership to that. But we have tried so far as we could to bring to the floor of the House of Commons and to the Minister of Finance the views of these people, not in the hope of making it more difficult for the minister or for the government, but rather that the government shall not overlook what we think are very often reasonable suggestions made by these groups from time to time.

I do not think that any of us want to offer apologies on the floor of the house for championing the cause of the little man in Canada, whether he be an agriculturist, or one who is in the lower brackets of labour earnings, or a small retailer. No apology is necessary from this party for championing the cause of these men. The minister asked for the co-operation of members of parliament generally in support of his programme. I should like him to understand our position, because it seems to me that some attention and consideration must be given to the various views that are put forward throughout Canada—in order that the anti-inflation programme of the government shall stand; not for the purpose of attempting in some way to weaken it. Because if inflation were coming in Canada—and God forbid that it should ever come; I think that is the stand we must all take in this chamber;

[Mr. Graydon.]

we must give a lead throughout Canada in the fight to prevent it—if inflation does come it will not be by virtue of the fact that the government gives consideration, and full consideration, to the views that are put forward by these various classes of people, but rather because their views were not listened to and an attempt made to find for them a way out of their difficulties. Only by so proceeding will the policy which the government now has in mind be saved.

I do not know whether these figures are correct, but I am reliably informed that some 400,000 men and women have left the farms in Canada since the war began. It seems to me that under the present man-power policy of the government it is almost impossible to rectify the position in which we now find ourselves. All those who come from agricultural districts will be ready to recognize that one of the reasons why men and women have left the farm in such large numbers is, first of all, that they have found greater returns in other lines of endeavour, and, second, that the conditions under which they work in those other lines are more satisfactory and agreeable to them.

Linked up, therefore, with the whole question of the matter of prices for farm commodities is the man-power situation which now exists in the dominion. I say this in all fairness to the government, that not until some semblance of equity exists between those who work on the land and those who work elsewhere shall we solve the whole problem of farm labour and farm man-power.

The government might well have considered the matter of treating agriculture in Canada as a war-time industry. Very little has been done in this regard; there is little indication that the government has it in mind. The inequalities which to some extent have been perpetuated in the present policy are apt if allowed to continue for any great length of time to have the reverse result to that which the Minister of Finance actually wishes to bring about by an anti-inflation programme.

A common-sense adjustment of inequalities will prevent inflation in this dominion. Failure to take into consideration some of these broad facts may offer opportunity for the breaking of the policy and the programme which the government is sponsoring. The government can give justice and equal treatment to these sections of our population without the danger of inflationary tendencies arising in this coun-

try. I say to the minister that history will show our attitude with respect to this matter to be of greater assistance to those who would prevent inflation than the adherence by the government to a policy which I believe does not meet with the approval of certain sections of our people and which creates inequalities and injustices. Therefore I say to the minister in all sincerity that he should heed these warnings before it is too late to prevent this country from plunging into a devastating whirl of inflation, which would be one of the greatest disasters that could occur.

No party in this house has any monopoly upon good citizenship or the desire to do the right thing during a critical period like this. Opinions may differ. The Minister of Finance may be right and I may be wrong, but I am giving the minister my views in this regard with the sincere and honest intention of helping him, so that the very programme he is attempting to carry out in Canada may not be harmed and may not fail. I would say also that we do not take a back seat to any party or any group in parliament in our wholehearted support of domestic and foreign policies which will enable us to contribute our all in this struggle.

I should like now to take up another point. In his address on the budget the hon. member for Lambton-West (Mr. Gray) made some reference to the present policy of our party in connection with national compulsory selective service. These were his words on March 12, as reported at page 1207 of *Hansard:*

. . . I am bound to say that in their zeal for a new leader, a new name, and a new platform . . .

The hon. member was referring to the Progressive Conservative party.

. . . the man-power issue has become a good deal more cloudy on the opposition side than it was last year, under the leadership of the hon. member.

There he was referring to the hon. member for York-Sunbury (Mr. Hanson). If any clarification of our position is needed, I want to say to the house that when the Progressive Conservative party chose a new leader it had definitely in mind the fact that the Manitoba legislature, under the premiership of Hon. John Bracken, endorsed the brief of the Canadian Legion, being the first legislative body in Canada to do so. In that brief will be found these words:

Immediate, complete and scientific mobilization, organization and utilization of all our resources—spiritual, intellectual, natural, financial, agricultural, industrial, man-power—in such manner that Canada may be geared to produce essential foods and munitions and to wage war to her maximum capacity.

When we chose our leader at Winnipeg his uncompromising stand on this point was well known. Let it not be said that this party is ceasing or has ceased to lay emphasis upon the principle of national compulsory selective service. This was made abundantly clear both at the Winnipeg convention and in our keynote speeches in this house, but in case any doubt remains in the mind of a single hon. member here, at the risk of repeating what has been said already let me read this part of the platform and programme of the Progressive Conservative party:

Recognizing that the world struggle in which Canada is engaged requires a total war effort, we believe in compulsory national selective service, and that all those selected to serve in the armed forces should be available for service wherever required. We believe in the effective total utilization and proper allocation for war, by compulsion where necessary, of all the resources of Canada, including agriculture, industry and finance, as well as man-power, and that our aim should be at all times to bring about so far as human means can achieve it, an equality in sacrifice.

Let me also point out to the government and hon. members of this house that this party lays the greatest emphasis upon the winning of this war. Our call for a man-power policy for Canada remains unanswered, and the government is playing with fire in failing to tackle this problem manfully and effectively. It is also significant, I think, that the very first plank in the platform of the Progressive Conservative party adopted at Winnipeg was that plank dealing with the war, while the next plank dealt with the rehabilitation of war veterans. So it will be seen at once that our party attaches great significance to those two matters.

I wish now to refer to the amendment and the amendment to the amendment. Perhaps the only comment on the amendment that may be required at the moment is this. We feel that in a time of war such as this we should as far as possible continue our present system rather than change to something new. Such a change, in essence, of course, is what the amendment actually calls for. As to the amendment to the amendment, I should like to comment perhaps at greater length. The adoption of the Cooperative Commonwealth Federation amendment I am afraid would mean throwing our financial structure into the realm of politics. In our

opinion socialism would not lead to better conditions for the Canadian people. The duty of the state is to supervise and control where free enterprise abuses its privileges. Where such abuses arise the state must act immediately and effectively to correct them in the interests of the masses of our people. I fear that if the programme suggested in the amendment to the amendment were adopted—and this I believe is the opinion of a large section of our people—the cure might well be worse than the disease. The policy adopted by this party at the Winnipeg convention in this regard was as follows:

> . . . we strongly advocate the strengthening of the basic Canadian tradition of individual initiative and individual enterprise and opportunity, and the freeing of economic activities from bureaucratic controls. Government authority, however, should be maintained and exercised wherever necessary to protect primary producers, workers and consumers from exploitation through such abuses as price fixing combines, monopolies and patent cartels. To those ends we believe that government should seek to create conditions under which the maximum volume of employment and the maximum national income may be assured through the initiative and enterprise of the people themselves.

This policy is vastly different from the policy contained in the amendment moved by the Co-operative Commonwealth Federation.

In the debate on the address in reply to the speech from the throne the hon. member for Cape Breton South (Mr. Gillis) made certain statements which I think I should not let go unchallenged. He made this statement on February 19, as reported at page 566 of *Hansard*:

> I was disappointed with the statement made last evening by the new leader of the official opposition—

Mr. COLDWELL: Which debate is the hon. member reading from?

Mr. GRAYDON: From the debate in reply to the speech from the throne.

Mr. COLDWELL: That is out of order.

Mr. GRAYDON: Well, I can deal with it much more simply than by reading it. In effect he said that so far as this party is concerned, as a party in the House of Commons, we are not following a sincere and honest course. He accused me of having utilized my very limited abilities as a lawyer to deal with the question of the amendment which had been moved in the house by his party some time earlier. I believe that upon reflection he would not have attacked the sincerity of purpose of this party and of myself, and for that reason I shall not be too hard on him now. But I must caution the Co-operative Commonwealth Federation that parties, as well as people, who live in glass houses should not throw stones. I say that because by the terms of their amendment they have put themselves in the awkward position of following old-fashioned, old-time party practices, practices from which the Progressive Conservative party entirely dissociates itself.

The amendment contains a bouquet for the old people, for the widows and dependents of those on active service; but with the bouquet is tied a couple of socialistic bricks to be thrown into the House of Commons as well. It seems to me that to tie these classes of our people into such an amendment for the purpose of obtaining support of policies actually unpalatable to the people as a whole does not do justice to them. I deprecate that strategy and those tactics. They brand the Cooperative Commonwealth Federation as one of the old-fashioned political parties in Canada. The amendment to the amendment, and the policy and strategy followed by the party moving it, provides the answer as to why those in Canada who are opposed to old-fashioned political beliefs, strategies and purposes, as well as those who are opposed to socialism, are finding a home in the ranks of the Progressive Conservative party.

In voting against the amendment to the amendment I believe it is unnecessary that I should point out that the most vigorous champions of the sections of our people mentioned in the amendment to the amendment, the poor unfortunates for whom something actually should be done, and the improvement of whose condition we have advocated from time to time, has been the party I now lead in the house. We have been their vigorous champions. We shall continue to be so, and in that regard we will not take a back seat to any group sitting to my left. We are proud to be their champions; and in voting against the amendment to the amendment not only do we affirm once more our policy with respect to the betterment of their conditions, but we deprecate their being used as the means to an end, as is happening in this instance.

May I refer to another matter which affects the Minister of Finance. A few days ago, in a statement in the house respecting the forthcoming victory loan, he asked for the cooperation of members of the house. The Progressive Conservative party which I now have the honour to lead in the house feels that the loan should be raised out of the savings

of the people. Further than that, I tell the minister that the greatest effort should be made to see to it that holdings bought while the campaign is in progress ought not to be merely temporary holdings, but should be held for the duration of the war.

In my opinion borrowing from the banks is a bad practice. I am sure that is a view with which the minister will readily agree. It is a practice which must be curtailed; it must be wiped out. So far as the loan is concerned, everyone in Canada must throw his full weight into the fight, must pull his full share of the burden. I point out to the minister, too, that when he speaks about various matters being raised in the house which might affect the success of the loan, he might give consideration to another point. One of the factors which in some quarters has been detrimental to the success of some loans has been the belief held by many people that there are many examples of waste and inefficiency in the war effort. But may I say this: so far as the Progressive Conservative party is concerned, both in and out of the house, the minister will have every possible help, every kind of assistance. This I offer to him this afternoon. He deserves everything we can give him, and anything we can give him will be unstintingly offered.

I am not so sure that the people of this dominion fully realize the seriousness of the present war situation. I am not sure that the Prime Minister's declarations on this point have been strong enough. It is the duty of the government, the duty of parliament, the duty of the press, to say clearly to the people that we are still not much past the preparatory stage in our war plans and so far as hostilities go. As hon. members may recall, Mr. Churchill said of Casablanca, not that we were at the beginning of the end, but that we were at the end of the beginning. We are still at the end of the beginning. Victory is a long way off. This country, and other countries among the united nations, must still go through the period of blood, tears, toil and sweat. A long hard road remains in front of us. If there is anything that I as leader of His Majesty's Loyal Opposition can do to acquaint the people more fully with that fact, then I feel it is my bounden duty to stand in my place in the house and do so.

Many sacrifices will yet be necessary by all of us. While, from time to time, there may be artificial differences in parliament, those differences are small when compared with the major enterprise in which we are engaged. We must all try to do our part as, in our own light as true Canadians, we see it. We must view our task not simply as members of any political group, but as true Canadians willing to give our all so that victory may be achieved. The government, the opposition, other groups in the house and all sections of this country are human and we can all be expected to make mistakes. But so long as they are honest mistakes they will be forgiven if our enterprise and war effort are carried on along effective and total lines. We must recognize our responsibilities as members of this House of Commons. When this session of parliament concludes its deliberations this year I should like to think that the Canadian people from one end of Canada to the other will know that we have tried to put first things first and to give our major attention to the business of winning this war. We as members of parliament have the right, we have the obligation and the duty, if I may say so, working as we are in a less dangerous field, to try to emulate the courage and the daring of those who have gone to fight for the preservation of the very rights that we are enjoying this afternoon in this chamber.

I would close by saying to the government once more that the Progressive Conservative party is anxious and willing to cooperate in any way possible with the government. We are anxious that we shall pursue a course which shall be in the best interests of the people of Canada and to follow, so far as we can humanly do so the suggestion made the other day by the Prime Minister of Great Britain when he said, "In this critical period through which we are passing, let us keep our eye on the ball."

Mr. C. D. HOWE (Minister of Munitions and Supply): Mr. Speaker, I rise to take part in this debate for the purpose of covering two matters which I think are of immediate interest to the house. One is the accelerated depreciation of war plants, and the other is the arrangement between the government and the Aluminum Company of Canada Limited covering the expansion of the aluminum industry and the building of the Shipshaw power development.

I think we all read last evening in the Ottawa *Journal* an article extracted from the publication *PM* of New York. This was headed:

U.S. Financed Shipshaw Plant.

In the evening *Citizen* the heading is:

Canadian Plant is Financed by American Funds.

As a matter of fact this is wholly incorrect. The Shipshaw development was built with

the corporate funds of the Aluminum Company of Canada Limited. I should like to make that clear. I intend to cover the whole story of the aluminum project before I sit down, but in passing I shall deal with this article, which states further:

> The $68,500,000 given Aluminum Limited by the United States government is an advance against—

Such and such a contract. It goes on to say that should the government decide to cancel the contract, Aluminum Limited will not be accountable for the balance. That is not a correct statement, as the cancellation clause in the agreement is in very different terms. Further on the article states:

> The dispatch said the contracts between the Reconstruction Finance Corporation and the Aluminum Limited of Canada provide that the United States pay 15 cents a pound for aluminum destined for its own use, but 17 cents a pound for lend-lease use.

That is wholly erroneous. All the aluminum produced in Canada is sold at the same price to whoever buys it. In other words, the price to Great Britain in Canada is the same as the price to the United States in Canada. The price that Canada pays for aluminum is the same price that Australia pays. I think those are the main facts to which exception must be taken. I mention them in passing, but I intend to refer to them later on.

I read in the Montreal *Gazette* this morning a report of a statement made yesterday in the Ontario house by Colonel Drew. Colonel Drew said:

> Mr. Symington had advised the spending of $100,000,000 of public funds on the Shipshaw development in the Saguenay river in Quebec.

As I said before, there were no public funds spent on the Shipshaw development; the development was paid for by the corporation. I may say, in passing, that I should not like to have Colonel Drew's responsibility for explaining what he did in this great war, as a contribution to the winning of this war. He is a man trained as a soldier. So far as I know, he has not offered his services in any capacity of that kind. He has made it his practice to attack public men who are carrying heavy responsibilities, with no more consideration for the facts than he has given in his statement here. In that regard he has the unenviable record of not having made good any charge he has made.

Mr. GRAYDON: May I ask the minister a question?

Mr. HOWE: No, I have the floor.

[Mr. Howe.]

Mr. GRAYDON: May I ask just one question?

Mr. HOWE: No.

Mr. SPEAKER: Order.

Mr. HANSON (York-Sunbury): He did offer his services at the beginning of the war. That is an untrue statement and it should be withdrawn.

Mr. HOWE: You may answer at the proper time.

Mr. GRAYDON: On the point of order, I think the minister should have granted me the courtesy of permitting me to ask for one item of information.

Mr. HOWE: My hon. friend has just made a forty minute speech with no interruptions.

Mr. GRAYDON: I quite understand that, but I did not make any statement in my speech of a character similar to that made by the minister. The minister has made the statement that Colonel Drew has not offered his services during this war, and my information is that he has.

Mr. HOWE: Perhaps we each have different information.

Mr. HANSON (York-Sunbury): I do not think you know anything about it. You had better not speak about it.

Mr. HOWE: Now that the storm has subsided I should like to discuss the subject of accelerated depreciation for war plants. I think this is necessary because of an extract which I have read recently from the eleventh report of the war expenditures committee, being the third report of subcommittee No. 1. I shall read this to hon. members, because it expresses the views of that subcommittee. It reads:

> The question of excess profits and accelerated depreciation has caused the subcommittee considerable concern. Very substantial profits are being earned, in some instances far in excess of normal profits, and, while the Excess Profits Tax Act should result in no one being allowed to retain any excess profits which have been earned, yet in many instances we found, as a result of rulings which have been given, companies will at the conclusion of the war own valuable physical assets which have been entirely paid for out of money which would otherwise have been payable as excess profits. Steps should be taken now to prevent sale of physical assets and company reorganization during the post-war period to escape taxation, or to provide for the sterilization of physical assets whose cost has been completely written off through permitting very drastic depreciation write-offs as are now in effect with respect to plant and equipment of wartime industry. The subcommittee found that, in regard to industries

engaged in war production, rulings have been given in most instances permitting plant and machine costs to be written off in three years.

The principle of plant depreciation is not new. It has been common practice since there has been organized business in any country—I am not limiting it because I think every country in the world treats normal depreciation in the same way—that capital invested in business assets is permitted to be recaptured within the useful life of the project. If a man puts up a building, the taxing authorities of his country assess the life of the building. All income tax authorities retain experts for that purpose. The building is given a life of say twenty, twenty-five or thirty years, depending upon its construction, and in each year of the life of that plant, limited in that way, the owner is permitted to write off a certain percentage as recovery of capital, commonly called depreciation. That is standard practice. If a man buys a knitting machine costing $20,000—it is common practice to give the life of a machine ten years—in each of those ten years in which the machine is in use the owner is permitted to write off one-tenth the capital cost of the machine. That is a recovery of capital, which is permitted in all countries under all income tax laws, and is necessary if business is to survive from generation to generation.

If this is common practice and good practice in normal times, it follows that where a plant is built that will be useful only for the war period the same recovery of capital within the useful life of the plant should be permitted. If that were not so, I can hardly believe we would have had any private investment whatever in facilities for war work, the reason being that the additional facilities would not return increased earnings to the proprietor of the plant. His earnings were fixed on the basis of the plant he had upon entering the war, and any additional earnings will be very largely returned to the government as excess profits tax. The result would be that he would have invested his capital and used it during the war period to provide necessary munitions of war, and at the end of the period he would have no further use for the building. In the meantime he would have accumulated liabilities in the way of taxes and maintenance, and he would have his capital locked up in a building for which he has no use. Therefore in Canada we appointed a tribunal called the wartime depreciation board. The purpose of that board was to examine applications for accelerated depreciation, to determine whether in fact the asset that was being created has a value beyond the limitation of the war, to assess the amount of the post-war value, and to fix a period in which the owner of the property is allowed to deduct from his earnings sufficient to recover that part of the capital which is found to be in excess of any post-war value.

We have had several methods of financing expansion of industry to meet war needs. The first we refer to as capital assistance to industry. That is really a misnomer, because while the plant may be of assistance to industry, the plant is in nearly every case owned by the crown in fee. The property on which it stands is owned by the crown; the plant itself is owned by the crown. It may be turned over to private enterprise to operate for the duration of the war, but at the end of the war the property returns to the crown. This type of expansion using public funds covers the item referred to as capital assistance to industry. Government capital used in that way, including crown companies which are owned and operated by the crown, amounts to $821,000,000. Excluding the crown companies the capital assistance related to private industry amounts to $642,700,000, and that is divided among 350 private companies.

Accelerated depreciation is applied where a private company invests its own money to expand its plant for a war purpose. In that field, the wartime depreciation board has authorized accelerated depreciation to the extent of $73,000,000, divided amongst 637 private companies. It will be noted that the amount allowed to be written off as accelerated depreciation is less than ten per cent of the amount of the direct investment by the government in war plants, and that is divided among nearly twice the number of companies that were assisted by direct government grants.

Then we have another form of assistance, accelerated depreciation under the War Exchange Conservation Act. There the total write-off authorized under that act amounts to $45,836,000, divided among 44 private companies.

In addition, we have two special projects. Both projects were passed on by the wartime depreciation board but owing to the fact that one or two matters of policy were involved which the board thought should get the confirmation of privy council, these two projects were referred to privy council and are the subject of special agreements. These two

projects amount to $158,000,000, of which $154,500,000 covers accelerated depreciation for the Aluminum Company of Canada.

What has been the effect on the treasury of accelerated depreciation? I think that the assumption in the report of the subcommittee is that the money written off as accelerated depreciation represents a loss to the treasury. That is far from the case. It must be remembered that the assets that have been created produce earnings, earnings not for the private individual or the private firm, but earnings for the tax collector. The earnings from the facilities thus created have far exceeded the write-offs that have been allowed as accelerated depreciation. In other words, if the plants that have been subject to accelerated depreciation had not been built, the treasury would have been poorer than it is under the present system of write-offs. That can be amply demonstrated. In fact, the total is so much in favour of the treasury gaining by this type of plant expansion that I think no one need examine the situation very far before agreeing with me on that point. It must be recalled that if the wartime depreciation board decides on too short a useful life for the project, and is too pessimistic about its post-war value, the treasury does not lose on that account. If it has a post-war value, then all the earnings of the company without any deduction for further depreciation are subject to taxation. We have in normal times plants which have been wholly written off under allowable depreciation. These plants are still operating. Perhaps they were given a life of twenty-five years, and they are actually operating after thirty-five years. We are not shocked by that situation. The capital of the plant has been refunded, and usually the fully depreciated position is reflected in lower costs to the public and higher taxes to the government. That will be the position of war plants which have been written off, and for which a peace-time use can be found.

It is suggested in the report that where the cost of the plant has been written off in the war period, the assets created and written off should be sterilized. It seems to me that that is an extraordinary proposal. Why should that be? At the beginning of the war we called upon every manufacturing plant in the country to take part in the war effort and to expand its facilities in order to do so, and we offered every manufacturer in the country access to the wartime depreciation board to ask for consideration as to accelerated depreciation for the plants so expanded. Surely by sterilizing these plants the industrial life of Canada would be poorer, the chances for full employment after the war would be lessened, and no useful purpose which I can think of would be served.

The report suggests that steps be taken to prevent the sale of assets. Hon. members will notice that the Minister of Finance (Mr. Ilsley) has included such a provision in the present budget. If a plant is wholly written off and is later sold for value, the government takes the view that representations must have been made to the wartime depreciation board that the plant would have no post-war value. If later it is sold for value, that is a clear indication that the judgment was in error to that extent, and the ruling announced by the finance minister is that, in that event, the sale value of the plant will be returned for taxation in the year in which the special deduction was applied. Thus there can be no capital gain through the sale of assets written off in the war period.

I think that covers my observations on the subject of special depreciation.

I should like now to take a concrete case in which special depreciation has been applied. It is by far the largest and the most difficult case with which the government has had to deal, and a discussion of it at this time may be useful in setting out the facts of the aluminum transaction and in illustrating the application of accelerated depreciation policies to that industry.

Mr. HANSON (York-Sunbury): Would the minister make it quite clear, for the purpose of keeping the record straight, just who owns the Shipshaw development? Is it the Aluminum Power Company or the Aluminum Company of Canada?—because there are several companies there.

Mr. HOWE: I may not be accurate, but I believe that the Saguenay power development is owned by the Aluminum Power Company, which in turn is wholly owned by the Aluminum Company of Canada.

Mr. HANSON (York-Sunbury): Well, what is the Aluminum Power Company? There is such a company. I have here a prospectus of a five per cent preferred stock issue, and they refer to the Aluminum Power.

Mr. HOWE: I cannot say, I am sure.

In discussing the Aluminum Company of Canada I need hardly remind the house that aluminum is the essential material for the building of aeroplanes and aeroplane engines, and that the expansion of the aeroplane industry is definitely limited to available supplies of aluminum. The expansion of the

aeroplane industry would not have been possible had we not had a corresponding expansion of the aluminum industry.

For ten years prior to the war the Aluminum Company of Canada operated in Canada with a productive capacity of 100,000,000 pounds of aluminum per annum. That capacity had existed for a considerable period before the war. The product took care of the Canadian demands and was exported to many countries, and the then capacity was ample to supply all markets.

In 1938, in anticipation of increased war demands, the Aluminum Company of Canada increased its capacity to 160,000,000 pounds, and in 1939 a further extension brought the capacity up to 200,000,000 pounds per annum. In other words, in 1938 and 1939 the company doubled its capacity for the manufacture of aluminum. Of course there was no write-off; that was carried out entirely as a private venture.

In 1940 the government of Great Britain came to the Aluminum Company with a proposal for a very considerable further expansion, and offered to finance that expansion. The transaction was between the Ministry of Aircraft Production of the United Kingdom and the Aluminum company direct; the government of Canada was not involved in any way. As a result of that negotiation, the British government loaned to the Aluminum company a sum of money which was used to expand the aluminum capacity and which brought it up to 435,000,000 pounds per annum.

Mr. COLDWELL: How large was the sum of money?

Mr. HOWE: I cannot say at the moment.

Mr. HANSON (York-Sunbury): I can tell the hon. member.

Mr. COLDWELL: Forty, thirty-nine millions?

Mr. HOWE: No. It was more than that.

Mr. HANSON (York-Sunbury): It was $55,600,000.

Mr. HOWE: Yes. That is a loan subject to repayment over twenty years.

Mr. COLDWELL: Are there certain qualifications with regard to repayment?

Mr. HOWE: There are certain qualifications.

Mr. COLDWELL: It need not, under certain circumstances, be repaid?

Mr. HOWE: Well, the government of Canada was not involved in that transaction, either by way of special depreciation or in any other way. I have not seen the heads of the agreement for some time, although I read them a year ago, and I do not remember their exact terms. But the government of Canada, as I have said, was not involved in any way in the transaction.

At that point the pre-war capacity for production of aluminum in Canada had been expanded 4·35 times. The Aluminum company owns the Ile Maligne power plant, which when it was built was the largest single power development in North America, and its full output was being used for the manufacture of aluminum. The Aluminum company had also built a plant at Chute à Caron, as the first unit of a larger development in that locality. Before the outbreak of war, the latter power development was surplus to requirements, and its output was used to generate steam. That power was quickly applied to the manufacture of aluminum.

The combined developments were quite insufficient to meet the demand, and power was brought in, first from the Shawinigan system, then from the island of Montreal, from the Beauharnois and the Montreal Light, Heat and Power developments; in fact every spare kilowatt which could be found was brought to the Saguenay to make aluminum.

It was obvious that the demands for power for the aircraft industry were by no means at an end. The government of Canada by that time was acting as an agent for purchasing in Canada by other governments. It had received requests from Great Britain for additional quantities of aluminum, from Australia for a considerable quantity of aluminum, and it was known that the United States were pressing the company for aluminum for the United States.

I then approached the Aluminum company to see whether it would be prepared to finish the development of which Chute à Caron was the first stage. The position was that the company had expended $35,000,000 in the small plant at Chute à Caron, which would be a unit in the larger development. An engineering estimate was prepared of the cost of building the complete Shipshaw project based on pre-war costs, and cost of additional work was estimated at $39,000,000. This was the cheapest power available for development in the Dominion of Canada. I pressed the company to finish the development. The company quite properly pointed out that to do the work in war time would greatly increase the cost, and to rush it through so that it would be a usable factor in this war would again add to the cost. That that was so is demonstrated by the fact that whereas the engineers' estimates of the

expenditure based on pre-war cost was $39,000,000, the development will in fact cost well over $65,000,000.

Mr. HANSON (York-Sunbury): Is that in addition to the $35,000,000 on Chute à Caron?

Mr. HOWE: Yes; that was an old investment. Quite properly the company asked how it could afford to make an investment of that magnitude for what was obviously a temporary load. In normal times the company had always had excess power from its Saguenay plants, and there is every indication that the same situation will return for a time after the war. The company would also have been faced with the building of a huge development to meet a very short and temporary demand, and with carrying the burden of a high cost development through many lean years to come. I think it is obvious to all hon. gentlemen that in the circumstances the company was entitled to use some of the war time earnings from this development to write down the cost of the development in the period when power is needed for war purposes.

Several proposals were discussed. We took into account the extra cost of doing the work in war time, the extra cost involved in cutting in two the time allowed by the engineers for the building of the project, and we arrived at the conclusion that it would be reasonable to write off 60 per cent of the cost of the project from earnings of the company in the war years. In other words, the company would finish, for war purposes, with a huge power plant, rated at over a million horse-power, for the output of which it would have no immediate post-war market, but it would be relieved, for a few years at least, of having to write off depreciation. We give them a breathing spell by depreciating the plant down to 40 per cent of the cost, which after all is not much less than the normal cost of the project in peace time.

That is the story of the Shipshaw development. I say once again that no money from the United States went into that development, unless it was by private borrowing of the corporation. The transaction was between the government of Canada and the Aluminum Company of Canada, and no one other than the two parties mentioned had anything to do with the transaction.

Mr. COLDWELL: If I may ask a question, is it not fair to say that by advance payment on future purchases of aluminum the United States is assisting in paying for this plant, as are also other governments?

Mr. HOWE: No. I am coming to that now.

[Mr. Howe.]

Mr. COLDWELL: I have their prospectus before me, and they make that statement.

Mr. HOWE: Do not mix up two separate transactions. I shall be glad if you will let me put this on *Hansard*, and then I will discuss your question.

While these power negotiations were going on, we were being pressed to produce more aluminum for three other countries. By the middle of 1941 the total demands were for 1,623,500,000 pounds of aluminum, of which about 80 per cent was applied for by the Metals Reserve Corporation of the United States. Of the balance, about three-quarters was applied for by the United Kingdom, and one-quarter by the government of Australia.

You can see the difficulty faced by the Aluminum company at that point. Here was a plant expanded nearly four and a half times from its pre-war size. There were obvious objections to other governments lending money to the company to meet the capital outlay subject to repayment after the war. We have tried to avoid burdens of that kind. What was finally evolved and accepted by the purchasers was that the Aluminum company would sell at the current market price a firm quantity of aluminum to the three countries totalling the figure I have just given. To manufacture that aluminum meant an investment in manufacturing plant and facilities to cost about $117,000,000. The company followed common practice in contracts involving the building of new plant; it asked for an advance payment on that purchase. The advance payment for the share of the United States was $68,500,000. I believe the advance payment for the British share was of the order of $10,000,000 to $12,000,000 and the advance payment from Australia was in the same proportion, I think $3,000,000 or $4,000,000. Exactly the same terms were offered to the three countries involved in the transaction. In addition, arrangements were made to borrow certain funds with interest, from I think the United States and Great Britain. There again the terms were the same, except that I do not think Australia was asked to participate in the loan.

An advance payment was obtained for the metal, and the money received was not capital; it was revenue. The metal could not be produced unless capital for plant expansion could be obtained. How could that money be made available as capital? The only way was for the government of Canada to allow accelerated depreciation on the earnings of that contract until the capital expenditure is fully depreciated. It is rather difficult to appreciate at first glance, but I think if anyone considers that the only money that came

in from those contracts was payment for metal, and that all receipts, including the advance payment, would be subject to taxation under the excess profits tax in the year in which the metal was delivered, the necessity for tax adjustment becomes apparent.

I may say it has not been our policy to apply customs and excise taxes to products sold to the United States under the Hyde Park agreement, or sold to Britain for war purposes. Anything we do for Britain in this country is tax free, and we have applied the same principle and policy to the United States. Therefore, entirely aside from the fact that it would have been impossible to finance the contract, on the proceeds of that contract, had we not authorized accelerated depreciation, it is perfectly consistent with our policy towards our allies that war production for their account should receive special consideration in the matter of taxation.

Mr. COLDWELL: For what period is the accelerated depreciation granted?

Mr. HOWE: Until the total write-off is completed. I think an amount of five or five and a half cents a pound is applied to write off the capital expenditure as the metal is delivered.

Mr. COLDWELL: Any estimate as to time?

Mr. HOWE: No. I suppose it depends on how the metal is delivered.

Mr. HANSON (York-Sunbury): It depends on several factors, does it not, including the price of the metal?

Mr. HOWE: No, the price of the metal was fixed. This is an interesting phase. I think most prices have gone up rather than down due to the demands of war, but in the case of aluminum that has been reversed. The first British contract called for a base price of aluminum of twenty cents per pound.

Mr. SPEAKER: Order. The hon. gentleman's time has expired.

Some hon. MEMBERS: Go on.

Mr. SPEAKER: By unanimous consent.

Mr. HOWE: I shall be very brief; I just want to finish this story. Subsequently the price was reduced to eighteen and a half cents. I may say that the reference in *PM* to two prices arises from the fact that while the Metals Reserve Corporation was negotiating with the Aluminum company for the purchase of this aluminum, the price in the United States was cut from seventeen and a fraction cents to a flat price of fifteen cents per pound.

Mr. HANSON (York-Sunbury): They are still making money at that price.

Mr. HOWE: Well, I do not know. The reason both prices were mentioned, I think, was that while the federal reserve bank could dictate the price in the United States, the price in Canada was a matter of negotiation with this government. I may say that the price was adjusted by arrangement between the Aluminum company and its customers so that the price in Canada is exactly the same as in the United States, having regard to the relative value of the two currencies. As a matter of fact the base price is fifteen cents per pound in the United States and sixteen cents per pound in Canadian currency.

I want to point out to hon. gentlemen that through these several expansions the original plant capacity has been multiplied almost twelve times. There has been a write-off, and in the dim and distant future the Aluminum company may obtain some benefit from it. If they can step up their sales to more than four and a half times the original capacity, they will begin to reap some reward from the write-off, after the war years, and that is the only way in which the company can benefit. But in the meantime they have taken on some heavy liabilities. School and property taxes on the properties to-day involve an expenditure of over $1,000,000 a year; and instead of a plant that could be operated at something like capacity and easily maintained, they now have a sprawling enterprise, in connection with which the maintenance and upkeep are likely to present a problem for a good many years. So that while there may be some post-war value to the company in this new expansion, I think one has to be very optimistic to say that it represents a great immediate value. If the company disposes of any part of the plant for value, the money received must be returned to the crown, and assessed for excess profits tax in the year in which the write-off was made.

Mr. HANSON (York-Sunbury): The shares are up to 120, and the preferred shares have reached a premium, so that I would not shed too many tears over it.

Mr. HOWE: I am telling the facts. My hon. friend may assess the value in the market, but I would not care to do so.

I should perhaps mention another development which was going on concurrently; that is the development at Kingston. I have discussed the developments at Arvida; I have discussed the Shipshaw development in terms of power—

Mr. COLDWELL: What will be done with any additional power beyond what may be used by the company? Will all the power developed be used by the company itself, or will some be sold?

Mr. HOWE: Does the hon. member mean in the war period?

Mr. COLDWELL: At any time—during the war period, when the development is completed, and after the war. Is there any agreement relating to that?

Mr. HOWE: During the war period the company will use all the power from the development plus other power which it will have to buy from outside sources. What it will do with the power after the war of course I cannot say. The company owns the power, subject to regulation by the Quebec power authorities, and so far as I know there are no restrictions as to its use in the post-war period.

In 1940, the Aluminum company constructed for the account of the United Kingdom a sheet and extrusion mill and a tube mill at Kingston. The government of the United Kingdom paid for the plant, which is rented to the Aluminum Company of Canada on a hire-purchase plan under which the Aluminum company will pay for the plant, with interest, and will acquire it over a twenty-year period. Under this arrangement $6,800,000 was expended, and, of course, accelerated depreciation was not involved. Since then at its own cost the Aluminum company has enlarged the plant to provide for additional production, involving an expenditure of $1,590,000, which was made subject to accelerated depreciation from the earnings of the plant. Then in 1941 the company constructed for its own account an aluminum forge plant at Kingston, involving an expenditure of $2,695,000 which was made subject to accelerated depreciation. Work is now in progress on a further expansion at Kingston by the Aluminum company, for its own account, to extend the capacity of the forge plant, involving an expenditure of $4,543,000, which will be subject to accelerated depreciation. The total expenditure at Kingston based on the present programme will be about $15,600,000.

To sum up the situation, the Aluminum company since 1937 has spent on aluminum expansion a total of $151,200,000; on the Kingston development $15,600,000, and on power development in the neighbourhood of $70,000,000, or a total of $236,800,000. It has received special depreciation on account of general expansion in the amount of $117,000,000, and on account of the Shipshaw power project of $37,500,000, a total of $154,500,000 or about sixty per cent of its total expenditure. I should like to point out to those who think that the treasury suffers from an arrangement of that kind that in 1941 the company paid the government nearly $13,000,000 in corporate and excess profits taxes. While the tax bill has not yet been made up for 1942, I am led to believe that the payments will be larger for the tax period 1941-42.

In closing I would say this, about the Aluminum Company of Canada, as the result of my experience as agent for this government and other customer governments, I think there has been no company in Canada with a keener sense of its responsibility to the war effort of Canada and its allies than has this company. It has expanded its facilities far beyond, I believe, what can be considered a prudent rate of expansion. It has asked for no favours. It has gone before the tribunals of the country, put its case and accepted the judgment rendered. It has made its deliveries on time. Its plant has been finished on schedule. My department is responsible for the distribution of the output of their plant, and I can say that at the end of last year we were in the happy position that the obligations of the Aluminum company to each of its customers, including Canada, Great Britain, the United States, Australia ,and one or two other countries, had been completely fulfilled. There was a slight surplus which we sent to Australia, as the country farthest away, and perhaps most subject to interruptions of deliveries.

I ask hon. members not to attack this record lightly, solely because of the millions of dollars involved, or because of something they may not like about the past history of the company. I ask you to look at the situation as it has now developed, to view it in the light of the necessity for obtaining adequate quantities of aluminum, and to give credit where credit is due, just as you will offer criticism as you believe criticism may be required.

Mr. HANSON (York-Sunbury): In view of the fact that the minister's statement and the documents available to everybody indicate that the whole increase and expansion has been financed to the extent of at least sixty per cent, if not more by funds from the various governments, has the government given any consideration to the question of taking over, operating and owning this company?

Mr. HOWE: This government most certainly did not. The manufacture of aluminum is one of the most difficult processes of metallurgy. I think the only company in the world that has made a great success of the operation is the Aluminum company itself.

Mr. HANSON (York-Sunbury): It is a war monopoly, and it ought not to be a war monopoly.

Mr. HOWE: It is a peace-time industry, as well as a war industry.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, my main criticism of the budget is that while it places the individual on a pay-as-you-go basis, it falls far short of placing the country on a similar basis, nor does it bring about a fairer distribution of the debt claims held against it.

The national debt is rapidly soaring. In 1939, at the beginning of the war, it stood at $3,152,000,000; to-day it is $7,861,000,000. And according to the minister's own estimate, by March of next year the debt will exceed $10,500,000,000. He has emphasized the fact that the national debt is largely held internally, and is therefore a debt unto ourselves. Unfortunately however, by far the greater proportion will be held in the hands of a comparatively few individuals, and therefore it will be necessary to tax all the people to pay tribute to this minority. That situation is being rapidly aggravated by our method of selling bonds. According to an article appearing in the *Financial Post* of January 16, giving a break-down of the second victory loan, it would appear that 339,000 individual $50 and $100 bonds have already been cashed. To overcome this unfavourable situation I would urge that a greater proportion of the taxation levied against people in the low income brackets should be in the form of compulsory savings, while on the other hand a greater proportion of the money borrowed from the people in the high income brackets should be obtained by taxation. By this means we could establish a fairer distribution of the debt claim held against the nation.

We have a ceiling on wages. We have a ceiling on prices. It is high time that, at least for the duration of the war, we should have a ceiling on income. In my opinion that ceiling could very well be placed at a figure below $10,000. By that means I think we should at least aim at the principle of the equality of service and sacrifice.

For the next few moments I should like to deal with the two amendments before the house. First may I refer to the amendment moved by this group, as it appears at page 1092 of *Hansard:*

> This house regrets that the government still disregards the possible uses of government-created national money to the end that in so far as taxation and the borrowing of the people's savings fail to meet government expenditures the government might employ national money:
>
> (a) To relieve the debt situation which threatens the ownership and control of a great many private businesses, factories, farms and other means of production.
>
> (b) To pay farmers and other primary producers fair prices, thereby stimulating the production of food.
>
> (c) To provide workers with adequate purchasing power.
>
> (d) To alleviate the distress of the aged and others in needy circumstances.
>
> (e) To prevent inflation by the subsidizing of industry where costs are uncontrollable, adopting where necessary a more aggressive and consistent rationing policy.

This amendment recognizes that a large percentage of production is required for war purposes, and that therefore it is necessary to curtail the people's spending power, by taxation, and the borrowing of the people's savings. It is advocated in the amendment that to the extent that taxation and the borrowing of savings has failed to meet government expenditures, national money should be used. In this instance the sum involved is $983,000,000. Of this amount, however, $790,000,000 is to be obtained from the chartered banks—or has been obtained, perhaps I should say. Only $193,000,000 has been obtained from the Bank of Canada.

I now turn to page 1106, and refer briefly to a criticism offered by the hon. member for Rosetown-Biggar (Mr. Coldwell), where he states:

> But if you are continually siphoning off, what is the object of continually pouring in something you have to siphon off?

My chief objection to the hon. member's question is that it is likely to leave a totally wrong inference. Many people may jump to the conclusion that the hon. member has become a disciple of Charles Dunning, because time and again when I advocated before the war that national money should be used to put the unemployed to work, invariably that was the reply I got from Mr. Dunning. What is the sense of creating national money if you are going to have to tax it away, he used to ask. The Minister of Finance always told the house that the only money that was available to the government was the money they could tax out of the people's pockets. He refused to use national money, and the result was that we had half a million people unemployed. It would be just as sensible to say: Why pass water through a power plant when you are going to let it out at the other end? You pass water through and you pass money through your system in order that certain essential services may be performed; when it has completed those services, you get rid of it. If to-day the deficiency in revenue was not made up by national money or by an increase in money, what would happen? You would have undeveloped resources and idle men.

When the minister of finance of New Zealand appeared before the committee on post-war reconstruction on May 22, I asked this question and he made this answer:

Mr. Quelch: Mr. Chairman, I wonder if Mr. Nash would tell us what method of financing is used when taxation and public borrowings fail to meet government expenditures?

Hon. Mr. Nash: Well, the answer is inside a simple statement I made once in introducing the budget. If in connection with the production of the commodities that are necessary for ordinary human welfare the monetary means are not available to link unused resources with unused labour we, as a government, will find the money. We can do that because we are in control of the reserve bank; we can create our own money.

Some people will say that New Zealand is still operating under the capitalistic system, although it has a socialistic application, and that that policy would not be necessary in a socialist state. I want to emphasize the fact that it does not matter what kind of system you have in operation, whether capitalistic or a socialistic state; it will always be necessary from time to time to create new money in order to maintain the fullest development of your resources. May I in proof of that cite what has been happening in Russia, which is a socialist country. I have in my hand a book entitled, "Russia's Economic Front for War and Peace" by Mr. Yugow. I shall refer particularly to the period before the war, because apparently the statistics for the war period are not available. This book is mainly a statistical summary of the economy of Russia.

Mr. GRAHAM: In what year was the book published?

Mr. QUELCH: It was published in 1942, but it is impossible to get accurate statistics for the years during the war. They were not being allowed out, but the League of Nations and other organizations figures were available up to 1938, which I think is the last year they were published.

The book emphasizes the fact that prior to 1937 Russia had begun to expand her economy at a tremendous rate, realizing as she did that she had not much time to accomplish what she was trying to accomplish, that is, to prepare to defend herself against both Japan and Germany. Her production had to be expanded very rapidly, and therefore a large percentage of the production of the country had to be taken away from the people in order to accomplish this end. Over twenty-six per cent of the production was appropriated for the purpose of expanding the industrialization of the country.

It is interesting to note the change of opinion which took place in Russia with regard to money. In the days after the revolution there was a feeling that money was of little importance, and an attempt was made to do away entirely with the money system. The writer gives the viewpoint in Russia with regard to money when he says:

After some hesitation the communist economists have come to admit that money plays the decisive role in the economy of the country.

On page 144 it states:

The quantity of newly emitted currency continued to grow rapidly.

That was in spite of the fact that very heavy taxation was being maintained. I want to put on the record figures from this book showing the amount of taxation and the amount of new money put out in certain years. In 1928 the total contribution to government, including all taxes and borrowings, amounted to 8·1 billion rubles, while in that year the issue of new money amounted to 2 billion rubles. In 1933 the total appropriations amount to 44·2 billion rubles while the issue of new money amount to 6·8 billion rubles. In 1938 the appropriations amounted to 127·5 billion rubles and the issue of new money to 11·25 billion rubles. While no figures are available for the war years, I believe we will find that taxation has been increased still further and that the issue of money has been expanded tremendously. Inflation has been prevented.

I quote these figures merely to show that it does not matter what type of economy you have, whether it is capitalistic or socialistic, if you want to maintain the use of your resources at their full capacity you must issue new money continually in addition to your taxation and borrowing of the savings of the people.

The subamendment moved by the Cooperative Commonwealth Federation group reads:

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

"this house regrets the failure of the government to provide for the nationalization of the banking system so as to make possible the full utilization of the Bank of Canada for the financing of the war;

and further this house regrets the failure of the government to provide for increases in the amounts paid to old age and blind pensioners, or to make adequate provisions for veterans of the last or the present war, or their widows and dependents;

and further this house regrets the extent to which the government has vested the control of the Canadian economy in monopolistic industry and finance."

I am quite in accord with the substance of this amendment, but I regret that the Cooperative Commonwealth Federation found it necessary to rule out our amendment in

proposing theirs. It is not easy to vote for an amendment which rules out your own amendment, even though you may be in accord with the substance of that amendment. I want to make it quite clear that I am heartily in accord with everything in this subamendment. I refer to what I said to this house on July 16, 1942, when, speaking on the question of obtaining effective control of our banking system, I said, as reported at page 4307 of *Hansard:*

I am of the opinion that the only fair and sound way to deal with the whole question of effective control is to nationalize the chartered banks of Canada.

It might be well to remember that in New Zealand, although the government has been in power for a number of years, they still have not a national banking system. Apparently they have established effective control, but I am of the opinion that in order to have really effective control, in order to know just exactly what are the costs of handling the accounts of the nation, the banking system should be taken over.

At this time I should like to discuss the problem of agriculture, leaving my criticism of the budget until such time as the resolutions are before us.

There are those who say that at a time like this, when the world is on fire, we should not consider the problem of agriculture. But there is nothing to be gained by calling upon the people to make sacrifices greater than are necessary. The people are willing to make every sacrifice that will help the war effort in any way, but unnecessary sacrifices may prove to be a detriment to our efficiency. There is nothing to be gained by imposing unnecessary hardships upon the people. In fact such a procedure is almost criminal, because it may cause disunity in the ranks of labour and is likely to undermine the morale of the people.

I listened with a good deal of interest last week to the speech of the hon. member for Maple Creek (Mr. Evans). I agree with what he said about the improvement of conditions in western Canada resulting from the increase in the price of live stock; nevertheless his speech may give a totally wrong impression of the conditions that really exist in the west. Throughout the west there is a large percentage of farmers who for various reasons have not been able to benefit by the increase in the price of live stock. In some cases this is due to a lack of pasture; in others to insufficient water, and in still others to lack of capital or credit with which to acquire live stock. We must remember that back in 1937, because of the drought, regulations were passed which caused the farmer to reduce his stock to two or three head per family in order that he might be able to acquire feed from the department, and in large areas practically the entire stock was wiped out except for a few milk cows per family. Since then, unfortunately many of those farmers have not been in a position even to keep any increase in stock. They have had to sell their calves to get the wherewithal to live. Those farmers are not being benefited to any large extent by an increase in the price of live stock. Most people will also admit that the position of the grain grower in Canada as not being an enviable one.

But one of agriculture's greatest handicaps is that even where a farmer has a fair amount of stock he is only in a position to pay the interest on his accumulated debts. He is not, generally speaking, in a position to reduce the amount of his indebtedness. The hon. member for Maple Creek admitted that. If the farmers are not in a position to reduce the amount of their accumulated debt, what will be their position after the war, when there is a general fear that prices may be reduced? We hope they will not be; there is no reason why they should be, but from our experience of the past there is every reason to expect they will be. On the other hand, the farmer who is fortunate enough to be able to make a payment on his principal finds that he now has an additional burden of a tax of from thirty to forty per cent. In other words, the payment of his debt is being increased by thirty to forty per cent due to the income tax. The proviso that losses over the past two years may be offset against current income does not help the farmer who has heavy debts to meet because of losses incurred during the depression years.

Mr. WOOD: How many farmers in the west are paying income tax?

Mr. QUELCH: If the hon. member asks that question a year from now, the answer then would give a totally different impression from the answer to-day. The number of farmers in the west paying income tax to-day is small. Why? For the very simple reason that they are in the unenviable position of having a low income. In your returns you are allowed to deduct depreciation on equipment and interest on debt, but as I have already said, the debts of these farmers are so large that they have a very large interest payment to make and that will reduce the amount of income tax they have to pay. Nevertheless they will have to pay that interest in order to obtain the deduction in

income tax, and therefore the income they have left will be small.

Mr. WOOD: They will get as a deduction the amount they pay off on their mortgages, so that that will encourage them to pay off their mortgages.

Mr. QUELCH: The compulsory savings part of the tax is abolished if they make payments on their houses, but I am leaving that out as taxation. There is no deduction in the taxation, because that is compulsory savings. Taxation is taken away for good. If a part of it were to be returned as compulsory savings, there would not be the same objection.

Mr. WOOD: The hon. member is optimistic enough to believe that the farmers are going to be in the income tax class.

Mr. QUELCH: If the farmer makes an income of over $660 he has to pay income tax.

Mr. WOOD: No.

Mr. QUELCH: Yes. Under the new regulations, once the farmer gets over $660 he must pay income tax.

Mr. HANSELL: The hon. member for Brant (Mr. Wood) may not pay it, but the rest of them do.

Mr. QUELCH: The tragic accumulation of debts in western Canada is the inevitable outcome of federal policy during the past twelve years. In some cases the situation has undoubtedly been aggravated by drought. The situation cannot be blamed upon poor farming, nor can it be blamed upon the farmer's desire to avoid paying his obligations. While such cases may exist, they must be looked upon as the exception rather than the rule.

During the last war, from 1914 to 1919, it is true that generally speaking agriculture was prosperous, and I would especially commend that statement to the Minister of Finance. The Minister of Finance has tried to persuade the farmers of the west that they would not gain by a policy of inflation, but the farmers understand very well what the situation is. The farmers know far better than the minister himself that during a period of inflation they unquestionably do benefit—and I am not speaking in favour of inflation when I say that. But it has been the policy in Canada to try to persuade the farmers that they would lose as a result of inflation. The minister argues that the farmers would be no better off in a period of inflation, because although they would receive higher prices for what they have to sell, they would have to pay higher prices for what they have to buy. But the minister leaves out one very important factor. He misses the point that the majority of the farmers in western Canada are very heavily in debt, and the only way in which they will ever be able to pay those debts, unless action be taken to reduce them, is through a period of inflation. For instance, if a farmer has a debt of $1,000 and wheat is 50 cents a bushel, it takes two thousand bushels of wheat to pay off his debt, but if wheat is worth $1 a bushel it takes only one thousand bushels to pay off his debt. The minister leaves that entirely out of his argument.

It is also well to remember that the size of these debts was greatly increased during the years of deflation. The farmers were told then that they would have to accept world market prices for their products, and as a result of the disastrous prices of that period the debts of the farmers increased to a very great degree. Now, when the farmers might have a chance to gain, a ceiling is put on prices to prevent them from getting the benefit of higher prices for their products. If a floor had been placed under agricultural prices during the depression years there would be no kick. But why should the farmer be told in years of depression that he must accept world market prices, and then in years of inflation be told that he must take a price below the ceiling?

Mr. ILSLEY: Because we are at war.

Mr. QUELCH: Then let us try to equalize the burden. The minister has taken steps to try to equalize the burden on other industries, where subsidies are being paid to make up the difference. We are still a long way off from making up the difference between the prices the farmer receives and what he should receive on a comparative basis with other industries.

Mr. ILSLEY: Subsidies are being paid.

Mr. QUELCH: The mortgage companies have started actions for foreclosure in the west. They should be told that there is a war on and that the farmers cannot pay their debts because there is a war on. But the mortgage companies are demanding their pound of flesh. It would be a very good thing if they were told that there is a war on and that they can take no action to foreclose until after the war is over.

Mr. HANSELL: They are the ones who need to know there is a war on.

Mr. QUELCH: The minister also stated that inflation would be followed by deflation. But if the period of inflation lasted sufficiently long the farmer would be in a position

to reduce his debt and thereby be in a much better position to accept reduced prices. Prices after the last war fell from 1921 to 1924, but with rising prices from 1924 to 1929 agriculture, generally speaking, prospered, in spite of the deflation which the minister says always follows a period of inflation. Agriculture prospered nevertheless, because the farmers had benefited so much during the period of high prices that they were in a better position to withstand the onslaught of the depression years.

Mr. MARTIN: I do not agree with that.

Mr. QUELCH: By 1928 or 1929 the majority of the farmers of western Canada could look forward to the future with a good deal of assurance, although prices at that time were still below a parity based on 1913-14. In 1928 many farmers were warned by their local bank managers that they should begin to curtail their expenditures. They were warned that they were on the eve of another depression. I know that because I happened to have had that experience. Therefore, apparently, even in 1928, one year before the depression started, the banks knew that a policy of curtailing loans was to be introduced. In 1929 many farmers who had been in the habit of going to the bank and getting a line of credit found, without any warning that line of credit cut off. The same thing applied to industries all over Canada. Consequently unemployment increased; the demand for goods decreased; the prices of primary products fell; and we were confronted with the vicious spiral of deflation. I do not think it is necessary for me to illustrate at any great length the depth to which prices fell in 1932. Wheat fell to nineteen and a half cents a bushel. In the city of Calgary it was selling at a lower price than sawdust. In that year I shipped 200 dressed turkeys, prime birds, which netted me five cents a pound dressed. Oats went down to four cents a bushel; 200-pound dressed hogs fetched five dollars apiece. Was it any wonder that the farmers went heavily into debt during that period? They continually asked that a floor should be placed under prices; but no action was taken, and it is only natural that they should deplore that to-day, when they have a chance to recover some of the losses incurred in those years, a ceiling should be placed on prices to make that impossible.

Mr. ILSLEY: There was a floor under wheat.

Mr. QUELCH: There was no floor under wheat in 1932. It dropped to nineteen and a half cents a bushel. If there was any floor it must have been a rotten one, because they went through it.

Mr. ILSLEY: But there was a floor under wheat in 1935.

Mr. QUELCH: Yes, in 1935 there was, but that was after five years of low prices. How could any industry produce for five years at less than the cost of production without going into debt unless it had big reserves to fall back upon; and agriculture did not have any reserves.

Mr. WOOD: Some agriculturists weathered the storm. Why not others?

Mr. QUELCH: Yes. I am always having the example of these men held up to me.

Mr. WOOD: Certainly.

Mr. QUELCH: You have on one side of the road a farmer who is bankrupt, and on the other side a farmer who is prosperous.

Mr. WOOD: Exactly.

Mr. QUELCH: What is the difference?

Mr. WOOD: The farmer himself.

Mr. QUELCH: I would say that in ninety-nine cases out of a hundred it will be found that the prosperous farmer has had access to some other source of income.

Mr. WOOD: Does not the ability of the farmer himself enter into the question of his own prosperity, as it does in industry?

Mr. QUELCH: Certainly. But I noticed during the depression that the concerns which went under first were very often those which were held up as examples of efficiency. Take the great Campbell farms in the United States, which were publicized in the press year after year as the last word in efficient administration. They went bankrupt, because they could not carry on below a certain price. Many farmers could continue only by getting their wives and young children to do work which should not be required of them. But that is not done in industry. You do not see men like Gordon and Flavelle getting their wives to keep books and so on without pay.

In this ten-year period from 1929 to 1939 the returns for agricultural products, with few exceptions, were considerably below costs of production. No attempt was made to maintain a parity price based upon the year 1926, nor was any attempt made to reduce prices of farm machinery to the farmer, in spite of the fact that a committee of this house found that prices of farm machinery were excessive. Furthermore, according to figures presented to the royal commission on dominion-provincial relations by the government of Manitoba, the policy of appreciating the

Canadian dollar twenty per cent above the pound sterling, while Australia depreciated its currency twenty-five per cent below the pound sterling, cost the farmers of western Canada from 1931 to 1936 $47,000,000 a year on an average. In addition, according to the same brief, the tariff cost the farmers of western Canada during the same period $32,000,000 a year, making the total cost the farmers should not have had to bear $79,000,000 a year over that six-year period.

Therefore, Mr. Speaker, I assert that it is the responsibility of the federal government to introduce without delay measures to bring about security of tenure to the farmer for the duration of the war and as long afterwards as the present restrictions remain in force, and also an equitable adjustment of all farm debts at a low rate of interest, based upon ability to pay. I think the need of such action is demonstrated by figures quoted in *U. F. C. Information,* issue of February, 1943, page one, which states:

> The most recent figure available on farm debts in Saskatchewan is $630,000,000 or $21 debt average on the 30,000,000 acres cultivated in this province. It is estimated that the average debt on the higher quality wheat land is $30 per cultivated acre. It should be remembered that much of this land operates the practice of summer-fallowing one-half of the land each year, consequently each crop acre in such circumstances carries a debt responsibility of $60 per acre, requiring $4.20 to satisfy interest obligation.

The present pressure from the various creditor classes is having a detrimental effect on western agriculture. Many farmers are being compelled to sell immature stock; for instance, calves. There should be a law prohibiting the sale of many calves and yearlings which are now sold only because the farmers are compelled to do so in order to meet their obligations. That kind of thing is not helping the war effort. To-day many farmers are disposing of breeding stock which should not be sold, and which they are selling only because they are obliged to do so, either by their creditors or through force of circumstances.

The Minister of Agriculture (Mr. Gardiner) has announced for this year an ambitious programme for agriculture. The minister admits that it will not be easy to put that programme into effect. Many farmers are already working to the limit of their endurance. However, there are many steps which the government could take to ease the burdens of agriculture. First, place the farmer on a par with labour in so far as ceilings are concerned; that is, put these ceilings at the highest level of prices from 1926 to 1940. According to Leonard D. Nesbitt, as quoted at page 4 of *U.F.C. Information,* if this were done prices of grains could be approximately at these levels.

	Per bushel
Wheat	$1.60
Oats	.69
Barley	.90
Rye	1.35
Flax	3.00

Mr. WOOD: Would there not be an increased surplus of commodities we already have?

Mr. QUELCH: No, because there is a quota delivery.

Mr. WOOD: Who will pay for something he does not want?

Mr. QUELCH: There is a quota delivery, and farmers will be able to build up in their own granaries a slight reserve beyond the quota to take care of bad years.

Then a floor should be placed under agricultural prices for at least three years after the war. That floor should be based upon parity prices of 1926-29. Before leaving the question of price I should like to refer briefly to a statement made by the Minister of Agriculture. Speaking in this house on February 9, he emphasized the need for building up large reserves to take care of the war-torn countries after the war. He mentioned that grain could probably be more easily stored than any other commodity. Government policy to-day is to take delivery of an amount equal to the year's sales. The quota system has been established, and generally speaking it works well. But the production of that quota must be looked upon as part of the war effort, for it is realized to be desirable to maintain this reserve in order to take care of the war-torn areas after the war. Therefore farmers are entitled to a parity price for that quota as it is delivered, looking upon it as part of the war effort. They are entitled to the same consideration as every other industry operating during the war.

The minister admits that the price received by the farmer to-day for grain is considerably below a parity based upon 1926-29. The minister states that the price of wheat is 54·5 cents below parity. On oats it is 9 cents below; on barley, 11·2 cents below, and on rye, 38·5 cents below. One may well ask why the farmers should be discriminated against in that way. I maintain they are entitled to a ceiling based on the highest price of 1926 to 1940.

But below that ceiling there should be a floor based on parity of 1926-29. The Minister of Agriculture points out that present prices are still far below that floor.

The minister attempts to defend that price by saying that the government is short of funds for the purpose of establishing a floor. If that statement is true it shows that the government have not maintained the policy that they said at the beginning of the war would be maintained. Both the Minister of Finance and the Prime Minister stated that no financial restriction would be allowed to interfere with the efficiency of our war effort. But whenever you ask any body of people to produce below cost of production you are destroying the efficiency of that organization. It is compelling farmers to sell stock which in the interest of the nation should not be sold.

Apparently the government are afraid that higher prices will cause inflation. If the government are really afraid that an increase in prices to agriculture would cause inflation, I make this suggestion: let the government make up the difference between the present price of grain and the parity price by an issue of war savings certificates to the farmers. The minister says this would cause an increase in debt. However, the government to-day is incurring debt to stabilize other prices. Why should the grain grower be the one exception to that rule? I maintain that the farmers are entitled to be allowed a share in the national war debt. The minister reiterates that it is debt to ourselves. Then I say there should be a fairer distribution of that debt. We must make it possible to-day for the farmer, generally speaking, to buy an equal share of bonds or war savings certificates along with other people.

In order that agriculture may in the future play its full part in this war effort, I hope the government will give greater consideration to a number of the points I have raised to-day.

Mr. BRUCE McNEVIN (Victoria, Ont.): I should like at the outset of my remarks to offer a few suggestions which in my opinion would facilitate the passing of legislation, the granting of supply and the provision of ways and means in this House of Commons. I am prompted to offer these suggestions by reason of the protracted discussion which has taken place on the address in reply to the speech from the throne and again in the budget debate.

I am not unmindful of the fact that there should be in a country like Canada at least one occasion in each parliamentary session wherein there would be the fullest opportunity to discuss the most extended range of questions, because we are a difficult country to govern, since we have far-flung and widely separated areas where the environment and the industry and the lives of the people differ greatly from those in other sections of the country. I am also not unmindful of the fact that you cannot take any particular country's parliament or legislative assembly as a pattern and expect to fit it to some other country, because conditions prevailing in each and every country influence the actions and conduct of the parliaments or legislative assemblies of the different countries.

Looking over the debates on the address in reply in the British House of Commons in the four war sessions, I find the length of time occupied in each year was as follows: In the session of 1939-40, six days; in the session of 1940-41, six days; in the session of 1941-42, eight days and in the session of 1942-43, eleven days. Of course they usually start in the fall, earlier than we do. That completes the record for those four years.

In offering these suggestions I do not wish to make it appear that there should be any infringement upon the rights and privileges of hon. members or any impairment of the ability of our legislative institutions successfully and fully to discharge their duty to the people of Canada. However, I think every hon. member will agree that in the lengthy debate on the address in reply this year and in this budget debate considerable duplication and repetition have occurred, which do not promote efficiency in any legislative body.

Therefore the first suggestion I have to offer is that we adopt a principle that has long been in use in the British House of Commons. It is usually referred to as allocation of time. I have gone back to the session of 1881 in the British House of Commons, when a resolution was passed granting authority to control, guide or direct the passage of legislation by what they termed the allocation of time. I should like to read from pages 57 and 58 of the journals of the British House of Commons for February 3 and 4, 1881:

> Then the main question, so amended, being put—

This has to do with the business of the house, under the heading of "urgency."

> —resolved, that if upon notice given a motion be made by a minister of the crown that the state of public business is urgent, upon which motion such minister shall declare in his place that any bill, motion or other question then before the house is urgent and that it is of importance to the public interest that the same should be proceeded with without delay, the Speaker shall forthwith put the question, no debate, amendment, or adjournment being allowed; and if, on the voices being given he shall without doubt perceive that the "noes"

have it, his decision shall not be challenged, but, if otherwise, a division may be forthwith taken, and if the question be resolved in the affirmative by a majority of not less than three to one, in a house of not less than three hundred members, the powers of the house for the regulation of its business upon the several stages of bills, and upon motions and all other matters, shall be and remain with the Speaker, for the purpose of proceeding with such bill, motion, or other question, until the Speaker shall declare that the state of public business is no longer urgent, or until the house shall so determine, upon a motion which, after notice given, may be made by any member, put without amendment, adjournment, or debate, and decided by a majority.

This is followed by this sentence:

Mr. Gladstone, the first lord of the treasury having declared in his place that the bill for the protection of persons and property (Ireland) now before the house is urgent and that it is of importance to the public interest that the same should be proceeded with without delay; resolved that the state of public business is urgent.

Then they went on with the bill. Not being a member of the legal profession, I do not intend to enter into an analysis of the technicalities of this question, but I should like to lay down one or two broad principles upon which it might be considered. Before doing so, however, I wish to give a further quotation having regard to a definite bill, taken from the journals of the British house for 1904 at pages 291 and 294, under the heading, "Procedure on the Licensing Bill." I read first from page 291:

That the proceedings in committee and on report of the licensing bill shall be brought to a conclusion in the manner hereinafter mentioned on six allotted days:—

(a) The proceedings in committee on clause 1 on the first allotted day;

(b) The proceedings in committee on clauses 2 and 3 on the second allotted day;

(c) The proceedings in committee on clause 4 on the third allotted day;

(d) The proceedings in committee on the remaining clauses of the bill, and on any new government clauses, and on schedules and any new government schedules, and any other proceedings necessary to bring the committee stage to a conclusion, on the fourth allotted day;

(e) The proceedings on report on any new clauses and on amendments to clauses 1, 2, and 3 of that bill, be brought to a conclusion on the fifth allotted day; and

(f) The proceedings on report be concluded on the sixth allotted day.

After this order comes into operation, any day shall be considered an allotted day for the purposes of this order on which the licensing bill is put down as the first order of the day.

At eleven p.m. on the said allotted days or, if the day is a Friday, at 4.30 p.m., the Chairman or Speaker shall put forthwith the question or questions on any amendment or motion already proposed from the Chair, and shall next proceed successively to put forthwith the question on any amendments moved by the government of which notice has been given (but no other amendments), and on every question necessary to dispose of the allotted business to be concluded on the allotted day.

Then, further, on page 294, under the heading "Licensing Bill (first allotted day)":

The house, according to order, resolved itself into a committee on the licensing bill.

I may not be entirely correct in my assumptions, but in my opinion under that resolution there is vested in the Speaker of the British House of Commons the right to allocate certain specific time, a day, part of a day, or a number of days, for the consideration of any specific bill or measure. Further, with regard to the allocation of time, I find the following at pages 348, 349 and 350 of May's *Parliamentary Practice:*

The temporary provision made by the urgency resolutions of sessions 1881 and 1882 for the consideration of important bills has been mentioned on page 332, and some description must now be given of the arrangements that have been made in subsequent sessions to ensure the completion of various stages of bills and other business. Orders of the house have prescribed the times at which and the proceedings by which the remaining part or the whole of the committee stage, the report stage, the committee and report stages, the report stage and third reading, the committee and report stages and third reading and the second reading and subsequent stages of a bill should be disposed of.

Then, with respect to ways and means I have just a short quotation which I think has also some bearing on the question, from page 883 of the same volume:

As soon as the committee of supply has been appointed and estimates have been presented, the business of supply shall, until disposed of, be the first order of the day on Thursday, unless the house otherwise order on the motion of a minister of the crown, moved at the commencement of public business, to be decided without amendment or debate.

(2) Not more than twenty days, being days before the fifth of August, shall be allotted for the consideration of the annual estimates for the army, navy, air force, and civil services, including votes on account. The days allotted shall not include any day on which the question has to be put that the Speaker do leave the chair, or any day on which the business of supply does not stand as first order.

(3) Provided that the days occupied by the consideration of estimates supplementary to those of a previous session or of any vote of credit, or of votes for supplementary or additional estimates presented by the government for war expenditure, or for any new service not included in the ordinary estimates for the year, shall not be included in the computation of the twenty days aforesaid.

(4) Provided also that on motion made after notice, to be decided without amendment or debate, additional time, not exceeding three days, may be allotted for the purposes aforesaid, either before or after the 5th of August.

(5) On a day so allotted, no business other than the business of supply shall be taken before eleven, and no business in committee or proceedings on report of supply shall be taken after eleven, whether a general order exempting business from interruption under the standing order (sittings of the house) is in force or not, unless the house otherwise order on the motion of a minister of the crown, moved at the commencement of public business, to be decided without amendment or debate.

Paragraphs 6, 7, 8, 9 and 10 bear on this point, but I shall not deal further with this aspect of the situation.

Consideration might be given, particularly in war time, to adding a standing order to our standing orders providing for an allocation of time. I wish further to supplement what I have said by referring to the procedure in the South African house of assembly. I find this at page 4, volume 1, of their standing orders:

(11): Mr. Speaker shall report to the house the governor general's speech, and there shall be no debate on such report.

The South African parliament is the youngest in the British commonwealth of nations, and I assume they have profited from the mistakes made by senior parliaments.

May I pass on to a few remarks respecting agriculture, particularly from the point of view of its relation to the war. I have before me some production figures for the years 1939, 1940, 1941 and 1942, covering an extended range of agricultural products. The year 1939 represents a time which might be said to be prior to the war, because with the declaration taking place on September 10 it is unlikely that war conditions would materially affect production in that year, and particularly the production of agricultural products. The following sets out production in Canada for the years I have mentioned:

	1939	1940	1941	1942
	Pounds	Pounds	Pounds	Pounds
Cheese	125,000,000	142,000,000	148,000,000	200,000,000
	Bushels	Bushels	Bushels	Bushels
Oats	384,000,000	380,000,000	305,000,000	651,000,000
Barley	103,000,000	104,000,000	110,000,000	259,000,000
Flax	2,000,000	3,000,000	5,000,000	14,000,000
	Dozens	Dozens	Dozens	Dozens
Eggs	221,000,000	235,000,000	244,000,000	274,000,000
	Number	Number	Number	Number
Hogs	3,705,000	5,457,000	6,225,000	6,250,000

The 1942 wheat crop was one of the best in the history of Canada, particularly of western Canada.

Then, I should like to place on record the figures showing our bacon exports to Great Britain. The year 1938-39 was the first year prior to the agreement with the British food ministry becoming effective. If we bear that in mind, the exports of bacon are as follows:

1938-39	1939-40	1940-41	1941-42
Pounds	Pounds	Pounds	Pounds
175,000,000	331,000,000	425,000,000	600,013,007

The agreement for next year calls for an increase of 75,000,000 pounds.

The point I make in connection with our production record is that it takes a great deal of labour, work and planning to achieve a record of this kind. Let us remember that this has been accomplished despite a decrease to the extent of at least twenty-five per cent in available farm labour. I believe that, when the history of the war is written, a conspicuous place should be given to the wonderful production achievements of farmers in Canada, so that this and future generations in this and other countries may know what that contribution has been to our war effort.

May I now say a word respecting post-war problems, and I shall turn first to that of employment because it has a bearing on rural problems. I do not believe there is any single item offering greater opportunity for employment than an endeavour to extend electrical services to as many as possible of the rural residents throughout Canada. The construction of transmission lines, and the provision of the necessary metals and equipment would require a great amount of industrial employment. I am sure the house will agree with me when I say there is no class of citizen in Canada more entitled to the benefit of labour-saving devices than farm people generally, and particularly farm women.

We have in Canada at the present time a turbine installation amounting to 9,225,000 horse-power. There is available within reasonable distance of the more densely populated areas of this country an additional three to four million horse-power. It is estimated that the total available power resources at the present time amount to 51,000,000 horse-power,

but approximately three-quarters of this is too far away to be of much use. There has been considerable development in order to provide the additional power needed for our war industries, so that I do not think the matter of additional installations in the post-war period will create any problem. The Minister of Munitions and Supply (Mr. Howe) has referred to one of our great industries which uses in the neighbourhood of 2,000,000 horsepower, between a fifth or a sixth of the entire available electrical energy. It is unlikely that after the war we shall be able to find immediate use for the aluminum, the manufacture of which is now consuming such large quantities of power. Therefore large blocks of power will be available for distribution, at least some in the manner I have outlined.

There are other items which might be considered. I was considerably interested in the report made to the British house by Sir William Beveridge and in the report presented to this House of Commons dealing with social reconstruction. In the consideration of our post-war problems there is one thing that should not be overlooked. The economic committee of the League of Nations and the international institute of agriculture, assisted by experts from almost every country in the world, spent several months in an intensive and exhaustive investigation into the causes of the depression. They came to the conclusion that the depression in agricultural prices was at the root of the general problem.

No matter how great a social programme may be constituted in this parliament or in the parliaments of other democratic countries, it cannot be maintained unless we keep foremost in our mind the fact that depressed prices of farm products were at the root of the last depression. Unless international thought is given to preventing these prices from going down to the point reached in the last depression, it will be impossible to maintain our social plans at the point indicated by such legislation. Unless prices of agricultural products are kept up to a reasonable level, the success of such legislation will be impossible.

I have but a few minutes longer, and in the time at my disposal I should like to refer to the one matter which is more important than any of the others coming up for consideration in this house. I refer to the prosecution of the war. The Minister of National Defence (Mr. Ralston) has now enrolled in the Canadian army approximately 450,000 persons. Our first and greatest tribute must go to the loyal and courageous citizens who have volunteered for service in the army in such large numbers.

Some tribute should also be paid to the minister and to those who have preceded him in that office for the guidance, direction and leadership they have given to the Canadian army.

Approximately 55,000 persons have been enrolled for service under the Department of National Defence for Naval Services. The persons in this service have had more action to date than those men who have enlisted in our army, and, I am sure, are giving a splendid account of themselves on the seven seas. These gallant young men and women should receive the highest tribute, not only from the Canadian people but from this parliament. The present Minister of National Defence for Naval Services (Mr. Macdonald) is the first minister who has served in this capacity, and he also is deserving of commendation for the guidance, direction and leadership he has given as chief of this branch of our Canadian forces.

Just a word about the air force. We have in the Royal Canadian Air Force approximately 200,000 persons who have enlisted for active service anywhere. The same tribute should be paid to these men and women. They represent a highly skilled and highly trained section of our population. The very nature of their work is such as to make this high training almost essential. We owe a debt of gratitude to the personnel of our air force, and this debt is all the greater because to date they have suffered greater casualties than any of the other services. I am not sure as to the naval service, but I believe this is true as far as the army is concerned. The people of Canada will, I am certain, join with this parliament in paying a tribute to the Minister of National Defence for Air (Mr. Power), who has the responsibility of supervising this most essential branch of our armed forces.

I have just one more thought, namely, in relation to the post-war period when victory is won and our forces return. I think what is uppermost in the minds of most of these young men and young women is this thought: What am I coming back to? So that I think the least we can do is to provide them with what might be termed security. They must be protected from the scourge of unemployment; they must be protected from the ravages of disease; they must be provided with medical services and hospitalization, which latter is already receiving the consideration of the Minister of Pensions and National Health (Mr. Mackenzie); and they must also be provided with an opportunity to earn a decent standard of living for themselves, or for themselves and their wives and families, as the case may be.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, first of all, I consider it a compliment to myself that Mr. Deputy Speaker has made his first official appearance this evening. I also regard it as a personal compliment that, after I had prepared an excellent speech, expecting to make it last Friday, Mr. Churchill, the great Prime Minister of Great Britain, unfortunately made it on Sunday. So that I am rather embarrassed. I understand also that to-day a certain "other place" is having a meeting in opposition to mine.

We have heard a great many speeches in this debate. Everything under the sun has been discussed, including imaginary battles on the St. Lawrence and isolationism; we have even heard of a tunnel built out of one province—I suppose, for no other reason than that the inhabitants can move into British Columbia any time at all. For that reason I favour it.

I only wish that in some way we could have the privilege which a certain provincial member had, of writing our speeches a few days ahead and handing it to the newspapers, particularly those of our own riding, to be printed in full, and without the mistakes which I may possibly be supposed to make, although I do not intend to make any.

I am more or less on the spot this evening. I have had to follow the leader of the opposition (Mr. Graydon), who, by the way, paid me the honour of visiting my riding. They deliberately sent a young man into the constituency of Fraser Valley as representing their party, because it takes an aggressive and progressive young man to find a Tory remaining in that riding.

I listened with a great deal of pleasure to what in my opinion is the most all-embracing budget ever delivered, and which was presented by the man whom I regard as the most competent Minister of Finance we have ever had. Next to the Minister of Labour (Mr. Mitchell), the Minister of Finance (Mr. Ilsley) has the most difficult problem of any member of the government. I am sorry that the finance minister is not present to hear the compliments I am paying him, but of course I shall see that he gets a copy of my speech to-morrow. Holding, as he does, this most difficult position, he has made an excellent job in his new budget. He has taxed nearly everyone in the dominion, as fairly as any man can place taxation. I am sorry to have to say that in some instances I fear he has lost sight of the principle of "ability to pay", but we must give him credit for spreading taxes throughout the nation, and restricting to a very large extent the amassing of fortunes through excessive war profits.

I would, however, make a couple of suggestions. I urge the minister to give every consideration to what is known as the Ruml plan. Strange as it may seem, this recommendation is not coming in my riding from what might be called the privileged class. Every labour organization we have in the riding has made that request. I also think that further consideration should be given to any taxation which may be imposed upon cooperatives. I am sorry the minister is not in his seat at the moment. I am one of those, I suppose, who got more or less of a verbal spanking yesterday for saying what was, in the opinion of some, our idea of improvements and mistakes that have been made; although I do not share in all these opinions. Let there be no misunderstanding. I will describe, with the assistance of an able authority, what I think of Donald Gordon, the present leader—I suppose I should call him—of the wartime prices and trade board. I quote from *Hansard*, at page 1427:

> I want to say now that I have never met a man with greater honesty or integrity, with greater moral courage, with greater capacity for straight clear thinking, with greater capacity for hard, nerve-wracking work, with greater capacity for decision or with more unselfish devotion to duty.

I have repeated the words of the Minister of Finance, who thought that some of us had criticized in a personal way Donald Gordon. I would add that I also think he is a very fine gentleman, and I might inform hon. members that there is no man with whom one can spend a more enjoyable evening in a personal way. I watched him come up the corridor to-day at six o'clock and realized that he must have heard that Cruickshank would speak about him to-night.

I wish to make my point clear in connection with criticism of the wartime prices and trade board, because that is what I shall principally speak about to-night. I do not object to the verbal spanking which I assumed I, as representing the Fraser valley, was getting with the rest, but my constituents sent me here to express their views to the best of my ability.

Although I did not agree with everything said by the leader of the opposition in what I thought was an excellent speech, I am in agreement with him when he said that there is nobody in Canada but wants to prevent inflation. He also pointed out—I do not know

whether he sneaked a copy of my speech—that the best way to do so was by correcting weaknesses in the present set-up. That is what we who represent rural districts have been trying to do for the past year. I think we are entitled to voice our criticism in this chamber. It was referred to yesterday in the chamber as that of a small minority. I regard that as a compliment, and I accept my share of it. *Hansard* shows that the last time the member for Fraser valley spoke he said that in his opinion the setting of subsidies on agricultural products should be taken out of the hands of the wartime prices and trade board and placed in the hands of the Department of Agriculture. It can also be shown from *Hansard* that that was done two days later. It is our right and our duty to offer criticism, without any desire or intention to defeat the principle of anti-inflation. It would appear to everyone that in the long run this system operates in the best interests of all our people. I do not think anyone disputes that. But those who are so strongly opposed to inflation should be fair enough to admit that, while it is for the benefit of everyone, including farmers, that by every means possible we prevent inflation, the last group of men to gain any advantage from an anti-inflation policy are the farmers. I am not to be understood as saying that in the long run farmers also will not benefit by it.

In this connection I should like to quote from a radio address made by ex-President Hoover of the United States. Surely no one in this house will say that Mr. Hoover is an inflationist. Surely everyone will agree that, next to Viscount Bennett, he is about the chief advocate of sound money. This is what he says about inflation, according to a radio address:

> Any set-up that would deflate the production of food would be worse than money inflation.

This statement is so important to the present Minister of Finance and his committee of experts that I will repeat it:

> Any set-up that would deflate the production of food would be worse than money inflation.

That is the very reason why we who are trying to improve the present system advocate changes in so far as agriculture, in particular, is concerned.

I should be interested to know whether those who are so strong, and perhaps rightly so, for anti-inflation will be equally determined after the war to prevent deflation. It may be so, but they were not so after the last war. All governments must assume their responsibility for this. I wonder whether the mortgage companies, the great financial institutions and whatever government may be in power when peace comes will take steps to see to it that we do not have watered stock such as the stocks on which you and I have been paying dividends for the past twenty-five years and are paying dividends to-day. There is $30,000,000 of watered stock in one company in British Columbia that each and every individual is paying for every day. And we permitted that to go on. I am afraid that the policy we had in the past may return again after the war. I agree with the Minister of Munitions and Supply (Mr. Howe) that it is necessary to finance companies to produce munitions. We did not have that kind of industry before the war; no one will invest his money without a return, and I agree it was necessary to aid their financing. But I would point out in that regard there is great danger that after the war the primary producers and working men will be called upon to pay for the necessities of life a price that will accord dividends on a capitalization that we have already provided as Canadian taxpayers. In other words, if an industry prior to the war was capitalized at $10,000,000, and $10,000,000 more of the taxpayers' money was spent in enlarging it, that company has no right to demand the normal rate of dividend on $20,000,000 after the war. I think that is sound reasoning.

In my opinion prices for farm produce should have been settled on the same basis as was all other war industry. We have heard from every leader in this house and in Canada that farming is one of the primary war concerns. Therefore, why is it not treated in the same manner, not by subsidy? I am opposed, and always have been, to the principle of subsidies. Let me give an instance. The wartime prices and trade board set the retail price of milk in Vancouver at nine cents a quart. Does anyone think milk can be produced, before, during or after the war, at nine cents a quart? Will the government or the wartime prices and trade board tell us if subsidies are to be continued after the war? It is obvious that the producers cannot continue delivering milk at nine cents a quart. We are recompensed by the subsidy now. Is that to be changed? If so, will it be by act of parliament or by some board, responsible perhaps to the government, but certainly not to the people of Canada?

Now is the time also, in spite of what the financial critic of the Progressive Conservative party said, to watch your tariffs. I rather admired the leader of the Progressive Conservative party to-day for claiming that his party

had done anything for the farmer in connection with lower tariffs. That was a new one on me. It does not seem reasonable to assume that these corporations that are built up now will protect us after the war.

Before the war, Canada was known as an agricultural nation. It is rapidly becoming an industrial nation. It is becoming that through necessity. What will happen after the war if we have to sell our surpluses in the markets of the world? We all know what happened in connection with tariffs prior to the war. Does anyone think the wheat grower gained from high tariffs anything in comparison with what the farm implement or motor car manufacturer obtained. On Sunday Mr. Churchill said that England is producing far more food than ever before. He also said that after the war they would continue to do so, by the aid of scientific farming and turning to farm production land that had never been so used before. That is something to which the Canadian farmer must give heed. I advise the farmers of my riding that the only solution for them is to organize now for collective bargaining just as labour and industry does.

Inflation should be considered in conjunction with monetary reform. But I agree with the Minister of Finance that now is no time to upset the apple cart. I will not attempt to speak on monetary reform, for the good and simple reason that I do not understand it. I think, however, I understand enough to know that the monetary reform offered by our friends from Alberta is neither sound nor sensible, that is as they expound it here and as they are supposed to expound it in the press, although frankly I do not hold them responsible for all that is said about them in the press. The press has been very good to me and I want ot keep them good friends, but I do not believe everything I see in the newspapers. It is never as bad as you read. The Ottawa *Citizen* is, I understand, the official organ of the Social Credit party for Ontario, and I noticed this in Saturday's issue in the "lost-found" classification:

> Grey cloth skirt, lost between Wurtemburg and Chapel on Rideau Thursday evening.

I hope it was lost in a parcel and was not as bad as it sounds.

I turn to what Mr. Churchill said about monetary reform. I repeat that I am not in favour of upsetting the apple cart now, but I think monetary reform should be part of the reconstruction programme. Mr. Churchill said last Sunday—and I am delighted that I wrote my speech on Saturday and can prove it—that he believed—I quote his exact words—in "a sound and modern finance". It is about time some of our leaders took a trip across Canada, not in a compartment or a private car or a yacht, but as ordinary citizens, and talked to the people on the train, listened to the people in the restaurants, hotels, theatres, or anywhere else. What would they find? They would find that the demand of the people is for modern finance.

Then, as to my hon. friends in almost the extreme left, especially the hon. member for Cape Breton—I do not know whether South or East, I think he should have the credit for the whole of Cape Breton—I thought I had him educated on the modern line rather than to vote for an ultra Tory amendment the other day. I do not think their solution is the right one; I do not think you can abolish private industry, private effort. Would the world be worth living in, if you abolished the desire to get ahead, the desire for a greater effort? I doubt if they believe it themselves. One day they tell us they want $1 or $1.50 wheat. But if they do not want any profit, why not be satisfied with 45 cent wheat, or the cost of production? I do not believe all men are equal, either physically or as to their ability to advance. But I do agree with my hon. friends to almost the extreme left that each and every man is entitled to an opportunity to advance himself on an equal footing. That is one of the things we must accomplish now.

I have noticed that the hon. member for Peel (Mr. Graydon) and others have found a platform a great thing to fall back upon when they do not know what to say, or when they are stalling for a moment. We in the Fraser Valley had a platform too, which was adopted at the Fraser Valley convention. The first plank in that platform was: "We want to win the war." The second plank was: "We are going to win the war." The third plank was: "We want to elect Cruickshank." The fourth plank was: "We are going to elect Cruickshank." It is always a good thing to have something upon which to fall back.

Mr. HOMUTH: When was that?

Mr. CRUICKSHANK: I must admit that I cannot conceive of anything capable of holding back the hon. member for Waterloo South (Mr. Homuth); he always comes through.

Just for a moment I wish to refer to the agricultural policy of the Progressive Conservative party. You know, Mr. Speaker, I am beginning to get a little muddled as to the right name of that party, though I always want

to be courteous and to describe it correctly. The other day, when I read the newspaper, I did not know whether it should be called the Progressive Conservative party or the progressive "curling party". I should like to quote what St. James street has to say about our policy after the war, and St. James street cannot possibly be taken to represent either the Liberal party or the Cooperative Commonwealth Federation group. This quotation is from a publication called *Trend,* and I had better give the address as well. I do not know whether this is the home of the famous committee of 200, but the address is 291 St. James street, and this is what it says:

> The secondary industries of Canada cannot do the job if the Canadian markets for their products are subject to free competition from the products of Great Britain, the United States . . .

Then a little further on:

> If the domestic markets in Canada are to be denied to them, how can they hope to survive after the close of the war?

Then there is another paragraph, which I think is very apropos following the speech of the financial critic of the Progressive Conservative party:

> Is it not high time that those who direct Canadian industries should consider which trade and fiscal policies shall prevail in Canada after the war, and take a lively interest in their preparation and development?

In other words, according to St. James street big business must prepare at once to see to it that our tariffs are raised not against farm produce but rather against that which is necessary in order to produce it, such as farm machinery.

I am sorry the Minister of Finance is not in his seat at the moment, because it is many years since I have been so severely spanked, and I rather enjoyed it. I never got enough of it at school, I am told, though it seemed to me I got plenty. I wish to say to the minister that I resent being told that I cannot criticize the composition of some of these boards. I believe there are fifty-seven lawyers in this House of Commons; and I am willing to sit down now for ten minutes if one of those lawyers will rise in his place and say he would permit a dairy farmer to put a ceiling on the prices they may charge. That is the whole point; that is our whole argument when we insist that a practical agriculturist should set the ceilings on farm prices. Would it be reasonable to have a doctor setting the price of newsprint?

Mr. HOMUTH: Your party does not listen to you.

[Mr. Cruickshank.]

Mr. CRUICKSHANK: Well, my party already has the advantage of being composed of intelligent men, and I am trying to convert some of the rest of the hon. members. When I was a small boy I was asked why I was Liberal, if it was simply because my father was Liberal. I replied, "Frankly, yes," and any other small boy would say the same thing. But I would add that as soon as I was old enough to think for myself I naturally became a Liberal, because no one who does any thinking would be anything else, under the old two-party system.

I should now like to say a word in connection with the Pacific coast problem, particularly as it concerns British Columbia. Some of our hon. friends in the far corner to my left have advocated that we should not have moved the Japanese from the coast and in fact should move them back. They lose sight of the fact that at the present time Japan controls about one-quarter of the population of the entire world, and twice as many natural resources as the entire United States. Those hon. members must remember that we have not won this war as yet; that according to our own Prime Minister (Mr. Mackenzie King) and the Prime Minister of Great Britain we still have a long, hard battle ahead of us before we defeat Hitler, and then we have to turn round and defeat Japan. Naturally we are not admitting any doubt as to the ultimate result, but we are facing that problem. Nevertheless those people object to moving the Japanese out of British Columbia purely for defence reasons, and want us to take them back. I do not know why they want us to have the Japanese back, unless they think the Japanese should be given the vote in British Columbia, but I want to warn those people that Japan will be a tough nut to crack, and that British Columbia will be a tough nut to crack when the Japanese peace terms are drawn up, as far as bringing back the Japanese is concerned.

I wish to pay my respects to one hon. member from Saskatchewan. I have heard many hon. members from that province say in this house that they must be paid a bonus for not producing wheat. The other evening I listened with a great deal of interest to another hon. member repeating what we have been saying for two years, that when peace comes we cannot have too much wheat on hand. But the most charming speech of all was when another hon. member from Saskatchewan tried to claim that his province leads all others in social legislation. Coming from British Columbia, I could not quite take that. Even my hon. friends of the Cooperative Commonwealth Federation party will admit that British Columbia leads all the provinces in

social legislation, most of which was brought in when our present Minister of Pensions and National Health (Mr. Mackenzie) was a member of the provincial government, which speaks well for the social security we may get under this federal government. Ours was the first province to have the eight-hour day, and the minimum wage. Ours is the province paying the highest benefits to widows and mothers.

I should like to make it perfectly clear that my riding is absolutely in favour of any policy that will assist in preventing inflation, and we think we have demonstrated that. But we say to the minister, in all seriousness, as was said this afternoon, that in our opinion the best way to avoid upsetting the apple cart as far as inflation is concerned is to see to it that the farmer is paid a reasonable return for what he produces, and he is not getting that to-day. If you do not want to have a feeling all across Canada which might upset the whole principle, agriculture must be treated better than it is being treated to-day. There is an hon. gentleman who comes from Ontario, and there is no more highly respected or better known member of this House of Commons. His father was born in Canada and is now eighty years of age, and while the hon. member is attending his duties in the House of Commons at Ottawa his father must milk the cows night and morning. In my opinion that is not good enough, and it is because we do not receive proper prices for farm products.

I wish to pay my respects to the Minister of Pensions and National Health, under whose department, I understand, the matter to which I now wish to refer comes. I do not think we can possibly put rehabilitation or reconstruction on an all-embracing scale into effect until after the war, and even then we can do so only in conjunction with the allied nations. I do not think it is feasible to do so until the end of the war, no matter what party is in power. This is something which in my opinion must be done internationally. But we may put a scheme of health insurance into effect. If we are sincere in our talk about social security, we will pass the enabling legislation before parliament prorogues or adjourns.

There is one further point to which we must give more attention. There reached me to-day from the secretary of the Union of British Columbia Municipalities a letter which should have appeal for every hon. member, particularly those from British Columbia. This organization represents eighty-five per cent of the people in that province. The letter deals with the treatment accorded our discharged men from this war. I understand we give a man $27 to re-outfit himself with clothing, if he has served for six months, and $17 if he has served for less than six months. Those are the figures I have been given. The letter states that the amount is $20. This matter is serious because a letter is enclosed which is being circularized throughout British Columbia. It deals with a matter which I say we must adjust, if we are sincere in our statements about social security. The letter is being circularized by the Salvation Army, one of the finest organizations in the land, either in this war or at the time of the last one. I shall not quote all of the letter, but I say the matter is serious enough for the minister's consideration, especially when it comes from an organization such as the Salvation Army. One paragraph of the circular letter reads:

> Also, there is an increasing demand upon us for clothing to outfit discharged soldiers and return them to civilian life. The poor we still have with us, and many destitute families.

That is not a good enough condition, in this present day and age. We have nothing in this parliament to be proud of, and the Liberal government has nothing to be proud of if such a condition does exist; and in view of a letter such as this, coming from such a reputable organization, one must conclude that it does exist.

I give the Minister of Finance and his board full credit. We know we do not have to pay the prices for boots and shoes that we had to pay after the last war. If I remember correctly, I received $35 to outfit myself when I came back, and my first pair of boots cost me $15, or almost half of the amount I received. Surely it is not the intention of the government to permit a condition to exist under which the Salvation Army or any other organization must appeal to charity to outfit the men and women who are being discharged from our armed services.

Mr. Speaker, according to the clock I still have three and three-quarter minutes left to me. However, after listening to the speeches of hon. members I have concluded that one gets tired of listening. Mr. Churchill spoke for only forty-five minutes, and he said more in three minutes than hon. members on this side of the house, including myself, could say in four days. And when I speak for myself I believe I can speak for all hon. members in the house. I have listened to and read their speeches, and I believe I am correct in what I say.

I do wish to impress upon the Department of Finance that any criticism we may make is not made with the intention of breaking the system of war-time price levels. I

say, as did the leader of the opposition to-day, that the people in my constituency, as they have in the past, will carry their full share of the next victory loan. We will do what we have done in the past—something which has not been done by part of the rest of Canada—namely, carry more than our share of voluntary enlistments.

Mr. GEORGE BLACK (Yukon): Mr. Speaker, although it is the duty of an opposition to offer deserved criticism and to make constructive suggestions, it seems to me it is only fair to recall that when in the fall of 1939 Canada declared war we were in no respect prepared for it. We had only a small army, woefully lacking in equipment. Our navy and our air force were negligible. We had no factories producing arms and ammunition, no shipyards building war ships, no factories building war planes.

To-day the picture has changed. We have an army, a navy and an air force. We have a fighting navy and a fighting air force of which we may be proud. They are doing their full share in the battles of the allied nations. Our army, with the exception of those poor fellows who were sent to Hong Kong and Dieppe, has seen no fighting. It is still in training in England, and here at home in Canada. But when the time comes for the Canadian army to go into battle, they can be depended upon to do their duty. We are turning out supplies ample for our own forces, and contributing quantities of armaments and food for our allies. That, in view of our small population, compared with the populations in allied countries, and in view of the limited wealth of the average Canadian, is an accomplishment of which I say we may well be proud.

Mistakes have been made, and doubtless are being made. In a country unprepared, unequipped and untrained for war, that was inevitable. However, little valid excuse can be offered for the unsatisfactory allocation or regimentation of Canada's man-power to cope with war-time needs. We are faced with a shortage of man-power in the lumber woods, in the sawmills and on the farms. We have a shortage of food produced by the farms because those farms have been stripped of man-power, the power they need and must have if they are to produce. Prices of farm products have been kept so low by the government that farmers are unable to produce the needed foods. There is a shortage of beef and a shortage of butter. Why? Because beef cattle from Canada have been shipped in such quantities to foreign markets. On account of the shortage of farm labour, dairy farmers have been forced to send their milking herds to the slaughter houses. One has only to visit the farms in the Fraser Valley, that portion of Canada from which the hon. member for Fraser Valley (Mr. Cruickshank) who just preceded me comes, to learn the plight of the farmers there. There a dairy farmer gets for 100 pounds of Jersey milk, containing 4·07 pounds of butter fat—wonderfully rich milk—the paltry sum of $1.45. The consumer in Vancouver pays thirteen cents a quart for that milk, and for the 100 pounds he will pay $5.72. That represents a spread of $4.27 between the price received by the farmer and the amount paid by the consumer. That is too much. The farmer should get more and the middleman less.

Some hon. members, including some of the ministers, have been prone to boast of Canada's accomplishments in this war, compared with those of the last one. In the first three years of the last war Canada's army had made a fighting record which will never die. Some hon. members and some of the ministers were in that war. They know what they went through and what was accomplished in the field of battle. In this war Canada's army has still to make a record to equal that of the old Canadian expeditionary force. That Canada's army, still in training in England in this third year of the war, will make its record when the time comes, I have not the slightest doubt.

When comparing Canada's production of war materials in this war with those of the last war the fact that Canada's population has materially increased in the interval, and that Canada's manufacturing industries have materially increased should not be lost sight of. The last great war was Canada's first experience in war. It was a new experience, and it was then that we learned about war. When Canada declared war in 1939 we had the experience of the last war to guide us; we had learned how to go about war and war production. Canada's record in the last war was good, but in this war it is better in some respects and it should be better.

We see on posters and billboards the expression: "We are all in the front line." That was said by our king when speaking to the people of England, and it has been picked up here in Canada far from the front line and used to encourage enlistments and subscriptions to government loans. Let me give a brief description of what Britain had to face in the front line, after the evacuation of Dunkirk. Prime Minister Churchill disclosed that although Germany had thousands of tanks, Britain had fewer than one hundred, all of a type not able to stand up against German anti-tank guns. In July, 1940, Great Britain had only one fully equipped army division.

In September, 1940, the Royal Air Force had only five fighters in reserve. Figures given in the publication *Front Line* show that in 1940 and 1941 no fewer than 43,667 civilians were killed in England and 50,387 were hospitalized as a result of air assaults.

In the first of the three large air attacks on London, that of July 16, 1941, 450 nazi bombers killed 1,000 persons and wounded as many more. Three nights later more than a thousand were killed. In the big attack on London on May 10, 1941, a total of 1,436 were killed and 1,792 injured by bombs from 500 hun planes. Attacks began on London in May, 1940. Every night for the first month they raided, and 5,730 were killed and 10,000 wounded. In September, 1940, the destruction of homes in Great Britain amounted to 40,000 to 50,000 weekly. By May, 1941, these figures had grown to 1,151,000 homes destroyed and 375,000 Londoners made homeless. That was being in the front line.

These figures give some idea of the stamina of the British people. They stood up against that alone and fought it out single-handed. None of her allies set up a second front to lessen the attacks on Great Britain. Russia did not come into the war until attacked by Germany. The United States of America did not fight until attacked by Japan. Fortunately for the British commonwealth of nations those attacks were made, and Britain now has those grand allies, Russia and the United States, fighting by her side against the common enemies, Germany, Italy and Japan.

Recently some members of this house protested against some province or municipality in Canada barring Japanese children from its public schools. Before the war, in some of the schools of Vancouver a white child was a curiosity; the pupils were practically all Japanese. As I see it, that prohibition is just and right. Canada has no moral or other obligation to educate the children of her enemy. Before the war, the small fruit growing industry in the Fraser valley was practically a Japanese monopoly; they had literally frozen out the white man. Now that the Japs are gone, the white men are doing the growing. The fruit is being produced, and the Japs are not missed. We do not need them.

Before this war, the fishing on the coast of British Columbia was also practically a Japanese monopoly. They have been sent away, and white Canadian fishermen are catching the fish and supplying the markets. We can get along without the Japanese fishermen. All of the Japs are our enemies. If they are to be trusted, why have they been evacuated from the coast areas? They were evacuated because we could not trust them. They were not evacuated for their own safety, they were evacuated for our safety from them. I say: feed them, house them, if necessary clothe them, but watch them and guard them until the time comes to deport them all from the continent of North America.

Speaking in this house as long ago as May 8, 1922, twenty-one years ago, along with other hon. members I advocated the expropriation of Japanese property in Canada at fair prices and their deportation from the country. Then we were not at war with Japan. To-day we are at war with Japan. They have attacked Canada, Australia and the United States. Therefore, I do not say, expropriate; I say, confiscate their property. It is enemy property; confiscate it and send them back whence they and their ancestors came. They are a menace to this country; there is no room for them on this continent.

During the past year we have heard much about the building of the Alaska highway. I have seen some of it built and have travelled over stretches of it. Canadians must not forget that it is being built and will be maintained throughout the war by the United States with United States money. The United States consider transportation through Canada to Alaska of sufficient importance to warrant them in building and financing the project. The Alaska highway is a good job, well done, but it is not a miracle. The route traverses no unexplored country. The builders had unlimited numbers of men, thousands of them, and unlimited quantities of the most up-to-date road building machinery known to man. They had all the money they required, and more. They had priorities on everything, on men and materials. To say that it was a bigger job than the building of the Panama canal is drawing a long bow. In our admiration for that project we should not lose sight of another project, a Canadian project known to comparatively few of the people of this country.

About forty years ago the government of Canada built a road in the Yukon over just such country as the Alaska highway traverses, from White Horse to Dawson. That road, about one-fifth the length of the Alaska highway, was built in one summer with a crew of not more than three hundred men, equipped not with power shovels, bull-dozers and giant graders but with ploughs drawn by horses and men equipped with picks and shovels. And very little money was available. By fall

the road was open for use. It was opened without the fanfare of trumpets, without any severing of ribbons with golden scissors. Like the Alaska highway, it was a good job well done. Until the advent of aeroplane transportation it was the only avenue in and out of the Yukon in the winter time. Thousands of tons of freight have been hauled over it, and thousands of people have made use of it. It is still in use.

I have no desire to belittle or make light of the task of building the Alaska highway. It is a splendid accomplishment, worthy of our admiration, worthy of the name "Alaska highway". It should not have to bear that disgustingly suggestive name of "Alcan highway". I realize that the word "Alcan" was intended by its inventors to make use of the first two letters in the word "Alaska" and the first three letters in "Canada". I am sure Canadians and, I hope, United States citizens as well dislike that ugly nickname and prefer to call that grand project what it is, a highway to Alaska, the Alaska highway. When the Prime Minister (Mr. Mackenzie King) announced that by agreement between Canada and the United States that road was to be built, knowing that country as I do and what it meant to Canada, I hastened to suggest to the parks branch of the Department of Mines and Resources, to the game commission of British Columbia, and to the government of Yukon, that efficient and prompt measures should be taken for the protection of game along the Canadian section of that highway. I am glad to know and to be able to tell the house that, at the instance of the Minister of Mines and Resources (Mr. Crerar), the government of Canada has created a national park and game reserve in that great area southwest of the Alaska highway. It is an area of 10,130 square miles, a veritable game paradise, a country too precious to be desecrated or destroyed. I compliment the minister and the government upon that wise action. It would be well for the government to continue that good work and to create a similar reserve in the Teslin lake area in Yukon, abounding as it does in game animals, game fish, birds, wonderful scenery and all that goes to make the great outdoors attractive. Care should be taken to protect the timber in both those areas, timber which preserves the moisture in the earth, prevents the drying up of streams and forms a sanctuary for animal and bird life.

In this debate some hon. members have referred to the matter of the old age pension, and the subject is referred to in one of the amendments now under discussion. I have received many communications from old age pensioners and from their associations complaining as to the terms and the method of administration of the act. At the outset the dominion government and the provincial governments bore the cost of old age pensions equally. Then the federal government assumed payment of seventy-five per cent of the pension, leaving twenty-five per cent to be provided by the provinces, which were also to administer the act. In my opinion, the federal government should pay the whole cost, 100 per cent of the old age pension, and also administer the act, and the pension should be at least one dollar a day. Those who receive pensions should begin to receive it at the age of sixty. At present the full pension is only $20 a month. Who could live on that? And the amount cannot be had until the applicant reaches the age of seventy, reaches the end of the allotted span of life, three score years and ten. In other words, he ought to be dead before he gets the pension.

Further, the period of residence in any part of Canada should count for pension. At present, if an applicant for old age pension has resided for fifteen years in Yukon and then five years in a province of Canada and is qualified for pension, a pension of only $5 a month is granted. That applicant has resided for twenty years in two different parts of Canada, and for more than twenty years perhaps in many other parts of Canada. In Yukon it has not been in the interests of those who might receive the old age pension to invoke the terms of the act. Unfortunate people needing pensions are cared for there at an expense greatly in excess of the old age pension of $20 a month, which is the maximum pension payable. That is all to the good for people remaining in Yukon, but it is most unfair to old people who have lived most of their lives in that part of Canada called Yukon and then moved to a province of Canada in their old age. Their years of residence in Yukon, Canada, are not taken into account, and the time of residence in Canada begins to run only with the date of residence in a province of Canada.

Another unfairness in the administration of the Old Age Pensions Act is that the period of residence in Canada after application made for pension does not count for pension. For instance, a person having resided for only five years in a part of Canada where the act is operative and being otherwise entitled to pension is given a pension of only $5 a month. Then, if the person continues to live, no matter for how long, in that part of Canada in which the act is operative, the pension is not increased, whereas if the applicant had

waited until twenty years had elapsed before making application for pension he would get $20 a month.

Mr. HANSON (York-Sunbury): He would be dead then.

Mr. BLACK (Yukon): He would have reached the age of three score years and ten. In all fairness I think the pension should be increased by $1 a month for each year until the maximum is reached, and the maximum should not be less than $30 a month.

We read of all sorts of plans and schemes to make this old world a utopia after the war, a land of freedom from fear and freedom from want. Freedom from fear and freedom from want could be given immediately to thousands of unfortunate old people in this Dominion of Canada if this government is in earnest in wishing to bring about freedom from fear and freedom from want. A simple amendment to the Old Age Pensions Act introduced into this house at this session and put through, as I am sure it would be unanimously, would ensure to these old people freedom from fear and freedom from want. I would draw up a bill and introduce it into the house myself if that were possible, but under the rules of the house it would have to be introduced by a minister of the crown as a government measure. A private member could not introduce it. But I say to the government and to every one of the ministers that if they are serious in wanting to bring about freedom from fear and freedom from want to thousands of old people in this country, amend the pension act at this session. It could be very easily done, and I know the whole house would support it.

As I have said before in this house on a number of occasions, both at this session and at the previous session, the wage situation in Yukon is most unsatisfactory, due again to regulations passed by this government and administered by these regulatory boards and commissions.

This government has put a ceiling on wages that Canadian employers may pay and that their employees may receive. Foreign employers operating in Yukon are allowed to disregard that Canadian law, and they pay their employees working in Yukon much higher wages than Canadian workmen receive, working side by side with them. The government of Canada has prohibited Canadian workmen in Yukon from earning those higher wages that foreign workmen receive in Yukon. I have said and repeat that in fairness to Canadian workmen, either the foreign employers should be compelled to comply with Canadian laws while in Canada, or Canadian employers and employees should be allowed to pay and to receive as high wages as those paid and received in Yukon by foreign employers and employees.

To revert to the building of the Alaska highway, Yukon and the Atlin mining district of British Columbia are faced with a serious transportation problem. The operation of the railway from Skagway on the coast of Alaska to White Horse, the head of navigation on Yukon river, has been taken over under lease by the United States army. The operation of a mountain railway in the north in winter is no simple matter, and to be successful it must be handled by men trained in railway operation. Evidently the army men on that job have not been men with experience in operating railways, with the result that there has been and is a serious congestion of freight at Skagway. Thousands of tons of freight for the interior are piled on the docks at Skagway. Boats lie idle in the harbour waiting to discharge cargo for which there is no space on the docks. The population of Yukon has been unable to get supplies, as have also the people of the important mining camp of Atlin in British Columbia. Atlin being in the constituency of the hon. member for Skeena (Mr. Hanson), the hon. member will bear me out in that. He has been appealed to as I have. Protests have been of no avail. Civilians were promised four carloads of goods a day over the railway. In forty-nine days they received only four cars. Perishables imported in plenty of time to have been delivered by Christmas were left on the docks in Skagway to freeze and were delivered only late in January, ruined and unfit for use. Not only is the civilian population of Yukon suffering, but the Department of Transport for Canada has had the same experience. If some corrective action is not taken by those in authority in the United States and in Canada the present hopeless mess will by spring be infinitely worse.

The season of navigation on Yukon river is for only about four and a half months. The great bulk of that delayed freight will have to be handled by river boats, but with the tie-up on the railway—an unnecessary tie-up—the boats will be waiting at the docks for freight, and the summer will be gone.

When Brigadier-General J. A. O'Connor, officer commanding northwest service command of the United States army of occupation in southern Yukon, came to Ottawa last month to present to the Prime Minister one blade of the golden scissors used to cut the ribbon at the official opening of the Alaska highway, I had the pleasure of meeting him, which

opportunity I owe to the hospitality of the Minister of Pensions and National Health (Mr. Mackenzie).

I discussed with General O'Connor and his staff the transportation situation brought about by the operation of the railway by the United States army. He frankly agreed that conditions had been unsatisfactory and promised that action would be taken to bring about improvement.

Since then, a conference has been held between Canadians and Americans at Edmonton, and it is to be hoped some progress will result.

It is in fact an appalling situation that needs immediate remedy. I appeal to the government of Canada and, through it, to the government of the United States to take action without delay, action to bring order out of chaos, action in the common cause.

An international committee has now been set up to study economic conditions in Alaska, northern British Columbia and Yukon.

The Alaska highway will open up new country. I am informed that already properly equipped prospecting parties are planning to explore areas served by the highway.

I do not expect to see any marked increase in agriculture in Yukon. Field and garden crops grow wonderfully well, but owing tc the remote situation, the long haul to city markets, it has not been practical to grow more than enough for local consumption.

Mining has been and, as I see it, will always be Yukon's lifeblood. The magnitude of known deposits of gold, silver, lead and zinc ensure long life to the production of those minerals.

Last fall the dominion government's geological survey party, headed by Dr. Hugh Bostock of Ottawa, uncovered several outcroppings of scheelite and tungsten ore. Development work by those who staked the prospect uncovered a twelve-foot vein running high in tungsten values. Further work on that and other veins should result in at least one producing mine.

Geologists pronounce the Mayo mining district of Yukon as highly mineralized and recommend it as a likely field to prospectors.

Just to show what effect the advent of the United States army and American people and the building of United States projects in Canada is having on some people, I might mention that recently I saw that some visionary—I hope I have used the correct description—in the legislature of British Columbia, regretting that Yukon had escaped annexation by British Columbia, proposed the creation of an international state of America comprising all the area north of the 54th parallel of latitude in British Columbia, with Yukon and Alaska thrown in.

As a Canadian I hope such a sell-out will never be considered by Canada. Speaking for Yukon, I am confident its people want Yukon to remain Canadian.

Mrs. DORISE W. NIELSEN (North Battleford): The budget debate has been before the house now for many days, and the range and variety of the discussion have been wide. I believe that the people of Canada, generally speaking, have accepted this war-time budget as a part of their responsibility, and I think that acceptance is an expression of their desire to see a speedy offensive taken. The whole world has been waiting for the great offensive of the allied powers, and the ordinary people of this country are willing to deny themselves greatly in the hope that that great offensive will come soon. The longer it is left, it is becoming more apparent, the more we shall be playing into the hands of the enemy, whose greatest desire from the beginning has been to isolate, to weaken and then to destroy the united nations one by one. Any leaving of the great offensive now will be just a continuation of appeasement and will most assuredly help Hitler rather than help us. If, as time goes on this spring, a concerted offensive of the united nations is not taken, there will, I believe, be widespread disappointment among the people of this country.

Listening to this debate, I have been able to agree with points of view expressed by hon. members on both sides. Since, however, I am in the fortunate position of being an independent member, without party ties upon me, I find that I am most concerned and intend, in this debate, to speak mostly about the budget in its relation to my own people.

To my constituents and, no doubt, to many Canadians all over the country, the astronomical figures given by the Minister of Finance (Mr. Ilsley) mean very little. The figures of Canada's income, her assets and her spending are so enormous as to be almost incomprehensible to the majority of people. From my part of the country the figures of income and of income tax returns will not be astronomical by any means. But without doubt there has been a slight rise in income among our farming people; very small, however, if it is compared with the rise in income in the industrial areas of the country. Especially when one considers the rise of income compared with rising costs of living, the excess of income is very small. I believe more of my people than ever before will be

paying income tax this year, but there will still be many hundreds of them who do not yet come within the income tax brackets.

In the northwest corner of Saskatchewan, in my part of the country, there is no city of any size. We have a number of fair-sized farms in the southern area, in quite long settled farming districts. Further north are the small farms, the rehabilitation areas and the homestead districts. All through that country there are business men, storekeepers and so on in the little towns and villages. Then we have the professional people, the teachers and doctors; and last, but of course not least, the government inspectors!

I am unfortunately unable to give exact numbers, for figures are not available, but without doubt hundreds of families have left my part of the country, families who, feeling that their contribution on the farms was not worth while owing to the fact that the farms were small and their resources also small, have moved either to the coast of British Columbia or to eastern Canada and there have taken part in industrial work.

Speaking generally, I should like to emphasize the difficulty in the computation of income tax on the farm. Farming people are subjected to sudden losses. They never know from one year to another what their returns will be. They have to contend with the weather, insect pests, sudden losses through disease of stock. All these things make it particularly difficult for a farmer to have what might be called an average income or to know from year to year what his income will be. In the submission made this year to the Prime Minister (Mr. Mackenzie King) by the Canadian federation of agriculture there was a section upon income tax which I should like to quote. It said:

As the provisions of the income tax have been widened, so as to make many farmers subject to it, many difficulties have been disclosed in applying the income tax equitably to farm income. We must commend the action of the government in setting up a special committee for the study of specific problems involved and feel that the work our representatives have been able to accomplish with that committee will prove to be of very considerable benefit. Continuing attention of administrative officials will be required to these agricultural problems. One fundamental principle requires legislation—

This is what I wish to emphasize:

—the need for averaging agricultural income over a period of years for income tax purposes, which principle is quite essential to any fair application of the income tax because of the variability of farm income. We are aware that the act was amended at the last session of parliament to provide for setting off a loss incurred in 1942 against 1943 income. We recommend that the act be amended to make that provision applicable to losses in 1941 as applicable to 1942, and establishing the general principle of averaging farm income over a period of more than two years.

I strongly support and urge other hon. members to support the principle embodied in that presentation. I believe that many of our farm people, when they realize that this government is willing to wait over a period of maybe some years for the balance of the 1942 income tax from those in the higher income brackets, will feel that the government could wait for a year or two also for an average computation of their income.

I believe also that more attention could be given to the question of the amount of depreciation allowed the farmers, not just for one year or even two. I believe all western members will support me in saying that western farmers have had to put up with the depreciation of a decade without receiving any real recognition of it.

There is another aspect of depreciation which I want particularly to bring before the house, namely, the question of human depreciation. This year we are asked for tremendous increases in food production, which will require on the part of our farm people almost superhuman effort. On most farms there are some machines, human machines, which have received absolutely no consideration. The machine to which I refer is commonly called by the farmers "the missus." Lack of hired help has in thousands of instances resulted in the farm wife having to take over and step into the breach left by the hired man and the casual help being called either into the armed forces or into industry.

Let me try to give some idea of what it has meant in the way of extra work for farm women this winter. It has meant that they have had to rise an hour or two earlier in the morning, getting up by lamplight, dressing in thick coats, socks, overshoes and mitts to go out into the darkness to milk the cows, then hurry back to the house to get breakfast for the children who go to school, afterwards bundling up again in all their clothing to go out looking after the poultry and feeding the calves and hogs. In addition they have their routine work to do which is usually much heavier than that of their city sisters. Baking and churning have to be looked after. In many instances their husbands have to be away during the day, perhaps cutting wood or doing other things that have to be done on the farm. This means that the women have to do all the chores. They have to get out in the afternoon again as the wintry day draws in to look after young stock, maybe chase the

stock because it so often happens that when the woman is left alone, the stock will get out of the stockyard into feed stacks. There is water to be brought from the well, often pulled by hand, without a pump, milking and separating, feeding the calves, and bedding the animals for the night. During the spring work when the man has to be out on the land the woman has to do all these things. Besides that, she will often have to get out on the tractor or drive the horses, and maybe act as midwife to the old sow. All these things come in the day's work.

During the last ten years farm women have received very little consideration. There has been so little to go around when it comes to sending off an order to the mail order house, that it was the children who had the clothing so that they could go to school, the husband who had warm clothing, too, and a new ploughshare, or maybe a new harness. All these things come before the needs of the mother of the family.

I suggest that when the farmer comes to fill out his income tax form he should do one of two things. First of all, if the farm wife is doing the work formerly done by a hired man, her husband should put down in the income tax form a claim for wages, quite substantial wages, for his wife.

Mr. COLDWELL: And pay her the wages.

Mrs. NIELSEN: Or, alternately, he should put down a substantial claim for depreciation of the very best piece of farm machinery a farmer has, a good wife.

It is the same with the farmer's daughters, they also are going without many things which they should have. Many of these girls have given up the last year or two of high school to stay at home and help on the farm. We have heard about the "forgotten man", but I want to bring to your attention, Mr. Speaker, the forgotten women of this country, the farm women, wives and daughters. Many of these girls would like to join the auxiliary forces, get in uniform, but they are forgoing these things and staying home on the farm and getting absolutely nothing for it. Mention was made of this fact in the same brief from which I just quoted:

> Due recognition is also required for the work of members of the farm family in producing farm income.

I am the only farm woman in this house. Were I to give to-night my whole forty minutes to the question of farm women, I still could not do them justice; I could not make clear the great debt which the people of the United Nations owe to the farm women of Canada for carrying on. Listening this afternoon to the speech of the Minister of Munitions and Supply (Mr. Howe), I could not help noticing the difference between the assistance given to the large corporations of this country and that given to our farm people. Our farm people are most willing to pay their fair share—I wish to underline the word "fair". Taxation; yes, they are willing to accept taxation; they are not trying to dodge anything. They do want to know that they are contributing their share toward the winning of the war. But another matter that worries them is how they are to live not only through the war period but in the years to come after.

It is generally acknowledged, I think, that for at least a few years after the war is over we shall be needing supplies of food, breeding stock, seed and things of that kind which the farmers will be able to supply to the people of Europe. But that period will not last for so very long, and what then? What hopes or what knowledge of security have our farm people to go on, or what have they been given by way of definite assurance by this government? I would refer to one more section of the submission by the Canadian federation of agriculture, which I should like to impress upon hon. members. It is under the sub-heading, "Price Ceilings", and reads:

> As pointed out to your government in our submission last year when the government decided to embark upon a price ceiling policy in Canada, it so happened that the base period which was selected was one in which agriculture was at a disadvantage, and the ceilings for some of our principal agricultural products were far too low. Some substantial price adjustments have been made, but agriculture has had to struggle with increased costs which have to a considerable extent offset the benefits of these adjustments. As we stated in our submission to the government last year, "Canadian agriculture can contribute its full share to the national war effort only when prices of agricultural products bear a fair relation to the prices of industrial products the farmer has to buy." We therefore reaffirm our position with respect to parity prices as expressed in last year's submission.

Our farming people are concerned with these things; they have to be, because they have known a struggle for existence during the last decade. I have no hesitation in saying that they fear the future. They fear the future if we should lose the war, yes; but still even if we win the war our farming people fear the future, unfortunately. The people of my own particular area are aware of the fact that they cannot look upon the future with any hope if agriculture continues on the same basis as in the past. The people of Saskatchewan are hoping that they, and particularly the boys who return, may have something

other than agriculture to which to turn. During these days we hear a great deal about the Alaska highway, of the new vistas which it opens, the new enterprises which are being started, the prospective new cities which are to be built, all in northern Alberta and British Columbia. Unfortunately we do not hear anything about northern Saskatchewan. Only the other day I looked through the report issued by the government of Saskatchewan as to the natural resources of that province, and there I found very little mention of any new developments, though there was a ready acknowledgment of the very rich ore deposits of northern Saskatchewan. Some time ago, in fact in November, 1941, I came across a copy of the *Canadian Mining Reporter* published in the city of Toronto, containing a front page article with regard to big oil developments in our province. I should like to quote a portion of it:

The many farmers of the province of Saskatchewan who have suffered through the lean years of depression, drought and the other plagues of agricultural life, as well as the merchants, traders, and others for whom agriculture is the basic means of life are filled with new hope and high expectation to-day. The news first given in the columns of the *Canadian Mining Reporter* in our last issue that the Bobjo mining interests have secured a reservation of between four and five thousand square miles and are now busily engaged in the search for oil in Saskatchewan has had electric effect, if one may judge by the follow-ups of our story appearing in Canadian daily papers. This story of Bobjo's far-seeing enterprise is not the most encouraging that might have been told. The fact that Imperial Oil Limited has been granted a reservation of one million acres by the Saskatchewan provincial government is of even greater significance, remembering the outstanding character of that company, its long and wide experience and its mastery of every scientific method in seeking oil.

In my opinion it was a most dastardly thing that the province of Saskatchewan should give a million acres of land to Imperial Oil. How much more in the interest of our people would it have been for the dominion government to supply the provincial government with funds so that the natural resources of that province might be retained for the benefit of its own people. While this article was published in November, 1941, even now in 1943 we hear little or nothing about the development of oil in northern Saskatchewan; yet had this been carried on as a national enterprise, we might now be producing oil there. How do we know when Imperial Oil will be ready to commence operations? In the meantime that vast resource, which should be used in the interests of the people of Saskatchewan, lies undeveloped.

The people of my province must find new uses for agricultural products, too. Chemurgy must find new uses for farm products; industries must be opened up. Vast works programmes should be developed for Saskatchewan boys who will return when the war is over. We do not want any more reestablishment schemes up in that part of the country; we have tried them, and the people have no use for them. In addition to employing men as miners, men would be required as builders, construction workers, railway construction workers, and road builders. For some nine years now we have had the beginning of a railway through the Pierceland area to link up with that part of Saskatchewan and the city of Saskatoon with Edmonton, but that road runs to nowhere; it is unfinished. It is time developments of this kind were undertaken to link up the farming district of the north with the developments which will take place in Alberta and British Columbia. Think of what those developments could mean to the people of my part of Saskatchewan. Our farmers would be able to supply the miners and workers in that area with meat, eggs, butter, milk, fresh vegetables and so on—at parity prices, it must be remembered—and there would be markets for all the various products of the mixed farming area. The city of North Battleford itself, which does not happen to be within my own riding but which is the natural centre of that area, could very well have had this year a government-owned and operated abattoir and packing plant to take care of the vast numbers of cattle and hogs which are coming down from the north and many of which must now be diverted right through to Winnipeg, which means a loss to our farm population through shrinkage and in other ways.

After all, these people are making a great contribution. They will continue to make a great contribution, but they would like some security. The small town business men and storekeepers are also concerned, not only with the present but with the future. I have been receiving letters from numbers of them, pointing out the difference between the treatment accorded the small retailer in Britain and that meted out in this country, pointing out that the small retailer and the consumer in our widespread country areas are threatened to-day, and the need for their protection. I am in agreement with that, and I would urge the Minister of Finance (Mr. Ilsley) to see that the regulations of the wartime prices and trade board ensure that stores in these small towns and villages throughout western Canada receive their share of goods according to population needs, and not merely as the operation of commercial competition allows. There is a great need for the protection of the small

retailer throughout the country areas of western Canada. He is part of our economy, and without him our farming people would not be able to manage as well as they do.

When I come to the professional group of people, the doctors and teachers, I know I am speaking of a group of whom it may be truly said that there are none more loyal anywhere in this country. Our country doctors and our country teachers have through these years worked—many of them—without more than the bare necessities of living. Teachers have gone without proper salaries. Doctors have kept on attending the sick, when they were needed, without remuneration. Bills have been hanging over their heads, bills which in many instances will never be paid.

I am very sorry that the very little that many of these professional people will be earning, over and above the minimum set by the income tax regulations, will be taken from them by way of income tax. In this way these people will be prevented from having a full share in the war loan which will soon be launched throughout the country. Many of our professional people, teachers in particular, would like to feel that they have a share in the future of our country by having one or two war bonds. But with the present rate of income tax, and with the lack of opportunity in the past to build up small bank accounts for a time like this, these professional people will find themselves unable to take advantage of the opportunity to buy war bonds, despite their desire to do so.

If the government committee does agree to allow farmers' wives and daughters to receive wages, it will not mean wasteful spending, nor will it mean the beginning of inflation. I know hundreds and hundreds of farm women who, if they did receive an allowance of this kind, would think first of investing their money in something which would bring immediate returns by way of increased production. They might buy another cow, or build something around the farm which would provide better housing for the stock. Perhaps they would buy a few more chickens. Certainly it would not mean any wasteful spending.

The quota for the war loan in Saskatchewan is so far below that of the industrial areas across Canada that it seems to prove just how low the incomes in that province have been in the past. Many hundreds of our Saskatchewan farmers would, if they were given some assistance, perhaps for the first time be able to buy war bonds and feel that they had something in the future which would help them to provide their own security.

As I said before, there are daughters on farms in Saskatchewan who have given up a year or two of high school to help on the farms. If they were able to buy bonds, they would feel they had something in years to come with which they could get more education, or befit themselves in some way to make a living.

When one compares these things with the statement issued recently by the Bank of Canada the situation becomes all the more evident, and one realizes just how far from equal are the sacrifices made by the Canadian people. The Bank of Canada issued an analysis of the profits of 484 corporations for the years 1936-41 inclusive. The capital controlled by these concerns was 3·8 billions of dollars, or more than two-thirds of all the industrial capital of Canada. The statement says that of the sum of $84,000,000 increased profits available for dividends, in the aggregate only $7,000,000 was distributed. This is because most corporations that at the beginning of the war were paying out satisfactory dividends have not increased them, but have used their increased profits for expansion of plants and working capital. From the shareholders' point of view this is simply a form of forced saving. It should, of course, be noted that undistributed profits are not subject to personal income tax.

It is because I realize the inequalities and injustices of the assistance given to two widely different groups, namely farmers and the great industrial corporations, that I shall vote wholeheartedly in support of the amendment to the amendment placed before the house by the Cooperative Commonwealth Federation.

There is one other point I should like to mention. Referring to page 1067 of *Hansard*, I find the hon. member for Danforth (Mr. Harris) spoke about "improvident spending and carnival living which have been so rampant this winter." He said that "it will break out again with renewed intensity with the advent of spring and the Easter bonnet, unless something is done." I should like to assure the Minister of Finance, on behalf of the people in my constituency, that there will be no "improvident spending," no "carnival living" in our part of Saskatchewan.

Mr. COLDWELL: And no Easter bonnet?

Mrs. NIELSEN: No, and no Easter bonnet, either, because that type of person does not exist out there.

Mr. J. ALPHEE POIRIER (Bonaventure) (Translation): Mr. Speaker, I have no hesitation in stating that I intend voting with the government at the end of the budget debate. This budget, it is true, will mean an enormous burden for the Canadian taxpayers to shoulder, but

it will be borne for the most part, as it should be, by the richer citizens and let it be said to the credit of the government and of the Minister of Finance (Mr. Ilsley), that the working class, the agricultural class and the small taxpayer generally are in a position to pay the taxes which are being asked of them in order that we may win this war and that they ask nothing better than to contribute to this country's war effort providing their income is reasonable. Let us take the farmer group, for instance. The farmers in the province of Quebec generally are satisfied with the prices for farm products which have been set by the wartime prices and trade board. Certain improvements might be possible, to be sure, as in the case of hog prices. Farmers claim they cannot raise hogs for sale at $17.50 per 100 pounds. A little good-will on the part of the board could easily remedy this situation. The price should be fixed at $22.50 to $23 per 100 pounds.

The price for butter at 35 cents on an average for the past twelve months is satisfactory, particularly if we add the summer bonus of 6 cents per pound and the winter bonus of 10 cents per pound of fat, which is paid by the federal government. I believe farmers in the province of Quebec find these prices quite satisfactory.

Another price which is reasonable is that of eggs, which has stood in my district at 25 to 45 cents per dozen since last August.

The same holds true of all other farm products. When I state that a price is reasonable, I mean a price which leaves a profit to the farmer and entails no undue hardship for the consumer. A fair balance must be struck and such is what is being achieved in most cases by the wartime prices and trade board.

Let us now examine what farmers and workingmen are paying for the principal foodstuffs they buy and compare with the prices which existed in 1917-18.

The hon. member for Laval-Two Mountains (Mr. Lacombe) stated in the house the other day that a price of $4 per 100 pounds is being paid for flour. This in no way corresponds with prices recently published by the Federated Cooperative Society of Montreal. Bread flour is quoted per 100 pounds as follows: cooperative flour, first quality, $2.40; federated flour (choice bread patent), $2.15; nutrition flour (85 per cent whole wheat), $2.15.

Any farmer can buy directly from the Federated Cooperative. As you see, Mr. Speaker, some of those who criticize the government take advantage of your good faith and that of this house.

Let us remember that in 1917-18 flour was paid as high as $9 per 100 pounds and sugar up to $28 per 100 pounds. The retail price of sugar to-day, after three and a half years of war, is 8½ cents a pound.

As for wheat and wheat products and feeds generally, I am of the opinion that, contrary to what the hon. member for Laval-Two Mountains has claimed, that prices are also very satisfactory.

On September 17 last the Federated Cooperative was offering wheat No. 5 in bulk at $1.28 per 100 pounds to Quebec and eastern Canada farmers and we know that the Canadian government pays freight charges from west to east on bran, shorts, middlings as well as on barley and oats.

Ground wheat sells to farmers for $2.10 per 100 pounds, ground barley for $2 per 100 pounds; plain dairy feed for $2.15 per 100 pounds; early chick mash, $2.95 per 100 pounds; growing chick mash, $2.60 per 100 pounds and laying mash, $2.60 per 100 pounds.

In most cases, these prices are even lower than pre-war prices and I feel that they are reasonable when compared with those which the farmer is getting for his products.

I have a suggestion to offer to the Department of Finance. In my constituency of Bonaventure, as in many rural constituencies of the province of Quebec, a large number of farmers' sons and of fishermen work in the bush during the winter, which is the slack season. The majority of these young men do not earn $750 in a year and therefore are not subject to income tax. However, in all cases, the tax is deducted at the source. I know that the government has announced in the newspapers that the tax thus collected will be refunded upon presentation of a claim, but when the individuals concerned ask for claim forms they get no answer, or else they are told that the forms are not yet printed. The government should have claim forms sent to all rural post offices and advertise that fact in the newspapers and through the radio.

May I be allowed to make a few more observations with special reference to the county of Bonaventure which I represent in this house?

During the present war my constituency has supplied approximately 2,500 men through voluntary enlistment to the three branches of our armed forces. Moreover, district No. 5 has called at least 1,000 draftees for military service in Bonaventure county, and we have nearly 1,000 men in the reserve army. This latter group of men is commanded by a hero of the great war, Colonel Dupuis, and is being trained in a very scientific and modern

manner. They are becoming more proficient in handling rifles and machine guns. You will see, Mr. Speaker, that they will defend Gaspesia if it is ever attacked. Bonaventure county has thus sent to date nearly 4,500 men to the three services of the Canadian armed forces out of a population of 42,000. I believe that about 40 per cent of the callable men in my county, who are 19 to 45 years old, have answered the call to arms. We have made this war contribution wholeheartedly and with a generosity that is not to be found everywhere.

We have given more than our share and I would call the attention of the authorities to the fact that it would be dangerous to ask much more of us in the circumstances.

I would point out to the Minister of Labour (Mr. Mitchell), who is in charge of the mobilization of recruits, that notwithstanding the facts which I have referred to and in spite of the instructions recently sent to the registrars of military district No. 5 by the deputy minister, Mr. MacNamara, they are still calling the farmers' and the fishermen's sons in Bonaventure county.

As I have said the sons of farmers and fishermen who are left are absolutely needed for farming and fishing, and, if a greater number of our boys are called for military service the national life of our section would be endangered. I beg of the minister to put a stop to the ill-advised zeal of the district No. 5 registrar who, living 500 miles away from Gaspesia, is not aware of the conditions which exist in our primary industries. We must absolutely keep the remaining farmers' and fishermen's sons if we are to harvest from our farms and our fisheries, and from our forests what our country expects of us. The registrar of district No. 5 should not ask so much of Bonaventure and Gaspé counties and a little more of the other sections of his district.

Mr. Speaker, once again I say to the house: Bonaventure and Gaspé counties generally are not treated under the confederation pact as they should be. In this war, as in the great war, our boys were the first to enlist voluntarily in the Canadian forces; 300 young men from Gaspesia have either shed their blood at Hong Kong or are prisoners of war in that distant stronghold. Nevertheless, during the last fifty years, our excess population had to seek other skies to earn its living.

Notwithstanding a substantial natural increase, our population has been practically stationary for over fifty years, because our means of communication are inadequate, because our natural resources, our mines, our fisheries and our agriculture are not thoroughly developed; we lack capital. I take this opportunity to invite Canadian or foreign investors alike to come and invest money in the Gaspesian area; they will find there people that are both hard-working and law-abiding.

As a first remedy for present conditions, I would ask the government to show more interest in our railway; one might hardly believe it, but our trains in Gaspesia are still rolling, in 1943, on 55-lb. rails. The road-bed needs ballast to withstand heavy war-time traffic, which could raise a much more urgent problem should the Gaspé region be subjected to enemy attack, and that is quite possible. I urge the Minister of Transport (Mr. Michaud) who, represents the neighbouring constituency of Restigouche, to give sympathetic consideration to this problem. After all, Mr. Speaker, I am not asking for any favour; our Gaspesian railroad is one of the very few sections of the Canadian National Railways that show profits each year, in spite of its poor condition; therefore it would be a paying proposition for the government.

As a second remedy to our abnormal situation, I would ask the Minister of Mines and Resources (Mr. Crerar) to have the Gaspesian subsoil seriously explored. We have oil fields as well as zinc and lead ores, and so forth. So far, researches have been entrusted to the Imperial Oil and the Standard Oil, who have the best possible reasons at the present time for leaving those Gaspesian oil-fields undeveloped; of course, they have not struck oil nor will they do so as long as they see no benefit to be derived from it. I suggest that the Minister of Mines and Resources, in Ottawa, should have thorough surveys made and should take an interest in the development of the Bustead mine and the Federal mine in Bonaventure county, and also in the development of oil fields of Gaspé county. This has often been asked for by my hon. friend, the member for Gaspé (Mr. Roy).

As a third remedy, I ask the Department of Fisheries to continue and increase the assistance granted these many years for the establishment of fishermen's cooperatives. Cooperatives will be essential to the Gaspesian fisheries after the war. If cooperatives survive, our fisheries will prosper. If cooperatives fail, our fisheries will gradually disappear. I suggest that the government double its $8,000 subsidy to the St. Anne social service toward setting up fishermen's cooperatives.

I also ask the Minister of Fisheries to provide for the production of herring oil and fishmeal. Huge quantities of herring oil are now required for war purposes. If only given the opportunity to market their product, Gaspé coast

fishermen can catch vast quantities of herring. The Nadeau Laboratories, of Montreal, which already have plants in the Gaspé peninsula for the extraction of cod liver oil, are prepared, with government assistance, to take up the extraction of herring oil. To this day, the Canadian government has not spent a single penny on war industries in my county. I feel we should have a small share of the huge sums that are being lavished on other districts.

Finally, as a fourth and last remedy, I suggest, with regard to farming, that the government cooperate more and more with the Quebec department of agriculture and colonization with a view to facilitating the establishment of farmers' sons in the Gaspesian areas of settlement. We hear about post-war immigration. I object and will steadfastly object to any immigration policy unless and until jobs have been provided for all Canadians and until all our returned men are established on the land or in industry.

Our soldiers who are farmers' sons must be settled on farms after the war and this requires the full cooperation of the dominion and provincial governments. The federal government must assume a large share of the financing of this project. Why should it not do so instead of paying for the settlement of immigrants?

Before closing, Mr. Speaker, I should like to quote a few paragraphs of the remarkable speech delivered last February 25 in the Quebec provincial house by the Hon. Adélard Godbout, premier of my province. All who heard him on that occasion, Mr. Speaker, are agreed that he had never before reached loftier peaks of eloquence. I am proud, Mr. Speaker, of the premier of my province and it is my belief that, in these critical times, he faithfully represents the feelings of the average and enlightened section of the French-Canadian element. I believe furthermore that the Right Hon. Ernest Lapointe was well inspired in leaving him the mantle of leadership and that he is in all respects worthy of the great Liberal leaders who have governed Canada and the province of Quebec for nearly half a century. Here then are Mr. Godbout's closing words:

When we have formed an educated, cultured and strong youth, we shall be secure against many crises, adds the Premier. A deep understanding of public and social needs is essential to this end. We must strive for unity in the province and in Canada. We must not work under the delusion that we have all rights and no duties. We are called to live with the other provinces. Had God been an out-and-out racist we should still be Gentiles. Let us maintain our rights with tolerance and moderation. For the French Canadian I claim equal rights and I promise that, on national questions, my province will march side by side with the rest. We wish to cooperate with Ottawa for our own salvation and for no other reason.

During the present conflict, the Premier stated he would not utter a single word that might incite racial hatred in Canada. During this most critical period of our history, it is the duty of every good Canadian to remain silent at times. While our workers labour in the factories, while our farmers draw the maximum production from their lands, while our soldiers fight for us on the battlefields, no one has the right, for petty political purposes, to utter any statements that might lead others to consider French Canadians as cowards. French Canadians contribute to the war effort to a greater extent than any other nation, in view of the special circumstances in which they find themselves and in spite of the attacks levelled at them.

I am proud of my own people's war effort. It is for my fellow-citizens that I am fighting in public life.

Canada, stated the Hon. Mr. Godbout, is an autonomous country, but with a mixed population. If we were to tell French Canadians that they have rights without duties, and that they must live isolated from the rest of the population, we would simply be leading them to their doom. As long as I shall be Premier, the province of Quebec will grant equal rights to everyone of its citizens, this is my pledge. My government wishes that the weakest may enjoy a larger share of protection and happiness. We want to be given as an example to the other provinces and to the whole world. But never shall we exert an influence in this world if we are to remain poor and that is why we want to form a young generation better educated and more patriotic. Then French Canadians will have nothing to fear from anyone.

My country is not Quebec alone, but Canada concluded the Premier. And as a field of endeavour for my sons I want not only Canada but the whole of America and that is why I have taken in this war the position to which I adhere to-day and to which I shall adhere still more firmly until victory is achieved.

These words, Mr. Speaker, might as well have fallen from the lips of Laurier instead of from those of Mr. Godbout. If to-day French Canada's war effort is realized by those around us, it is due, and it will be due especially when this war is over, to the Hon. Mr. Godbout, to Cardinal Villeneuve, and to those representatives of my province who in this house, where I have the privilege to speak, follow such leaders.

Mr. Speaker, with your permission I am pleased to congratulate the hon. lady member for Edmonton East (Mrs. Casselman) upon the gracious speech that she delivered the other day in French in this house. Our English-speaking fellow members cannot imagine how deeply we French Canadians feel those attentions from the majority just because we are the minority in this house. I wish to thank very much the hon. lady member and also to assure her that her name is now in all French-Canadian hearts.

Before I resume my seat, I am pleased to quote the opinion on our Prime Minister (Mr.

Mackenzie King) held by a newcomer to Canada, a man who came to Ottawa last January to represent the London *Times*, Mr. A. Inglis. In a long dispatch sent to his journal on February 10, he concluded in the following terms regarding our Prime Minister:

In spite of political acerbities arising from deep-rooted domestic and sectional problems, Canadian political thought is imbued with a spirited nationalism. The country is now well established as a distinct, self-contained constitutional entity, which found its fullest expression in Canada's independent declaration of war; and while British and French interests frequently run counter to one another, geographical, historical, racial and economic factors have resulted in a synthesis that can only be described as Canadian.

It is his enunciation of this Canadianism that gives the Prime Minister, Mr. Mackenzie King, his dominating position in current Canadian politics. Long associated with Sir Wilfrid Laurier, he has taken to heart that statesman's dictum that the greatest task which a Canadian party leader can assume is to prevent a widening of the fissures between French and British Canada. The adherence to nationalism inherent in this belief enabled Mr. Mackenzie King to bring a united Canada into the war; and although domestic issues, particularly the plebiscite on conscription for overseas service, have disturbed that unity, they have not destroyed it. Canadians as a whole strongly endorse the policy of giving the fullest aid to the common cause and French Canadians, having agreed to conscription for home defence, are ready enough to defend their homeland, although they have their own ideas about the merits of conscription for overseas service. . . .

More might have been done by the government in power to convince the French Canadians of the need for conscription, but less would have been achieved in maintaining national unity had some one other than Mr. Mackenzie King been Prime Minister when the conscription issue arose. Canadian politics rage round the Prime Minister with a vehemence which his public record scarcely deserves; for among his colleagues and opponents few are endowed with a political flair equal to his, and none possesses his qualities as a parliamentarian. The fact that he rather than his government is chosen as the target for political criticism only gives emphasis to the commanding position which he holds. . . .

His political shrewdness, his patient, prudent, and persistent efforts to harmonize racial differences, and his long service to his country in office, have certainly ripened his political attributes into a matured if unspectacular statesmanship, which has contributed notably to the allied cause, both in the home field and in the international arena. . . .

In the war against Hitlerism Mr. Churchill and Mr. Roosevelt have fired the imagination of the world by their genius as war leaders. Mr. Mackenzie King's leadership assumes a different form in response to a different problem. His leadership reflects an infinite capacity for taking pains to ensure that Canada will contribute in the fullest measure to the enemy's defeat and will play her distinctive part in designing a new world order.

[Mr. Poirier.]

Mr. EMMANUEL d'ANJOU (Rimouski): Mr. Speaker, the budget that is now before us is undoubtedly the most colossal and extravagant that has ever been brought down in the Canadian parliament. Obviously, a fit of imperialistic frenzy has seized the minds of the leaders of this administration. Such a state of mind, which is in keeping with our thoughtless and boundless participation in the present war, is verging upon hysterics. The country is being blindly but surely led to a most disastrous ruin. Our participation in the war, which we were told would be on a moderate scale, has become total and gives absolutely no consideration to the material and human resources of our nation.

Canada, with a population of 11,500,000, cannot afford to bear much longer the crushing burden laid on its shoulders by an anti-national policy and the orgy of expenditure which we have witnessed especially since the election of March 26, 1940. To bankrupt the country is the order of the day for the out and out exponents of imperialism and the vultures of high finance. On the other hand, the greedy war profiteers loudly demand conscription in order to increase their scandalous profits and to further their shameful speculations. Such is their idea of patriotism and their way of serving Canada. They are little concerned with the blood being shed on the battlefields, provided they can under the guise of patriotism and devotion to the country, succeed in building up huge fortunes and gorge themselves while thousands of young Canadians are being killed in action for the defence of our so-called democracy. A great Canadian statesman said one day: "Patriotism is the last refuge of scoundrels". If I might paraphrase that statement, I should say that nowadays patriotism is the last refuge of shameless war profiteers.

In preparing his budget, the honourable the Minister of Finance (Mr. Ilsley) could have shown more concern for the plight of large families and lightened their tax burden. His duty was to afford them tax relief rather than crush them with new taxes. Large families are the greatest asset of any nation and the surest factor of race survival. If certain European countries had understood that truth and especially if they had put it into practice, they would not at this time find themselves in the terrible situation where a low birth-rate has placed them. The figures of the 1941 census clearly show that large families are to be found especially in the province of Quebec. That province is therefore more affected than all the others by the budget now under discussion.

I urge our Minister of Finance to ponder the disastrous consequences that will follow the imposition of vexatious taxes on large families in this country and especially in the province of Quebec. I trust that after a close study, he will revise his budget so as to grant them a fairer treatment, more appropriate to their income and their capability to pay taxes.

The agricultural class to which we all owe so much from every point of view, should not be subjected to income tax. Its war effort is already important and costly enough to justify exemption. With the greatest imperturbability, it is being drained of its manpower, when farmers' sons are sent to military training centres, although they have been solemnly promised exemption from military service. This unspeakable behaviour, creates for our good farmers such conditions that a number of them, feeling discouraged, leave the farms to which they are so dearly attached and on which they have worked so hard. There is no eight-hour day for the farmer. Often he labours through fifteen or even twenty hours. Rising with the sun, very often he retires long after it has completed its course. Among all our population, no other class is composed of such indefatigable and steady workers. The farmer therefore deserves, from every point of view, the greatest support and encouragement of the government and of all the hon. members of this house.

Mr. Speaker, I deem it my duty to call the attention of the government and the members or parliament to a question of such importance that our failure to consider it without delay and in such a manner as to settle it with all fairness, might have the most disastrous moral and physical consequences on the future of our country. I refer to the employment of young girls and married and widowed women in industrial plants and especially in war factories. The highest dignitaries of the church, the archbishops and bishops of the whole country, as well as the medical associations, have warned us of the dangerous conditions in which our Canadian women find themselves as a consequence of their employment in war plants. The importance and extent of this evil have roused our patriotic organizations, our agricultural societies, our young people's associations as well as a number of municipal and county corporations. The Prime Minister (Mr. Mackenzie King) and the Minister of Labour (Mr. Mitchell) have been swamped with messages of protest on the part of these various associations and public bodies. In view of this general outcry, it is the moral and imperious duty of the government to institute a thorough inquiry in this matter by persons whose qualifications are generally recognized and who will be in a position to recommend the best possible means of remedying this deplorable situation. Following such an inquiry the government would be acting in the best national interests by implementing the recommendations submitted to them.

In support of what I have said against the employment of women in war plants, I wish to quote a few excerpts from a most timely article which an outstanding Jesuit, Father Alexandre Dugré has written on that grave problem under the caption "A plea on behalf of Canadian women". I quote:

> There is a marriage that will never take place; that of the young lady who has ruined her health working in a munition plant in order to earn some money for the purchase of clothes with a view to getting married. After six months of slow poisoning, she is debilitated, sallow-complexioned, exhausted, underweight, incurable, and she has not one cent for medical treatment. She has been an habitual visitor at hospital dispensaries; her suitor no longer sees her, offended by her new manners that are too vulgar and the parish priest has heeded her despairing cry which she would direct at all Canadian women for the charitable purpose of warning them.

And further on:

> Gullible girls will no longer believe the deceitful propaganda of newspapers who show smiling, well-dressed, elegant young ladies among shells, at work benches or tending greasy machines. Why, they dirty their faces like men, and it is uglier because least expected; that is not a proper environment for them. The gullible ones will learn that salaries are higher in Ontario than here for the same working hours and the same kind of labour; that the most dangerous work is done in Quebec; that the selective service which claims to offer a variety of jobs scarcely offers to our French-Canadian women anything but munition work, reserving for others the good office work at a high salary; that if the services of women are always needed, it is because the number of women workers who leave their jobs brings up quite a problem; a plant must replace on an average 1,200 women every month, and there is a reason for that; that what has ruined the health of another woman in six weeks or six months will also ruin yours if you enter the grinding mill—

And further on:

> To work at night, in violation of the law, during eleven hours and a half, in draughty rooms, to go from overheated places to damp and cold halls, to handle powder which gives off noxious fumes and explodes unexpectedly, to carry heavy burdens which cause a fall of the stomach, to breath dust, the odour of rubber, of tobacco, of powder, of mercury, of banana oil paint, of chemicals that are a frequent cause of burns, that is all in the day's work. As regards explosions, fatal or otherwise, all are bound, under oath, to say absolutely nothing about them. As regards normal or shameful diseases, they are accounted for by the fact that certain prostitutes, shown to be positive,

and on the verge of being jailed, leave their slums and enter the shops where they continue to ply their trade, contaminating men as well as the conversations and the atmosphere.

And, further on:

Woman is neither the slave nor the queen of machinery; she is the queen of the home, the educator, the present or future governess of what is best and noblest in this world, of that for which we fight: the human brood.

And, to conclude:

If women must work, let it never be more than forty-eight hours a week, never at night when feasible, and let us organize the control and if need be, the isolation of germ carriers. Let us first employ the men, never the mothers, and ensure the physical and moral health of everyone. We could not be more accommodating.

In this war where we count so little, we put up with inconveniences, rationing and sacrifices. We supply the money, we give our sons, our blood. But we shall not sacrifice our women: it would mean setting ourselves back twenty centuries. That Hitler may be broken, some better means must be found than breaking up our homes by adding to the long roll of martyrs in the shops.

The eloquent argument of Reverend Father Dugré, on behalf of the Canadian woman, would surely deserve to be recorded in full.

Once more, I hope the government will realize the importance of this matter and act accordingly. Time presses and we must act without delay or hesitation.

Mr. Speaker, on behalf of the youth of my constituency, my province and the whole country, I urge in all possible earnestness, that the government grant an amnesty to all those who, for one reason or another, have failed to report for military training. Most of them meant no harm, but were rather ignorant of the law and the consequences of their neglect. I see no reason why the present government should be less generous, less magnanimous than the Union government of 1918.

At that time, I had the honour of representing Rimouski constituency in this house. Then, as now, the chase for defaulters was on as it is at present in my constituency. The Rimouski gaol was filled to capacity with so-called defaulters, who, for the greater part, were farmers' sons. On a visit I made to them, I promised to have them freed. At the very beginning of the 1918 session, I insistently urged the government to free those unhappy victims of the heinous conscription act of 1917. I am proud, Mr. Speaker, to be able to state that I won my case. Indeed, one week later, the iron gates of the gaol at Rimouski were thrown wide open and all these young martyrs, these innocent victims of an infamous law, recovered their liberty and could breathe the air of freedom.

I hope, therefore, that the government will be generous and will grant an amnesty to all the young defaulters in my constituency and in the whole country.

During this debate, Mr. Speaker, many hon. members opposite, not immediately to your left, but rather in front of me, when our participation in the war was under discussion, never missed an opportunity of making comparisons and of saying that the province of Quebec was not doing its duty in this war. Mr. Speaker, I maintain that the contrary is true. In Rimouski county there is a military training centre where 1,300 young men are being trained at present. Most of them are farmers' sons who would be more useful on their father's farm putting in the crops, but they have answered the call willingly and they are undergoing military training like the others. The province of Quebec has no lesson to take from anybody. Its sons, particularly those who spring from the race of which I am proud, are neither cowards nor poltroons. During the last war, two of my electors won the Victoria Cross on the field of action, the highest decoration which can be deserved by a soldier fighting for England: Jean Brillant and Joseph Keable, two gallant fighters, two heroes from Rimouski county. Again I say, Mr. Speaker, that the people of my constituency are neither cowards nor poltroons. The electors of the constituency of Rimouski are anxious to do their duty, but of their own free will, according to the promise made to them during the 1940 electoral campaign. They do not want compulsion; they do not want conscription. They want to act as free citizens and defend their country when the time comes, but not under compulsion nor especially by methods well known to everyone.

I deem it my duty, Mr. Speaker, to register a protest and to defend the province of Quebec against the attacks which are continually made against her in this house by those who contend that she does not do her duty. French Canadians from Rimouski, as well as from anywhere else in the province of Quebec, have not only freely provided soldiers for the defence of both Canada and Great Britain, but they have consistently taken an interest in war work, namely, in the Red Cross; in short, in every form of assistance they have been asked to give to those who are now fighting our battle. Therefore, I hope that certain hon. members—whether they come from the great province of Ontario or from other parts of Canada—who cannot say a word without criticizing the province of Quebec will pay

heed to my words. As for me, I shall never tolerate anyone in this house to hurl abuse at and insult the province of Quebec and claim that it is not doing her share in the present war.

I have but a few more words to say, Mr. Speaker. I believe that, as always, I have frankly and fearlessly expressed my views to the house. I quite realize that my statements this evening may not please all the hon. members who are listening to me, nor those who are smiling. Be it as it may, I am here to do my duty and I mean to do it in all circumstances.

I was sent here to represent the county of Rimouski as a Liberal on the one condition that my party keep its pledges and promises. I therefore took the solemn engagement, before my electors, to denounce my own party in the house and occasionally to vote against it should it fail to keep the pledges it made to the country during the 1940 elections. And I have kept my word.

Mr. Speaker, I have not changed and I state this whether some of my hon. friends around me like to hear it or not. I do not mind. I am here as representative of Rimouski constituency to do my duty. I shall speak as I please, it is my own business and I care not what opinion others may have of me. Laugh who may, I do not mind. I am here to protect the interests of Rimouski constituency and I shall continue to fulfil that duty.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Deputy Speaker, I wish to tender you my most sincere congratulations on your appointment to the high position you now occupy. You have long been a member of this house, and you are quite popular among your colleagues. Allow me to use your mother tongue in stating, after many other fellow-members, the great esteem in which your colleagues hold you. For a time we entertained some fears about the choice that would be made by the government in the appointment of a deputy speaker. We have been reassured when we heard that the government had decided to appoint you. I have confidence in your uprightness, in your integrity, in your thorough knowledge of the rules of this house and especially in the courage with which you will enforce respect for the fine British parliamentary tradition that was completely overlooked for many years by your immediate predecessor in the discharge of the duties of your position. I tender you my best wishes. I congratulate you again and I assure you that you enjoy the confidence, the esteem and the consideration of your colleagues and that you can also rely on their cooperation.

This is a very important debate, Mr. Speaker, on the question that has been raised by my hon. friend the leader of the Cooperative Commonwealth Federation who is also the hon. member for Rosetown-Biggar (Mr. Coldwell). I remember the days in 1933 when I asked his group a large number of questions, most of which have not been answered. I do not question his sincerity. I believe he is just as sincere as was his predecessor as leader of that group, the late lamented Mr. Woodsworth, who is remembered by all as a faithful, devoted member of this house. I could say the same of the hon. gentleman who moved the subamendment, and of each of my colleagues in this house.

This subamendment consists of four paragraphs. The first is rather preliminary, but here is the policy of the Cooperative Commonwealth Federation group as enunciated in this subamendment:

> . . . this house regrets the failure of the government to provide for the nationalization of the banking system so as to make possible the full utilization of the Bank of Canada for the financing of the war.

That is the first plank in their programme. Here is the second one:

> and further this house regrets the failure of the government to provide for increases in the amounts paid to old age and blind pensioners, or to make adequate provisions for veterans of the last or the present war, or their widows and dependents.

With this I would agree to a certain extent. We are all willing to do what we can for those who suffer the calamity of being blind. We have every sympathy for the veterans who fought for this country in any war, whether on this or another continent; I make no exception in that regard. But in my opinion the law should be more elastic. It is within my knowledge that some people do not benefit from the provisions of the Old Age Pensions Act just because those in charge of that legislation think of the letter rather than of the spirit of the law. There are some people who are not totally blind, but who are blind in one eye and can hardly see with the other. If they can distinguish between light and darkness with one eye, they are not considered blind by the bureaucrats of the old age pension board. This is, of course, absurd. Such people should enjoy the benefits of that legislation.

The war veterans should be well looked after, but they should be looked after according to their experience and disposition to work.

The dominion service has suffered to a large extent because a preference has been given indiscriminately to all veterans. So long as a man was a veteran, he was supposed to be qualified for nearly all jobs. This is absurd. I do not say that the state has no responsibility for those who return from war. They deserve the consideration and support of the state to a very large extent, but I do not see what service we are rendering a veteran, or what service we are rendering the state, by giving a man a job for which he is not qualified.

The third paragraph of the subamendment reads:

> . . . and further this house regrets the extent to which the government has vested the control of the Canadian economy in monopolistic industry and finance.

I have something else to say with regard to the second wish expressed in that resolution. While it mentions the blind and the veterans, there is no mention at all of those who are at present unemployed and who receive no contribution from the unemployment insurance commission. This is absurd. We are told that everyone must help to accomplish a total war effort. I know many people who are willing to give every effort, but they have no opportunity to do so. It is hard for them to get work, and there are some of them who have no work to do. They receive no contribution from the state. They do not need any contribution, and they are not asking for it. They are in good health, and they are willing to work, provided they are given an opportunity to do so.

If we examine the subamendment carefully we must put together the first and third paragraphs, because evidently there is some connection between the full utilization of the Bank of Canada for the financing of the war, and the extent to which the government has vested control of the Canadian economy in monopolistic industry and finance. I remember the day when I suggested that the party should have a programme. I remember the day, too, when it was done, although I had no responsibility for the way in which it was done. At that time there was a suggestion for a Bank of Canada. Why? Because in other countries they had state banks. They have one in England—the old lady of Threadneedle street. In France they have the Banque de France, controlled by the famous and notorious two hundred families. And in the United States—well, everyone knows about the banking system over there. There are national banks in many other countries, and we were told to ape what was done in those countries by making their system our own. The funny part about it is that Mr. Bennett stole the programme from the Liberal party and was responsible for the establishing of the Bank of Canada.

He got a governor, who was to have the humble salary of $30,000 a year, a man who was even greater because he recommended that the humble labourer should tighten his belt. This man, getting a salary of $30,000 a year, was to tell the humble labourer to tighten his belt. We laughed at him, and he never said it again. That man was R. B. Bennett's choice.

But that is not the reason why I am against the Bank of Canada. I was against it before the programme was stolen by Bennett. A good citizen wrote me from the place where James A. Robb was born, and asked me why I said the other day that from 1924 until 1930 I supported my party because it supported my electors. The reason is obvious. Hon. members will remember that there was an election at the time, and they will also remember the platform of the Liberal party: "Vote for the Liberal party; it is reducing national debt and taxation." Therefore, in supporting such a party my constituents were paying less taxes, and the burden of the national debt was getting lower and lower.

I gave my support with joy, until the turn came, with the accession of Mr. Bennett to power. Then the Bank of Canada was established, and the Liberal party complained of the fact that Mr. Bennett had stolen one of the most valuable planks in its programme. The first thing done by the party, after Bennett left office, was to build a monument for the Bank of Canada, a very expensive building. Before that the Bank of Canada was in the Victoria building at the corner of O'Connor and Wellington streets. Afterwards it was moved to the sumptuous building it now occupies.

After that I was sorry to see the reserve that was kept in the east block, the building in which are the offices of the Prime Minister (Mr. Mackenzie King) and the Minister of Finance (Mr. Ilsley), and in which the council room is located, transferred from the vaults of that building to those in the new Bank of Canada building. I can see gold only at a distance. It was put in well screwed-down boxes, but I saw that each truck was accompanied by a detachment of the Royal Canadian Mounted Police. This backing of Canadian dollars was transferred to the Bank of Canada from a place where it was under the direct guard of the Minister of Finance. And, sir,

I always thought when a guarantee to pay was given, such guarantee of payment was in the hands of the same person. But now, incredibly, it is the Bank of Canada which issues bank notes, and the guarantee is not at all in the hands of that bank. It is in the hands of an altogether different organization, namely, the foreign exchange control board. The guarantee is given by the Bank of Canada, but the reserve is in the hands of the foreign exchange control board. I speak from memory; perhaps something has been changed, because things are changed without knowledge of the members. However, I have been told that is the way in which it was done.

I read with care the speech on March 9 of the hon. member for Rosetown-Biggar, in which he said it was the belief of his party that the whole financial system should be a national system. I believe the same thing. But I remember, too, that on the coast, at Mont St. Michel in France there is a medieval monastery famous for its gothic architecture. Many visitors go there, but when they cross at low tide, the road is quite narrow, and they must not leave it or they will fall in the mud and be buried. That is how I understand things are at the present time. When we are in the wrong, should we proceed further, or should we come back to the right way and then continue?

My policy in matters of finance is that of Jim Robb. He never had a university education. He was a mill owner, a man who grew up under the shadow of Sir Wilfrid Laurier. He was a true friend of Sir Wilfrid Laurier. He had an unusual gift, that of common sense in business. I recommend to all members the reading of one of the most famous reports made by a parliamentary committee of this house. I think this committee sat in 1928, and Jim Robb was a member. It made a thorough study of the monetary and banking system. This report should be the corner-stone of all discussions and debates on banking. Why? Because the arguments advanced there are good and sound, because what was said before that committee was not said by schemers, by cranks, by doctors of every description, but by men of experience who had assumed the responsibility of being faithful guardians of the exchequer of this country.

I am delighted that the Minister of Finance has come into the chamber. He knows the personal regard I have for him because we have been friends since he has been a member of this house. Our relations have always been the most pleasant, and if at times I say things that may be hard to digest, I do not say them to hurt him. The subamendment is illogical. It states:

> . . . and further this house regrets the extent to which the government has vested the control of the Canadian economy in monopolistic industry and finance.

They also want a full utilization of the Bank of Canada. So long as the Bank of Canada is in the hands of those who control it at the present time, it will serve no useful purpose. My humble view is that we should change the heads of the Bank of Canada, rather suppress it and come back to the time when the Minister of Finance was responsible to the house for the financial policy of the government. That is the true British form of government. That was the policy of Fielding, Sir Thomas White and all the other great ministers of finance. I am sure that if the present Minister of Finance were given an opportunity to continue the traditions of Fielding and Sir Thomas White, he would do quite well.

In these days of irresponsibility everyone tries to pass the buck to someone else. The office of the comptroller of the treasury was created in a moment of bad humour. Mr. Bennett found that he could not stand his own self and he said, "We will do that." He was for centralization, and it was also decided to establish the Bank of Canada. This was also the Liberal policy for a time, but for me the real Liberal policy is the policy of ministerial responsibility. How can a minister say that he is responsible to the House of Commons when I am denied information about the trips of the doorman of the Bank of Canada around the world with R. B. Bennett? The government objected to giving that; the Prime Minister rose to protest against my receiving that information.

How can we do anything about it? What do we know about the number of employees of the Bank of Canada? There is no bridge between parliament and the Bank of Canada. There is no bridge between parliament and the foreign exchange control board. They are mysterious organizations. They may be good or they may be bad, but we do not have the satisfaction of being informed on what is going on behind closed doors. I protest against that as strongly as possible.

My policy is not to give life to new organizations; it is to cut them short. If Graham Towers has nothing else to do, put him on relief and give him a taste of that. We should get rid of all these people of the Bank of Canada. Get rid also of the foreign exchange control board, and place the responsibility of carrying out these regulations upon the

shoulders of the Minister of Finance. He may choose whom he likes as his staff, but he will have to inform us about what is going on, and what help he has, and give us their names, functions, salaries, travelling expenses paid and so on.

I do not question the honesty of these people, but the fact is that the only man who has been fired from the Department of Finance was a man who stole some bonds years ago and was put in gaol. That is the only occurrence I know of where anyone has been put out of the service. They are all there, and the number grows larger and larger. Where and when will it come to an end?

Who is the member of parliament who can speak with knowledge of the policies of the Bank of Canada except from what we know by hearsay from the minister himself? Where is the member of the House of Commons who has any intimate knowledge of the working of the Bank of Canada Act and all the other regulations in connection with the bank, which we do not receive half the time? All we have is a meagre report from the Bank of Canada. But what do we know of the regulations of the foreign exchange control board? They were published in two volumes in a shapeless form —fortunately an index was supplied later— but who has ever read them and understood them?

There is another reason why I am against the proposal of my hon. friends. It is because their main policy is that which was advocated by Mr. Woodsworth in years gone by. That is the policy they enunciate now and have been doing in years gone by. They are against profit. I quote the words of the hon. member for Rosetown-Biggar, leader of the Cooperative Commonwealth Federation, as reported at page 1109 of *Hansard* of March 9. He said:

> However, the unfortunate factor is that in normal times the main stimulus to economic activity is not defence of the nation or the good of the community, but the making of profit. To my mind that motive is wrong.

When a man works hard for a few dollars a day, lives within his means and succeeds in saving perhaps a dollar or two each day, and then puts it in a bank or buys insurance with it, that is a profit, and it is a legitimate profit. What is wrong, Mr. Speaker, is for my hon. friends to think of profit as always being an extravagant profit. I know there are extravagant profits; I know there are schemers of every description; I know that very well. But I would not say that is true of the majority of the Canadian people. I believe that the majority of the Canadian people from coast to coast are honest people who can compare favourably with those of any other nation in the world, and they live on profit.

Moreover, where does taxation come from if not from profit? And if there is no profit where will you get your taxation? That is a question I put in 1933 to the Cooperative Commonwealth Federation. I put it again in 1934, and it has not yet been answered. It cannot be answered very easily. And how will they run their scheme if nobody makes any profit and if no taxes are paid? I wonder if there is any member of the Cooperative Commonwealth Federation, however brilliant he may be, who can answer that question.

And then, with no profit, and therefore no taxation, they are for the Marsh report which will cost two billion dollars a year. Where will they get the money to put it into effect? It is incredible; it is illogical, and that is one reason why I shall be bound to vote against the subamendment.

There is something else. Money is not only a medium. It may be a medium at times. Money is an accessory to a principal transaction which is barter. That is how money or currency, or stones in the stone age, has always been considered since the beginning of the world. A man would bargain a camel for two sheep, and he would pay the difference in stones.

Mr. DEPUTY SPEAKER: Since the Minister of Finance (Mr. Ilsley) has an announcement to make, perhaps the hon. member will adjourn the debate.

On motion of Mr. Pouliot the debate was adjourned.

BUDGET AMENDMENT

ANNOUNCEMENT OF NEW RATE OF POSTAGE ON POSTCARDS

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I intended to inform the house this afternoon that when the budget resolutions were before us I would move an amendment affecting the rate of postage on postcards, making it three cents instead of two cents. I think I stated in the budget speech that the rate on postcards would not be affected, but after consultation with the Post Office Department I find that to leave the matter in that position would affect existing and proper differentials, and therefore I propose to make an amendment. The Post Office Department is obliged to make certain preparations, which unfortunately became public before I had an opportunity of informing the house, but I am taking the opportunity of doing so now.

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

Wednesday, March 24, 1943

The house met at three o'clock.

STANDING COMMITTEES

RAILWAYS AND SHIPPING—PUBLIC ACCOUNTS—CHANGES IN PERSONNEL

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

That the name of Hon. J. E. Michaud be substituted for that of Hon. C. D. Howe on the standing committee on railways and shipping.

That the name of Mr. Douglas (Weyburn) be substituted for that of Mr. Wright on the standing committee on public accounts.

Motion agreed to.

SPECIAL COMMITTEE

DEFENCE OF CANADA REGULATIONS—CHANGE IN PERSONNEL

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

That the name of Mr. Graham be substituted for that of Hon. J. E. Michaud on the special committee on defence of Canada regulations.

Motion agreed to.

TRANS-CANADA AIR LINES

TABLING OF ANNUAL REPORT AND REFERENCE TO RAILWAYS AND SHIPPING COMMITTEE

Hon. C. D. HOWE (Minister of Munitions and Supply): I desire to lay on the table the annual report of Trans-Canada Air Lines for the year ended December 31, 1942. Copies of this report are being distributed to members this afternoon. I move:

That this report be referred to the standing committee on railways and shipping owned, operated and controlled by the government.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

FARM MACHINERY CONTROL—POTATO MACHINERY

Mr. HATFIELD:

1. Has there been an allotment made by the farm machinery controller for potato machinery to be used in each province?

2. If so, what number of machines were allotted to each machinery manufacturer for each province as follows, (a) potato planters, (b) potato cultivating machines, (c) potato sprayers, (d) potato diggers?

Mr. ILSLEY:

1. There are no allotment quotas on this type of machinery by provinces. However, the farm and construction machinery administration have arranged with every manufacturer and importer of potato machinery to allocate supplies of potato machines which each will receive in 1943, as well as any inventory carried over from 1942, to the various sections of the country based on a percentage of an average of 1940, 1941 and 1942 sales in each area.

2. There has been no allotment of potato machinery to individual machinery manufacturers by provinces. Each of the board's ration officers' keeps running records of agricultural machinery to ascertain how many machines are available and what implement firms have them. Every effort is made to allocate farm machinery in an equitable manner.

MARSH SOCIAL SECURITY REPORT

Mr. BLACK (Yukon):

1. Was L. C. Marsh, whose report was on March 16, 1943, presented to the committee on social insurance security, employed by the government to prepare and make said report?

2. If so, what amount has been, or will be paid him?

3. Were those associated with said Mr. Marsh in the preparation of said report paid?

4. If so, what amount was paid or will be paid to each?

5. What public expense, if any, has been or will be incurred in the production of said report?

Mr. MACKENZIE (Vancouver Centre):

1. and 2. Leonard C. Marsh, Esq., B.Sc. (Econ.), M.A., Ph.D., was employed as from July 2, 1941, at a salary of $4,000 per annum as research adviser to the committee on reconstruction. The report was prepared in the course of his duties, at the request of the Minister of Pensions and National Health, and no special fee was paid.

3. Some of those associated with Dr. Marsh in the preparation of this report received no emoluments; others will only receive out-of-pocket expenses; others will receive a fee, subject to approval of treasury board, and out-of-pocket expenses.

4. The following persons were associated with Dr. Marsh in the preparation of the report and, in the absence of complete vouchers, it is estimated that payments, subject where necessary to approval of treasury board, will be made as indicated: Dr. Allon Peebles, director of statistics and research, Department of Labour: Nil; Dr. W. J. Couper, special assistant to the deputy Minister of Labour; Nil; Mr. Maurice Stack, technical adviser on social insurance, International Labour Office: Nil; Dr. George

Davidson, executive director, Canadian Welfare Council: Nil; Dr. Stuart Jaffary, director, school of social work, University of Toronto: consultant's fee $100.00, out-of-pocket expenses $17.50; Miss Bessie Touzel, executive secretary, the welfare council of Toronto: consultant's fee $100.00, out-of-pocket expenses $44.75; Dr. Harry Cassidy, department of social welfare, University of California: out-of-pocket expenses (not yet reported).

5. In addition to the approximate expenses shown in the answer to question 4, public funds will be charged with an amount of approximately $155.21, being cost of hotel accommodation and also travelling expenses of Dr. Marsh when visiting the International Labour Office, Montreal. It is anticipated that the entire public expense incurred in the preparation of the report will not exceed $445.

THIRD VICTORY LOAN

Mr. CHURCH:

1. What was the remuneration to banks, trust and loan companies and other dealers in the last victory loan?

2. What is the amount of accounts not yet paid, as of January 31, 1943?

3. What is the grand total of expenses of this loan?

Mr. ILSLEY:

1. Payments to March 20th, total $5,073,035.38.

2. The amount of accounts submitted but unpaid as at February 28, 1943, is estimated to be approximately $350,000.

3. It is estimated that the total expenses of the third victory loan will be approximately $9,650,000.

Mr. QUELCH:

1. What was the total number of subscribers to the third victory loan?

2. How many of these were on the special names list?

3. What was the total amount subscribed by, (a) those on the special names list, (b) all other subscribers?

Mr. ILSLEY:

1. 2,041,610.

2. 7,436.

3. (a) $616,708,300; (b) $374,828,200.

(All the above figures are preliminary.)

PURCHASE OF GLEN LAWRENCE ORCHARD, KINGSTON, PROPERTY

Mr. AYLESWORTH:

What was the total amount paid for land, buildings and orchard purchased from Mr. Harvey of the Glen Lawrence orchard, Kingston?

[Mr. Ian A. Mackenzie.]

Mr. RALSTON: No buildings were purchased. The total amount paid for land and orchard was $5,800.

MOBILIZATION ACT—KINGSTON ADMINISTRATIVE DISTRICT

Mr. BENCE:

1. Who are the members of the board appointed under the National Resources Mobilization Act for the administrative district with headquarters at Kingston, Ontario?

2. How long has each been engaged as a member of this board?

3. How much money has each received for, (a) salary, (b) expenses?

Mr. MITCHELL:

1. Chairman: Hon. Mr. Justice A. W. Greene.

Deputy chairman: James Roderick MacLaren, Esq., William A. Parisien, Esq.

Member: His Honour Judge J. C. Reynolds (ad hoc), F. L. Alyea, agriculture representative.

2. Hon. Mr. Justice Greene, James Roderick MacLaren and William A. Parisien, appointed August 27, 1940.

F. L. Alyea, appointed May 20, 1942.

His Honour Judge J. C. Reynolds appointed September 2, 1942.

3. Hon. Mr. Justice A. W. Greene—Fees $760.00, travel $392.43; James Roderick MacLaren—Fees and living allowance $3,726.50, travel $460.34; William A. Parisien—Fees and living allowance $3,961.75, travel $852.65; F. L. Alyea—Transportation expenses $146.38, fees $750; His Honour Judge J. C. Reynolds—Salary—Nil, Expenses—Nil.

EXPORTS OF OATS, BARLEY AND OTHER FEED GRAINS

Mr. ROSS (Souris):

1. Is an export permit required in order to export oats, barley or other feed grains to the United States?

2. If so, who is entitled to a permit?

3. Who issues the permit?

4. Is there a margin of profit existing between the prices prevailing in the United States and the maximum prices allowed in Canada under the price ceiling for oats, barley and other feed grains?

5. If so, who receives this margin of profit, the exporter or the primary producer?

6. If the exporter, has the government taken any action to have the primary producer share in his margin of profit?

7. If so, on what date was this action taken?

Mr. MacKINNON (Edmonton West):

1. Yes.

2. Any resident of Canada may apply for a permit.

3. The export permit branch, Department of Trade and Commerce, on the approval of the Canadian wheat board or feeds administrator of the wartime prices and trade board.

4. In most instances, yes.

5. The permit holder—this includes producers.

6. The government and wheat board now conferring on how to bring this about.

7. Answered by No. 6.

OLD AGE PENSIONS—MANITOBA

Mr. KNOWLES:

1. Has the government of Manitoba, through its premier or any other official, asked this government to make a supplementary provision to enable the payment of old age pensions up to a maximum of $25 per month, in the province of Manitoba?

2. If so, what was the answer of the government?

Mr. ILSLEY:

1. Yes.

2. The dominion government advised all provinces that it will amend the old age pensions regulations to allow the provinces to pay supplemental allowances without reducing the amount of pensions payable under the Act.

Under an order in council dated February 17, 1943, (P.C. 17/1280) the dominion government amended the old age pensions regulations to permit the province of Manitoba to pay a supplemental allowance to old age pensioners.

FARM LABOUR QUESTIONNAIRE

Mr. COLDWELL:

1. Is Form WTW 1, entitled "farm labour questionnaire 1943", being circulated in the province of Saskatchewan with the approval of the Minister of Labour?

2. If so, does the minister approve of the question, "What family help over twelve years of age is available to you for farm work this year?"

3. What hours of labour are to be prescribed for children over twelve years of age?

4. What rates of pay are to be stipulated?

5. Are children so employed to be examined for physical fitness?

6. Are other provinces to be also permitted to exploit child labour in 1943?

Mr. MITCHELL:

1. The Minister of Labour has not been asked to approve of this questionnaire. He has been informed that it is circulated by the Win-the-War organization of the province of Saskatchewan.

2. See answer to Question 1.

3 to 6, inclusive. No information.

NATIONAL WAR SERVICES—HELEN DOHERTY

Mr. FRASER (Peterborough West):

What sums and on what dates were payments made to Miss Helen Doherty as special assistant to the Minister of National War Services?

Mr. LaFLECHE: The following payments have been made to Miss Helen Doherty as general assistant, Department of National War Services, as authorized by order in council, P.C. 118/8785 on the 26th of September, 1942:

1942			
October	7	To August 31, 1942 (Deductions were not then being made at the source)	$7,090 00
October	7	To September 30, 1942, $300 less deductions	199 42
October	31	To October 31, 1942, $300 less deductions	199 42
November	30	To November 30, 1942, $300 less deductions	182 61
December	31	To December 31, 1942, $300 less deductions	182 61
1943			
January	30	To January 31, 1943, $300 less deductions	182 61
February	27	To February 28, 1943, $300 less deductions	182 61

CHARTERED BANKS—RATION COUPON BANKING

Mr. FRASER (Peterborough West):

1. Has any arrangement been made to pay the chartered banks in Canada for increased duties imposed upon them by ration coupon banking, etc.?

2. If so, give the details.

Mr. ILSLEY:

1 and 2. The ration administration of the wartime prices and trade board has arranged with the chartered banks that they shall be reimbursed for the handling of ration coupons on a cost basis. The formula for deriving this cost figure will be worked out between the banks' accountants and the comptroller of the wartime prices and trade board.

FREEZING OF FARM HELP

Mr. FAIR:

What action, if any, has the government taken with respect to freezing the present farm help on Canadian farms?

Mr. MITCHELL: Selective service mobilization regulations, section 10 (9), provide that a person employed in agriculture shall be granted a postponement from military training unless it is established that such person is not an essential worker in agriculture. An interpretative letter has been sent to all mobilization boards advising them of the policy of the government.

Selective service civilian regulations, paragraph 207, provide that no person employed in agriculture shall enter into other employment, except service in the armed forces, or seasonal or temporary employment outside of an urban municipality for not more than 60 days in any year when such employment does not interfere with agricultural production, unless he has obtained a permit from a selective service officer.

QUESTIONS PASSED AS ORDERS FOR RETURNS

WARTIME PRICES AND TRADE BOARD—BROCKVILLE ADMINISTRATIVE DISTRICT

Mr. TUSTIN:

1. What is the personnel of the wartime prices and trade board at Brockville?
2. What is the salary of each member of the staff?
3. On what date was each member appointed, and on whose recommendation?
4. What is the personnel of the wartime prices and trade board at Pembroke?
5. What is the salary of each member of the staff?
6. On what date was each member appointed, and on whose recommendation?

Mr. ILSLEY: Return tabled.

GALLUP POLL

Mr. CHURCH:

1. What is the Gallup poll and what public control is there over it?
2. Where are the offices of this poll and who are its officials?

NET SALARIES OF CIVIL SERVANTS AFTER TAXES

Mr. FAIR:

1. How many civil servants, (a) temporary, (b) permanent, were employed by the dominion government, (i) in Ottawa, (ii) in Canada, on (1) September 1, 1939, (2) January 1, 1943?
2. How many of those (a) temporary, (b) permanent, residing in (i) Ottawa, (ii) outside Ottawa, will have a net salary of $660 after paying national defence and income taxes, superannuation, and other deductions?

Mr. McLARTY: It would be extremely difficult to give any satisfactory answer to this question as drawn. Part 2 of the question refers to income taxes, superannuation and other deductions. I take it the hon. member for Battle River means compulsory deductions, because there are deductions where war savings certificates or bonds are purchased. Subject to this qualification I would ask that the question pass as an order for return.

[Mr. Fair.]

PRINTING OF SPEECHES AND STATEMENTS

Mr. BENCE:

How many copies of each of the following speeches and statements were printed by the government and what was the total cost thereof, (a) "Three years of War", a radio broadcast by Right Hon. W. L. Mackenzie King, M.P.; (b) "Servitude or Freedom", an address by Right Hon. W. L. Mackenzie King, M.P., to the Canadian Club of Ottawa; (c) "Labour and the War", an address by Right Hon. W. L. Mackenzie King, M.P., to the American Federation of Labor 1942 convention; (d) "Nothing Matters Now But Victory", an address by Right Hon. W. L. Mackenzie King, M.P., on the opening of the 1942 victory loan campaign; (e) statements by Right Hon. W. L. Mackenzie King, M.P., on "The Military Occupation of French North Africa, and, The Withdrawal of Recognition of the Government of Vichy"; (f) "The Defence of Common Liberties" an address by Right Hon. W. L. Mackenzie King, M.P., to the Pilgrims of the United States; (g) "Temperance and a Total War Effort", an address by Right Hon. W. L. Mackenzie King, M.P.; (h) addresses by Right Hon. Sir George Henry Wilkinson, Right Hon. W. L. Mackenzie King, M.P., and Right Hon. Winston S. Churchill, C.H., M.P., made at the Lord Mayor's Luncheon, in honour of the Prime Minister of Canada?

MOTIONS FOR PAPERS

MAJOR GENERAL VANIER

Mr. POULIOT:

For a copy of all orders in council relating to the appointment of Major-General Vanier to his new post in London.

TRANSMISSION OF COPIES OF STATUTES TO SECRETARY OF STATE FOR THE DOMINIONS

Mr. POULIOT:

For a copy of the correspondence exchanged between the Canadian Secretary of State for External Affairs and the British Secretary of State for Dominion Affairs, with regard to the forwarding or sending of the bound volume of statutes passed at the fourth session of the eighteenth parliament, in which were included nine acts assented to by His Majesty the King of "the realm of Canada" on May 19, 1939.

Mr. POULIOT:

For a copy of all correspondence between any member of the government and the clerk of the parliaments with regard to the establishment of "the existing practice that the clerk of the parliaments sends the certified copy of the

statutes to the Secretary of State for External Affairs, who sends it to the Secretary of State for Dominion Affairs", notwithstanding section 6 of the Publication of Statutes Act.

Mr. POULIOT:

For a copy of all the acknowledgments from the Secretary of State for External Affairs to the clerk of the parliaments for certified and bound copies of the statutes of every session of parliament to be sent to the Secretary of State for Dominion Affairs, and of all the acknowledgments from the British Secretary of State for Dominion Affairs to the Canadian Secretary of State for External Affairs for each copy of said statutes, since July 1, 1927.

PRICE CEILING—BEVERAGES

Mr. FAIR:

For a copy of wartime prices and trade board order permitting restaurants to raise price of beverages.

INVERNESS STATION-MARGAREE HARBOUR-CHETICAMP, N.S., MAIL SERVICE

Mr. BLACK (Cumberland):

For a copy of all correspondence, notices calling for tender, tenders, contracts or special services entered into, with respect to carrying mail between Inverness station and Margaree Harbour and Margaree Harbour and Cheticamp, Nova Scotia, during the years 1941, 1942, 1943; to include copy of all correspondence with the post office inspector and other officials in Halifax, Nova Scotia, and the Post Office Department at Ottawa.

Mr. MULOCK: Subject to the usual reservation respecting the reports of officials, I am satisfied to have this motion pass.

GASOLINE

RATION REGULATIONS—ALLOTMENTS FOR MARKET GARDENERS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Minister of Munitions and Supply. Perhaps in view of the fact that I have not given him notice he might treat the question as notice. I have had some correspondence from people operating small farms, and from market gardeners, who indicate that in their applications for gasoline rationing this year those who are using their cars for delivery purposes and in connection with their businesses are apparently being treated as ordinary car owners. Would the minister consult with the oil controller and perhaps make some regulation which would relieve the situation so far as these people are concerned.

Hon. C. D. HOWE (Minister of Munitions and Supply): I shall be glad to consult with the oil controller, and inform my hon. friend later.

WHEAT

ADVANCES ON WHEAT IN STORAGE ON FARMS

On the orders of the day:

Mr. G. H. CASTLEDEN (Yorkton): Mr. Speaker, I wish to ask a question of the Minister of Trade and Commerce (Mr. MacKinnon). In view of the critical shortage of meats, feeds and dairy products, will the government take into consideration paying to western farmers advances on the 400,000,000 bushels of wheat they have been forced to store on their farms, in order that they may not be compelled to sacrifice their herds?

Mr. SPEAKER: That is a question which should be placed on the order paper.

Mr. CASTLEDEN: I did place it on the order paper, and I received an evasive answer.

CANADIAN FORCES

LEAVE TO SOLDIERS FOR WORK ON FARMS

On the orders of the day:

Mr. NORMAN J. M. LOCKHART (Lincoln): Mr. Speaker, arising out of a press dispatch appearing in this morning's Toronto papers may I direct an inquiry to the Minister of National Defence (Mr. Ralston), although it would appear from the dispatch that the report has been given out by Toronto military officials, on advice from Ottawa. I shall send the article to the minister after I have asked my question. The press report says that "leave will not exceed six weeks, and may be cancelled at any time". It deals with the releasing of soldiers from the armed forces. I do not wish the house to become impatient until I have completed what I have to say, because over the week-end farmers came to me in desperation, wanting to know what they could do about the services of their sons in the army. Will the Minister of National Defence or the Minister of Labour make an announcement in detail, so that the public will know and so that farmers particularly will know their true position in this respect? I would ask that the statement be made as early as possible, because the frost is out of the ground in my section of the country, and they are ready to go to work.

Hon. J. L. RALSTON (Minister of National Defence): So far as my department is concerned I shall be glad to look at the dispatch and endeavour to make an appropriate statement under the circumstances.

MEN WITH MEDICAL CATEGORY RATINGS LOWER THAN A-1 AND A-2

On the orders of the day:

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I should like to ask a question of the appropriate minister in connection with a Canadian Press dispatch from Calgary appearing in this morning's papers, stating that men called up for military service who receive medical category ratings lower than A-1 or A-2 will not be inducted into the services. Would the minister care to make a statement?

Mr. SPEAKER: This question is in the same category as the previous one; it should be placed on the order paper.

CALLING UP OF MEN OF GERMAN BIRTH

On the orders of the day:

Mr. J. W. NOSEWORTHY (York South): Mr. Speaker, I should like to ask a question of the Minister of Labour (Mr. Mitchell). Is the government now calling up for military service men of German birth who have been reporting to the mounted police since the beginning of the war?

Mr. SPEAKER: I could not hear the hon. gentleman, but I understand that he was asking a question with regard to the policy of the government as to calling up certain classes of men.

Mr. NOSEWORTHY: No; I am asking whether the government is now calling up these men, and has been calling them up for some time.

Mr. SPEAKER: I think that is a question which should be placed on the order paper.

PRIVILEGE—MR. CHURCH

REFERENCE TO REMARKS OF MEMBER FOR WOOD MOUNTAIN IN DEBATE ON MARCH 22

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I regret to have to rise again to a question of privilege, since I do not have thirty or forty press agents, as members of the government do. I wish to call to the attention of the house a speech made on March 22 by a friend of mine, the hon. member for Wood Mountain (Mr. Donnelly). I should like to read the words about which I complain, which appear at page 1447 of *Hansard,* and then to say a few words in order to indicate that the hon. gentleman has made a grave error. The hon. member said:

> Let me turn for a moment to other members of the government. I remember back in 1927 and 1928 or thereabouts—

[Mr. Ralston.]

The yes-men can bang their desks all they like, but I am a private member of parliament and I am going to assert my rights as such, because this is still a free parliament, with free speech.

—when our navy consisted of the *Rainbow* and the *Niobe,* the hon. member for Broadview—

There was no such constituency then.

—(Mr. Church) spoke in this house and referred to our navy as consisting of these two ships and he asked: Where is our fleet now? And he answered in derision: Tied up in a garage at Halifax. Ah, but he does not say that now. Our fleet is to-day doing a man-sized job, sailing and patrolling the seven seas, and we are all proud of it. It is doing forty per cent of the convoy work in the north Atlantic. We are proud of our navy and the work it is doing, and hon. gentlemen do not deride it and poke fun at it to-day as they did in 1927 and 1928. It has grown from the two ships we had then to the splendid fleet we have now.

Not one word in the paragraph is correct. I supported rearmament in this house for twenty years before the war started. I called the attention of this parliament to the grave error we were making in bringing about absolute disarmament on land, on sea and in the air, because our estimates had been reduced to practically nothing. I never said a word criticizing the men of our armed forces, and I defy the present minister for the navy to show that I did, though yesterday I am told that he interjected some remarks which are not reported in *Hansard.*

Let me say to the hon. member for Wood Mountain that away back on June 21, 1926, when I was opposing the so-called new status under the statute of Westminster, I said this had become an empire-wrecking statute, and that in case of war we would not be able to defend our shores, that we could no longer depend upon the mother country and its navy because by that statute we were outside the empire, and because of its separatism and isolationism. I had the figures then from the minister for the navy, and I shall refer to them in just a moment after I read the remarks I made in this house on that occasion.

Mr. SPEAKER: Order. On a question of privilege of course the hon. gentleman is entitled to make a statement denying what was said by the hon. member for Wood Mountain, but he should not enter into another argument with regard to this question of the navy.

Mr. CHURCH: I agree with your ruling, Mr. Speaker, and I do not wish to take up the time of the house unduly. My remarks about Halifax were made on June 21, 1926, at which time I said that if we were going to become an independent country under the statute of Westminster any foreign fleet might

sail up the St. Lawrence and we could not oppose it because our navy might be locked up in a garage at Halifax. I have referred many times in this house to the figures in regard to the navy, the air force and all the rest of it. At that time I said we were only spending five shillings a head on the defence of the country, which was less than half the amount we were spending on postage stamps, while Britain spent thirty shillings and went on to say that under the statute of Westminster we had no longer any right to look to the mother country for protection. Then I urged that we support the Jellicoe report on rearmament and make a grant toward the cost of the Singapore base for the defence of the Pacific. I did my duty as a member of parliament, and I am not going to be intimidated here by the hon. gentleman who is now Minister of National Defence for Naval Services (Mr. Macdonald), who before the war did nothing to urge rearmament upon the people of Nova Scotia.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, March 23, 1943, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Coldwell.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, to conclude what I was saying yesterday, the adverse criticism of the budget by the hon. member for Rosetown-Biggar (Mr. Coldwell) was contained in six lines of the last paragraph on paage 1109 of *Hansard* for March 9. These were his words:

> My adverse criticism of the budget is that it contains no attempt whatsoever to relieve poverty and to remove trade barriers which will be a potent factor in the post-war world, nor does it prevent control of our economy by monopolistic industry and finance.

Those were practically the only three counts on which my hon. friend opposed the budget. In his amendment he suggested that poverty be relieved by increasing the pensions to three categories of individuals, the old, the blind and the veterans. Nothing was said in behalf of the unemployed who are neither old, blind, nor veterans. Secondly, in his speech he mentioned trade, but that is not mentioned at all in the subamendment. Our external trade is vital to us. At the present time our exports are principally grain, foodstuffs and munitions, and we have lost the commercial exports of pre-war years. As was stated here the other day, England is keeping her markets throughout the world by sending commercial exports, while we are not doing so; and at the end of the war what will happen? Canada, which has been manufacturing munitions, will have no markets in the other countries of the world, while first place in those markets will be held by the United Kingdom. So much is this the case that whenever an hon. member asks for figures giving the details not only of our exports but also of our imports, it is impossible to get any detailed information; we are told that this information is held by the censors. I hope some day the minister who is responsible for censorship will give some explanation in that regard.

In the third place, in order to improve the situation, my hon. friend, the leader of the Cooperative Commonwealth Federation (Mr. Coldwell), suggests the nationalization of our banking system in order to make full use of the Bank of Canada for the financing of the war. How will that be done? We do not know. It is easy to say "we will do this or we will do that", but the question in the minds of the Canadian people is how these marvels will be accomplished.

In the last war we never heard that Sir Sam Hughes was the perpetual acting minister of finance, acting in the place of Sir Thomas White. In England the minister of war is not the acting chancellor of the exchequer. In the United States the secretary of war is not in charge of finance. I cannot conceive how the present Minister of National Defence (Mr. Ralston) can continue to be the perpetual acting Minister of Finance. The job of Minister of National Defence should be a full time job. I intend no reflection upon the minister; my remarks are directed to the fact that a man who has onerous duties to perform is appointed to fill a position the duties of which are entirely different from his own. At the time of Mr. Dunning all matters of finance were removed from the Department of National Defence to the Department of Finance. I cannot understand why the order in council has never been published in the bluebooks of the government which contain all the important orders in council. It was mentioned only casually on July 2, 1942, by the Minister of Finance.

The question of control is important. We have many controllers; in fact there are seventeen of them under the wartime industries control board. These controllers have no responsibility to parliament, and government business is being controlled by private industry. The duty of government is to act as a connecting link between private enterprise and the common people, but we find that private enterprise has control of government business. These dollar a year men are on the fence now. They have not indicated whether they will lean to the side of the government or to the side of my hon. friends of the Cooperative Commonwealth Federation in the next election, whenever it comes. They are trying to court each party; they are trying to find out which way the wind will blow. They are telling the members of the Cooperative Commonwealth Federation that they are the ones who can apply their theories because of the experience they have had in matters of control. But they want to retain their own power no matter what administration we may have in the future, whether this one, the Cooperative Commonwealth Federation, or a group of reformers. They are on the fence and they are waiting for the moment when they can consolidate their own strategic position.

What we need is more reform. In the past the Conservative party has stolen parts of the programme of the Liberal party. This has been stated by leaders of the Liberal party. I cannot understand why they have not made one more theft and taken the old name of the Liberal party—the reform party. That is what we need in this country. We may not need a new party, but there should be a group of independent members who are ready to think for themselves, who will be ready to put the public interest before their own. That is my idea of what a reform group should do.

Ever since I have been in politics I have been opposed to the idea of a union government. Sir Robert Borden said of Sir Joseph Flavelle that he had shown bad judgment in suggesting a union government. There might be a union opposition composed of men of goodwill, men who want to bring about reform in this country. I say to my friends of the Cooperative Commonwealth Federation as well as to those who sit on the treasury benches, it is time to consider reform; otherwise parliament will fall in the mud.

[Mr. Pouliot.]

Mr. H. R. JACKMAN (Rosedale): Mr. Speaker, I should like to approach as sympathetically and as constructively as I can a discussion of this fifth war-time budget. No one realizes more than I the difficulties which the Minister of Finance (Mr. Ilsley) is facing during these days. The budget calls for an expenditure of $5,500 million and the collection of a gross revenue of $2,601 million, leaving a deficit of $2,899 million—approximately $3,000 million. Reducing these figures to something which we can understand, they amount to an expenditure of $487 for each man, woman and child in this country. The gross revenue which will be collected will amount to $230 per capita. The deficit, the difference between the amount that we spend and the amount we collect, will be no less than $257 per head of our population.

In the year just closing we had a deficit of $2,162 million, some $700 million less than the deficit we are facing in the coming year. Much of the deficit of $2,899 million which is forecast for the coming fiscal year will have to be raised in the form of victory loans and by the sale of war savings certificates. This same process was adopted in the year just closing, but approximately $200 million had to be borrowed from the Bank of Canada and an additional $790 million from our chartered banks. A continuance of this borrowing to finance our country's expenditures will threaten the soundness of all dollar obligations—indeed, will threaten the soundness of the whole financial structure of this country. That is what will happen unless a halt is called in due time.

It is true that the national income has risen from $4,750 million before the war to approximately $9,000 million, an increase of no less than $4,250 million. The income has approximately doubled during the last four years. The total tax revenue we expect to bring in this year will be only $2,600 million, which is about sixty per cent of the increase in our national income since the beginning of the war. It would appear on the surface that the Minister of Finance is not facing such a difficult job when we consider that the increase in the national income greatly exceeds the total taxation which is to be collected at the present time. However, the matter is not as simple as that.

We should be able to ask: where has the national income gone? The minister's department is so poorly equipped with figures on the national income that even he does not know who receives the national income, and particularly who has received the increase which alone is greater than the whole tax bill

which has been saddled on the people of this country for the coming year. If it is true that the departmental officers know who gets the national income and where the increase has gone, then surely it is their duty to acquaint the members of this house with those facts so that we shall be able to apply some reasoning to the problem of how the burden of taxation can be most fairly apportioned.

It is true that there are many new workers, particularly women, who in the days before the war did not receive directly any part of the national income, and they must be afforded a reasonable income in order to induce them to work. But I would ask the minister to tell us who gets the nine billion dollars of national income, and particularly where has the increase gone. It would also be most interesting, Mr. Speaker, if we could find out what the total dollar value of production in this country is at the present time. How much of this total production then goes for war purposes, and how much is left for civilian consumption? These figures are available for nearly all other countries of size and consequence, and particularly for our neighbour to the south. We then should know exactly how much in the way of production is available for civilian consumption, and that can be compared with the difference between our total national income, and the amount that is available for spending after taxation. That difference is what is ordinarily called the gap which measures the inflation potential which we are facing. It also tells us in large measure just what the pressure on prices is likely to be, because the money will be spent if it is not saved and if there are not goods to go round, the only thing that can happen is that the prices of goods will go up unless the price ceiling is effective enough to resist pressure.

The money is undoubtedly there. There is sufficient money for the minister to be able to come much closer to balancing his expenditures than his present budget forecasts. It is the patriotic duty of every citizen to work and to save, and also to protect what we have, not only what we are earning to-day but what we have laid aside in the past in order to provide for the contingencies which beset every one of us.

I should like to pay a tribute to the national war finance committee, and to its chairman, Mr. George W. Spinney. There has been no more hard-working and self-sacrificing group of workers on behalf of the war effort than that organization. They have had a competitive spirit in the service of their country which has been a splendid example for all other organizations. I am glad to say that in the city from which I come and which has made a notable record in supporting the war loans, the area which coincides with my own riding led the field in the last loan.

The question which is perhaps most often asked me when I go round my riding, particularly in the southern section of it, which runs down to the bay in the city of Toronto, and where in April, 1940, no less than ten thousand people were forced to accept relief, is this: Why, if we can find all this money for war, could we not find it during the depression? Or, now that they have jobs and have enough to eat, they say: Is it not terrible that we had to have a war to bring back prosperity? The answer to that, sir, is not simple. But what are some of the facts we should look in the face to see just what the answer is, or what light can be thrown on the solution of this very difficult question with which I am sure every member of this house is faced from time to time?

Last year we spent $4,470 million and collected in revenue only $2,209 million, with a resulting increase in our direct debt of $2,261 million. We increased our debt by more than we collected in revenue. The state, cannot, any more than the individual can, continue to live beyond its income. At some time a halt must be called. Much of this $2,261 million which we spent but did not tax from our people was provided by the people through loans, and to some extent through leaning on the Bank of Canada and on the chartered banks. But as the minister has said, this process of leaning on the banks is a most unhealthy one and one which is fraught with danger to our country. In effect the people who bought the war loans and the war savings certificates subjected themselves to an extra tax. Certainly they deprived themselves of spending their money and instead lent it to their country. How did they do this? First of all through direct subscription to the victory loans and to the war savings certificates; and second, indirectly, through savings deposits and premiums on life insurance, which in turn were paid over to the government in exchange for securities. We must ask ourselves why were they willing to subject themselves to this extra tax. Why did they not spend their money? It is the old reason most of us have been brought up to understand, namely, putting aside something for a rainy day, to look after sickness or unemployment or old age. But these people who have lent their money to the government so that the war effort could be carried on want it back with the purchasing power that it had when they lent their money to the government. That is the reason why we must

all fight inflation. With millions of our citizens subscribing to the victory loans, we all have a stake in the financial integrity of this country, and we must all fight rising prices and maintain the soundness of our currency.

The minister on March 3, the day after the budget was brought down, had some remarks to make about the healthy condition of this country at the present time, referring in particular to the financial aspects of that condition. I cannot say that I was very much impressed by his statement; for Canada to-day presents all the surface phenomena—great activity and great employment—that it did in 1929 when it was facing a fearful headache along with the rest of the world. There was then an absence of controls, but we had at that time a credit inflation through borrowing. In the present case we have borrowing by the government rather than by the individual, and it is not a sign of a healthy financial body. There is only one thing that matters more than the control of inflation, and that is the freedom of life itself. We are willing to take any measures, no matter how vital or how sacrificing they may be, both from the human and from the material point of view, in order to bring about victory. Finance must at all times be merely the handmaiden of the war effort. It must be a means to win the battle; it must never be the end in itself, and that is the only modification which we can make in regard to the maintenance of the price ceiling. If the maintenance of the price ceiling in any individual circumstances leads to less production for war purposes than would otherwise be the case, then we must get the war production and let finance take care of itself.

How long, however, can we go on spending twice as much as we tax ourselves? There was a time when we believed that any substantial deficit spending would destroy confidence in business. One recalls that in the early thirties some $35,000,000 was added to the currency, and there was a feeling that this might lead to inflation and to a loss of confidence on the part of business men, so that the cure would be worse than the disease. We have found that small amounts like this do not have the influence on the national economy that we previously thought.

To-day our minds are bent only on winning the war. Economists endeavour to explain how we can spend twice as much as we take in, by saying that we are in a debt economy and that as long as the people have confidence in the financial integrity and ability of our country we can continue to spend more than we collect in taxation. There is indeed a school of economic thought in the United States which says that the government can take in very nearly a dollar in taxation for every dollar it spends. I am not one who subscribes to that theory, for I still believe in the old principle of orthodox finance that one should spend only as much as one takes in.

Let me warn the government that it is fast drawing on an asset which is by no means inexhaustible. A little inflation may be inevitable, and it may be even desirable as a cushion for the post-war period. It is true that the government has difficulty in maintaining a price ceiling, but it is utterly impossible for the government to maintain a price cellar.

The price rise we have had to date reflects a slight inflation. Other financial indices point to a potential inflation base, and I support the government in its fight against rising prices. As I have said, that policy, however, must be secondary to bringing into production the necessary materials of war, and its carrying out has been made doubly difficult by the lack of an over-all man-power policy.

It would be very comfortable if the government could adopt a pay-as-you-go policy by simply taxing the formerly well to do. Many ministers of finance, however, including the present one, have pointed out that if everything were taken away from the upper brackets, it would be only a drop in the total bucket. May I put on the record a few figures which give an indication of just what it would mean.

Let us assume that the national income is $8 billion. Previously I gave a figure slightly higher than that, but it depends entirely on the method of calculation. This means that every person in the country has an income of $710. Investment income, namely interest on mortgages, dividends from companies, interest on government bonds, et cetera, naturally forms part of the $8 billion of national income, but the best estimate which can be made of the total investment income is that it is not more than 10 per cent, or $800 million at the present time. If this $800 million which goes to service investments went where my hon. friends of the Cooperative Commonwealth Federation say it goes, into highly concentrated hands, then it is subject to a tax of some 75 to 90 per cent, and nearly all of it would flow back into the treasury. But those of us who take what we consider a more reasonable attitude toward things would not go further than to say that 50 per cent of investment income flows back into the treasury through taxation. That would therefore mean, Mr. Speaker, that, of the $800 million going to that class, half goes back to the treasury,

leaving only $400 million. What is $400 million in relation even to the deficit which we had last year? It is only about 18 per cent of that deficit. Consequently it is quite readily seen that if everything which is not now taken from the investment class were taken, it would serve to fill the gap between our expenditure and our income by only some 18 per cent.

It is perhaps interesting to relate here that, whereas only $400 million is left for investment income, there is an annual bill of $250 million for alcohol.

We are learning many new things about finance; but it is obvious to all that we cannot continue indefinitely spending more than we are taking in unless we can maintain the national income on an ever-expanding basis. It is now almost three times what it was at the low of the depression.

In last year's budget war expenditures were estimated at $3,000 million. When the accounts for the last fiscal year are totalled at the end of this month they will show an expenditure of approximately $3,803 million. That is, we shall have spent $803 million, or twenty-seven per cent more than we counted on. The Prime Minister (Mr. Mackenzie King) referred to the careful planning with which the war effort is carried on. The Minister of Finance (Mr. Ilsley) referred, as reported at page 928 of *Hansard,* to the fact that when the budget was brought down last year he warned the house that the programme might be expanded if the money could be spent; he told us that the programme had been expanded with changing conditions, and to a slight extent he beclouded the issue by saying that we had taken over British capital investments in this country to the extent of $200 million; but I suggest that that figure serves only to confuse the calculation. As I said, we spent $803 million more than we counted on, or twenty-seven per cent. in addition. I have not been able to ascertain in terms of man-power exactly what the $803 million of extra expenditure means, but I should think it probably works out to about 500,000 more men and women being employed in industry and possibly in the armed services than the government calculated on when the last budget was brought down. Is that an evidence of careful planning? It is no wonder, when 500,000 people are taken out of peace-time industry who were not counted upon to be taken out and are devoted to war purposes, that we have shortages of butter and beef and fuel. The trouble is that we have no master plan; we have no over-all plan as far as man-power is concerned. This government has stumbled along to a worthy war effort, goaded on by His Majesty's loyal opposition. I am not endeavouring to be political when I say that. I am desirous only of bringing out the truth. I must say that when, coming here as a new member, I heard some of my colleagues in this house say that they had been promised by this government a "free, moderate and voluntary war effort," it was something very awakening to a new member of parliament to hear that statement repeated and never to hear it denied by the administration. If I need any corroboration as to whether or not it is the Progressive Conservative party which has goaded this government on to a decent war effort, I have only to refer to the speech of the hon. member for Richelieu-Verchères (Mr. Cardin) a member of the war committee of the cabinet, who said that nothing had been done by the government except at the instigation of the party of which I am a humble member and by the arousing of an inflamed public opinion. That is not to my mind an example of careful war planning when we are faced with the possibilities with which we are faced and have so much at stake in this war.

One might have thought that the Minister of Finance would do something more to prevent the deficit being so large in the forthcoming year, nearly $3 billion. He pointed out, however, that additional taxation faced serious barriers in both equity and administration. I agree with him there. Under the leadership which this country has it is necessary that people have, in many cases, a monetary incentive to put forth their best effort. You cannot ask them to work overtime; then take a large proportion of their earnings from them in taxes, and then expect to get war production. The result was that there was no increase in rates of income tax.

But the cash position of the taxpayer is entirely different from what one might surmise from the fact that there was no increase in the rate. The effect of going on a ninety-five per cent pay-as-you-earn basis in the coming year means that every taxpayer in Canada is faced with paying two and a half years' taxes in a period of two years, in many instances one and a half years' taxes in one year. The members of this house should be accorded an opportunity of discussing the budget intelligently, by being given the figures on which to base their reasoning, being permitted to call in experts; for we have long since passed the stage when we can give consideration to the factors of a national economy

by merely debating them in full parliament; we must be able to get information of a detailed nature and get the value of economic opinions from different sources.

Why was the sales tax not increased? At present there is a sales tax of eight per cent on the wholesale price of many articles, some essentials being excluded. In the year just closing, the revenue from this source amounted to $230 million or 10·42 per cent of the total revenue collected. In the forthcoming year we expect to get only $225 million, or $5 million less than last year. The minister pointed out some of the virtues of an increase in the sales tax, namely, that it would mop up excess purchasing power and would help in the orderly distribution of scarce supplies. He said, however, that it might give an advantage to long purses. We know that taxation has hit those who formerly might have been considered to have long purses. Those who to-day have long purses, namely, those enjoying a higher income than they did before the war, are the very ones who the minister is willing should pay more of their share of the war burden. He has not seen any difficulty in adding five cents to the cost of beverages, such as tea, coffee and milk. Let me point out the incidence of a small tax like that—an apparently small tax—on a single person with a minimum income—and we tax them when they get even as low as $660 which affords a living which can scarcely be called decent. The cost of that extra five cents to a person who must get three meals a day out is $54.60, and when we consider that that increase is added to the base price of five cents it means another $54.60 or a total of $109.20 a year in order that one of these young people getting a minimum income shall be able to have some form of beverage with their meals. If tea, coffee and milk can be subjected to what is the equivalent of a 100 per cent tax, surely there are many articles not half so essential that could bear an increased tax. There are many people in our society who could much better afford to pay this tax than these minimum income people who must get their meals outside and have some form of beverage at least three times a day. If the minister was worrying about the welfare of the restaurant keepers, I should suggest, looking at his deficit, that he worry a little more about his own business.

If the sales tax were increased, I should suggest that the minimum exemptions of $660 for a single person and $1,200 for a married person be increased, and also the allowances for children, because we cannot reduce the minimum brackets lower than they are to-day; in fact, in view of the cost of living they should be raised. But there is a great class above that who could well afford to pay more because of increased incomes.

This would also prevent an increased sales tax bearing more heavily on those with subsistence incomes, and produce a fair tax return from those bent on spending rather than saving. No one knows better than the minister that the money is there and that it is being spent.

Higher income taxation will hamper war production. If the people have the money in their pockets, the great majority will spend it and the government will get the revenue through the sales tax. As long as the worker can handle the money, as long as he can jingle it in his pocket, his incentive to work is not likely to be destroyed. The increase in the exemptions if the sales tax were increased should permit a restatement of the cost of living bonus policy or a reconstitution of the cost of living index, as was done last year in the case of the increase in the tobacco tax, which was not allowed to enter into the cost of living index.

In Great Britain the purchase or sales tax is graded according to the utility of the article purchased, and runs as high as 66⅔ per cent of the wholesale price. Furniture is one of the articles subjected to a fairly high sales tax, and priority to newly-married couples is given in the purchase of furniture.

The granting of subsidies, which is growing apace, is the very opposite of a sales tax, although the two may go hand in hand. There is no question, however, that in many cases these subsidies are becoming a great burden. The price of articles is bonused for people many of whom can well afford to pay the real cost.

I had the privilege of speaking on the Ruml plan some weeks ago before the minister brought down his budget, but I should like to say a few words as to the plan which he has brought down and the difference between it, which I think could well be termed a half-way plan, and the Ruml plan.

The principle underlying the Ruml plan was one of debt forgiveness. People who owed money to the government by way of taxes found themselves in a most embarrassing position, and those who were not already in an embarrassing position were likely to find themselves in such position if they lost their jobs or had sickness or should retire or die. So that the underlying principle of forgiveness, if I may use that term, which is not strictly accurate to describe it, was carried out to a large extent.

The minister said that half of last year's taxes would not have to be paid, inasmuch as we were going on a current basis and would pay full taxes, or at least ninety-five per cent of the total 1943 imposition every week or month. I do not think it was ever the intention as far as Canada was concerned that the whole of the 1942 taxes should be forgiven, but only that part of them which remained a debt. But the minister, in place of going the full way and forgiving that part of the taxation still owing, drew the line at fifty per cent, whereas a great many people in Canada, perhaps the majority, still owe approximately sixty per cent rather than fifty per cent. A very great hardship is being imposed upon these people, because not only do they have ninety-five per cent of their full taxes deducted from their current pay cheques, but in addition they owe five and ten per cent, and in some cases considerably more, of last year's taxes, and their cash position has become a real hardship. Under the plan recommended by the government half of last year's taxes are no longer a debt; but, as I have said, the amount which will be collected by the government without any increase in rate will be $105,000,000 more than last year, and a great part of this increase will be on account of the fact that people still owe money on last year's taxes, even though fifty per cent of them may be forgiven. I think the minister might have been well advised to set the figure at sixty per cent rather than fifty per cent as far as forgiveness of last year's taxes was concerned.

The second instance in which the minister strayed from the principle of the Ruml plan in his recommendation to this house was in making an invidious distinction between so-called earned and investment income. One-half of the tax is to be forgiven on all income except investment income over $3,000; and the tax remaining in that case is to be due and payable at death. Everyone recognizes the principle of raising necessary revenues by taxation according to ability to bear the load, but there are limitations. The minister himself admitted them in giving his reasons for not increasing the already high income tax. Income taxation according to ability to pay was accorded thorough recognition in the tax schedules brought down last year. Indeed, the minister knows that in effect his schedules are in part a capital levy. Furthermore, investment income is already subjected to an additional tax of four per cent above the ordinary rates enforced.

The fact that the remaining half of the 1942 taxes, which everyone else is forgiven, is not due until death, obviates the need of considering this tax as a war measure. It is nothing more or less than the singling out of a particular class in the community for special punishment, and without reason. Wherein lies the minister's logic when he says that the half way plan, or the Ruml adaptation that he has presented, might never have been adopted had all incomes been investment incomes, for then the burden of debt would not be the paralysing load it is to most taxpayers? If we admit that, how does it follow that one class should be singled out for special treatment, with that treatment having no relation whatever to the necessities of the day, which are surely the basis of our extraordinary taxation? The collection of the unremitted half of the 1942 taxes will take place over a period of from one to fifty years from to-day. Where is the fairness in forgiving half of the 1942 tax to a man with an earned income of $50,000 and not similarly forgiving a man with an investment income of $5,000? It might also be called a special tax on widows and fatherless children, for many widows have only investment incomes. I might point out also that salaries are a first charge against corporation income, while those who receive investment income through interest or dividends come last.

Recently I was told of the case of a man who had retired, who is now serving his brother man and receiving his reward in the good opinion of his fellows, who had given up an attractive salary and was living on the income from his savings. He is now singled out for special punishment. On the other hand a man who kept on working for himself and did not feel the call to public service receives preferential treatment. All retired people are not loafers. Some may even serve the people in a public capacity. The minister suggested that if those who still had this tax to pay when they died wished to do so—and he made the remark rather facetiously—they could take out insurance to cover it. May I point out to him that most of the people in this category are probably not in physical condition to take out insurance. Furthermore, if they do so they are faced with increased succession duties. I have not much objection to making the rich poorer if that will benefit someone, but when it will benefit no one it does seem useless to adopt a dog-in-the-manger attitude, particularly when it may bring about some danger to all our people. The failure to treat the tax on investment income in the same way as the tax on all other incomes constitutes in this case a third succession duty, the provinces and the dominion already each having one. In the first place the amount of the tax is not fixed, though in his budget ad-

dress the minister said the amount was fixed. That is quite true in a sense, but not in any true sense. It is absurd to say that a dollar owed to-day is the same thing as a dollar owed fifty years from now. In the first case it is one hundred cents; in the other case, namely, after fifty years, discounted at even 3 per cent interest it is 23 cents. Not only are investors singled out as a class; they are discriminated against as individuals within the class, according to their age. In other words, this new canon of income taxation introduced by the minister, and I presume concurred in by the Minister of National Revenue (Mr. Gibson), is that the older you are, the higher should be your income tax. Surely such a tax determinant belongs to succession duties and not to the income tax. I appeal to this house against the imposition of a third succession duty.

The membership of this house should also ask what will be the effect on the incentive to save if the special taxation against investment income is carried too far. What will be the reaction of people who have lived thriftily through the years and have built up an investment income? Putting a premium upon a spendthrift and a penalty upon a thrifty man will have only one inevitable result, which will be in complete opposition to the minister's appeal to buy victory bonds.

Although the minister is doing considerable preaching about saving, I doubt if he really knows what saving can do for one. It is sometimes said that the only magic in finance is compound interest. A dollar at three per cent will in fifty years amount to $4.38. In one hundred years it amounts to $19.21. A dollar at six per cent will in fifty years amount to $18.42, and in one hundred years to the staggering sum of $339.30. Thus are some fortunes built up through savings. Surely an investment income of $3,000 on which the income tax is approximately $900, leaving $2,100, will not be a maximum that one can provide for a couple's old age. If not, then why does the minister draw the line at $3,000, and why does he penalize those who have saved?

On the one hand the minister pleads with the people to save, while on the other hand he shows them that they are very foolish to save. In the meantime he finances nearly half of the war cost out of savings. Some of it was saved in the past. Physically we all pay for the war as we go; but financially the burden is distributed, perhaps with some recognition of ability to bear, but with little recognition of the sacrifices made in the past, or the incentive or risk shown or undertaken by those who have been the creative spirit behind our industrial economy.

Mr. Speaker, I shall not further trespass on the time of the house. There are other subjects about which I should like to speak, but since there will be other opportunities, during the discussion on the resolutions, I shall reserve what I have to say until that time. I wish then, to thank you, sir, and the membership of the house for the courtesy extended to me.

Mr. GORDON B. ISNOR (Halifax): Mr. Speaker, I rise to take part in the debate chiefly because I wish to place before the house, before members of the cabinet and particularly members of the war cabinet, a problem facing the city of Halifax. I feel justified in introducing the matter in the budget debate, because it is a condition which flows directly from our war effort.

Before dealing with this special subject, however, I should like to compliment the hon. member for Rosedale (Mr. Jackman) upon his well prepared and excellently delivered paper in respect of finances. I cannot very well agree with much of what he said. I was surprised to hear an hon. member from Rosedale advocating an increased sales tax, because I am reasonably sure that that would not have been the position taken either by a great many of his past leaders or by the majority of those in his group in the house. I was unable to follow his reasoning with respect to the sales tax, because all hon. members know that as that tax is pyramided the cost to the storekeeper is increased, and naturally this adds to the cost paid by the individual consumer, the average taxpayer. For this reason I was surprised that the hon. member, with his financial training, should have advocated such a measure.

I join with him however in congratulating and complimenting the national war finance committee, an organization which has done excellent work in the past and which I have no doubt will continue to render splendid service when the next victory loan campaign is launched.

I could not follow the hon. member's argument in connection with deficits. In one breath he stated that in past years we looked upon deficits with a certain amount of dread, and he wondered whether it was sound financial policy to permit deficits to exist. At one time I found myself thinking as the hon. member appears to be thinking. Sitting on an opposition bench in the Nova Scotia legislature I often wondered whether the government was wise in permitting a deficit to remain. I

pointed out it was unsound business, that the garment should be cut according to the cloth. It was my view that expenditures should be kept within the bounds of revenue. Those were the views I voiced, and I have no doubt the hon. member had the same thoughts in mind. In the next breath the hon. member said, "It is a wonder the Minister of Finance does not do something this year to reduce the deficit." These two suggestions, to use a common expression, just do not add up, they do not make sense. The views of the hon. member come to me as a surprise, having in mind his vast experience and broad training in financial matters.

More than once during the debate we have heard it said that we are now asked to pay two and a half years' taxes in two years. This statement is unfair. The hon. member for St. Paul's (Mr. Ross) made a similar suggestion. It would be just as fair to say that the taxpayer under present circumstances pays only one and a half years' taxes in two years. We cannot get away from the fact that we are being forgiven six months' taxes. I say we should accept that explanation, and be fair when we discuss the matter. The fact is that the average taxpayer has been forgiven six months' taxes; in other words he will have to pay a tax smaller to the extent of that traceable to the six months' period than ordinarily he would have to pay.

May I now deal with a problem facing Halifax. In doing so I am pleased to note that the Minister of National Defence (Mr. Ralston) is in his seat, because I am going to place responsibility directly upon his shoulders, or the shoulders of the war cabinet. I do not apologize for taking that stand, because anyone who understands the situation in Halifax will appreciate that I am on sound ground.

Had I the time I could give the background of the situation which developed in Halifax in December, 1917, when two ships met in the harbour, causing fire and explosions and resulting in the loss of 1,700 lives. I do not wish to go into that, but it is because of what happened then that in my view a responsibility is placed upon the government to do something which would bring about more adequate protection from fire. The government should do something too about the expense the city of Halifax faces because of the great influx of people, which is owing largely to the place Halifax occupies in the war effort.

May I place before the government certain facts upon which I base my contention that it is the responsibility of the government to give some assistance. In normal times Halifax has a population of about 70,000. As to the present figure, apart from the armed forces, some have given it as 135,000, but it is certainly fair to say that we have at least 115,000, because we issued 115,000 sugar rationing cards. Subsequently we issued over 85,000 ration books, so that I think I am on safe ground when I say that we have 115,000 people as compared with our normal population of 70,000. This additional population has added to the cost of financing the city. The city is unable to tax these additional people and thus increase its revenue, and for that reason the people of Halifax feel that the government should do something to help out this situation. The influx of population, as I say, is largely due to Canada's war effort. Halifax is not asking for assistance; it is asking for compensation because of the additional outlays which are necessary.

I should like to pause here to extend my thanks to the government, and particularly to the Minister of Pensions and National Health (Mr. Mackenzie), for the recent gesture of good will that has been made in the form of an item of $30,000 in the estimates in connection with the new hospital. This is to be paid for the duration, and this year an additional amount of $15,000 is being allowed for maintenance. This matter has been touched upon by other speakers. It is the outcome of a survey made by the Rockefeller Foundation. It has been found necessary to make extensive plans to take care of the health of the citizens of Halifax. I would point out to the minister and to the government that this does not take care of the ordinary increase in our health expenditures which are estimated to be something like $45,000. In connection with internal health it is estimated that this year an addiitonal amount of $25,000 will be needed because of our increased population.

There is also a need for additional police and fire protection, which will mean the expenditure of another $25,000. Because of additional fire protection needed on the water front, we are paying out an additional $12,000. There has been an increased expenditure in connection with our public schools, amounting to $10,000. Here is another important item. The government has taken over a number of dwelling houses, apartment houses and small hotels, and the loss in assessable value amounts to $375,000, representing $16,000 in revenue. These items add up to something like $133,000.

In addition to the figures I have mentioned, fifteen additional policemen will be required at a cost of $21,000, and fifteen additional

firemen with some equipment, at a cost of $21,000. The additional expense in the cost of public health has been referred to, amounting to $25,000. The carrying charges in connection with the new fire station will amount to $3,000. This makes a total of $203,000. There has been very heavy traffic on our streets through the movement of military trucks, and so on. It is estimated that the maintenance charges and cost of repairs at the termination of the war will amount to $25,000.

In presenting this claim to the government I think the city of Halifax is well within the figure when it suggests that compensation should be paid to the extent of $200,000. I could give the background of certain of these items but I do not think that is necessary. I am going to leave the record with the government, particularly with the war cabinet, and ask that they consider the granting to the city of Halifax of the sum of $200,000 for the purposes I have indicated.

Hon. members will recall the terrible disaster of 1917 with its great losses of life and property. I suggest to the Minister of Munitions and Supply and the Minister of National Defence that they assume the responsibility of installing additional fire fighting facilities so that the present fresh water supply may be left available for other purposes. If anything serious should happen we should have an auxiliary water supply upon which to draw. It has been suggested that in order to protect the many defence projects which extend from the extreme south of the city to the extreme north, a pipe-line should be laid from the quarters occupied by the air force in the south to those occupied by the naval services in the north. This pipe line, which would draw upon the salt water in the harbour, would require about ten pumps. The total cost of the installation would be around $100,000—not a large amount when you consider what the disaster of 1917 cost the government and the people of Canada and the people of Massachusetts. I urge in all sincerity that the government give this question serious consideration and do something for the city which I, along with my colleague (Mr. Macdonald) have the honour to represent.

There is one other matter to which I should like to refer. I spoke about it last year when the defence estimates were being considered, and I can remember the kindly manner in which the minister of defence turned and said he would give the matter his consideration. If he has given it consideration, nothing has resulted. I refer to something with which he is familiar, and with which I think almost every citizen in eastern Canada is familiar, certainly everyone who has entered the city of Halifax—the entrance known as the bottleneck. I may not have made my point quite clear to the minister of defence last year. Perhaps I did not present as good a case as he would have presented. As I see it, the problem is quite simple.

There is an entrance to the city known as the bottleneck. I asked the minister of defence what would happen if the city of Halifax were attacked. How would troops be brought in from Debert or any other place? How would the people get out of the city? In times of flood I have seen this bottleneck under seven or eight or nine feet of water. I am glad the Minister of Transport (Mr. Michaud) is in his seat because he also should be interested in this bottleneck. Perhaps he could cooperate with the minister of defence in providing an underground as well as an overhead pass at this point. We fear that a serious situation might arise if it became necessary for people to enter or leave the city in any considerable numbers. I am going to ask the minister of defence to give this matter more consideration this year than he did last year when I placed it before him, and perhaps he will accede to our request.

I should like to compliment the Minister of Finance (Mr. Ilsley) on the splendid presentation of his budget. It is not an easy task to present a budget of the size which Canada has had to face in the last two years. In my remarks on the budget of last year I referred to the budgets of former years presented by the late Hon. W. S. Fielding, the late Hon. E. N. Rhodes, Sir Thomas White and others. I showed that the budget of last year was something like a hundred times the size of former budgets, and this year it is still greater. To be able to present a budget of such magnitude and have the people say it is a splendid budget, and at the same time instil into the people a willingness to do everything possible, is something which could have been achieved only by one who knows how to present a budget in the manner in which the Minister of Finance presented his. But as I said last year, that is only to be expected, because he comes from Nova Scotia and he is careful of the dollars—he knows how to collect them and how to take care of them.

I want to deal with two questions which were raised last Thursday evening by the hon. member for Yorkton (Mr. Castleden). I am pleased that he is in his seat because I like to face an hon. member when I have anything to say in reply to him. I like the style of delivery of the hon. member for Yorkton. No doubt he always wants to be fair, but last Thursday evening I think he

was not entirely fair when he dealt with the victory loans nor was he entirely clear in regard to free enterprise.

I shall deal first with his remarks on free enterprise. I asked him the other evening when he was speaking for a definition of free enterprise, and he gave me one. I suppose it was his own interpretation of free enterprise. Certainly it differs from my interpretation, nor was it the definition of free enterprise which the Right Hon. Winston Churchill, Prime Minister of Great Britain, gave when he spoke on that subject last Sunday.

Mr. CASTLEDEN: He is a Tory, is he not?

Mr. ISNOR: It would not matter to me whether he was a Tory or not.

Mr. CASTLEDEN: But you would not expect me to agree with him entirely.

Mr. ISNOR: I would agree with the hon. member if he was right. I am going to agree with the hon. member for York-Sunbury (Mr. Hanson) in his stand on free enterprise. I am even going to agree with the present leader of the Progressive Conservative party, Mr. John Bracken, in his stand on free enterprise, and I believe I have the support of the very great majority of the members on this side of the house.

Mr. CASTLEDEN: I am glad I differ from them.

Mr. ISNOR: I hope there is no question in the mind of the hon. member for Yorkton as to where I stand on free enterprise. I am for free enterprise. I should hate to see the day when we should lose that incentive; for free enterprise has been the backbone of Canadianism right from our earliest days. The hon. member for Yorkton, in his definition of free enterprise the other evening, and I take it he is utterly opposed to free enterprise, as were all members of his group—

Mr. COLDWELL: It all depends upon how you define it. The present system prevents it.

Mr. ISNOR: I have a definition here which I shall give, but I take it for granted that the hon. member for Yorkton and his group are opposed to free enterprise as expressed by him.

Mr. COLDWELL: By whom?

Mr. ISNOR: By the hon. member for Yorkton the other evening.

Mr. CASTLEDEN: No. The hon. member asked me for my definition, and I said that we want to have this particular right.

Mr. ISNOR: The hon. member asked for an expression of opinion from this side of the house on free enterprise, and I am pleased to let the hon. member know where I stand. I have in my hand a clipping from the Ottawa *Journal* of Thursday, February 25, which expresses my views on free enterprise perhaps better than I could myself. It is an editorial headed, "About 'Leaning on the State'." After referring to Mr. John Bracken's statement as to free enterprise, it says:

> In the current print of that very sane, distinguished weekly, the San Francisco *Argonaut*, there appeared eight points which this country at this time might well ponder. These:
>
> You cannot bring about prosperity by discouraging thrift.

I am in accord with that. It goes on:

> You cannot strengthen the weak by weakening the strong.

Think that one over! In other words, build on solid foundations, instead of tearing down and destroying the results of the efforts of those who have built up this country. Next:

> You cannot help small men by tearing down big men.

That would be applicable to the hon. member for Yorkton. I do not say this unkindly, and I do not want to be misunderstood; it is just a difference of opinion. The hon. member for Yorkton the other evening built up a case against interlocking directorates, but he forgot that free enterprise takes in not only those who do big business, but also every storekeeper, every country merchant, every town merchant, every city merchant, irrespective of whether he is doing a big business or a small business. That is why I say the hon. member is going very far out of his way to hunt trouble. When you are opposed to those classes, the country merchant, the town merchant, the city merchant—

Mr. COLDWELL: Nobody does oppose them.

Mr. ISNOR: Yes, according to the definition that was given. You are against profit. But every one of these men is in business for profit.

Mr. COLDWELL: Define profit.

Mr. ISNOR: No one disguises the fact that we are all in business for profit. We could not pay our taxes and serve the community if we were not in business for profit.

Mr. COLDWELL: You probably never make a real profit.

Mr. ISNOR: Perhaps not. There is one little book which tells me whether I do or not—Dun's. I continue with the quotation from the Ottawa *Journal:*

You cannot help the poor by destroying the rich.
You cannot lift the wage earner by pulling down the wage payer.
You cannot build character and courage by taking away a man's initiative and independence.
You cannot help men permanently by doing for them what they could and should do for themselves.

Mr. COLDWELL: What about the boys who rode the rods? Were they given opportunities for free enterprise?

Mr. ISNOR: I have heard that bogey before. I had every sympathy for them during those years of the depression. During those ten years, like every other merchant, I had my own problems. I do not mind telling the hon. member who has raised the question that every merchant who was trying to do business on legitimate lines had his problems in those years. I carried my staff and kept their wages at the same level during the entire period of the depression. I set up a credit for them, and without exception they liquidated it. I do not wish to deal with matters in a personal way; for what I did is only what was done during that period by any number of good, honest, legitimate merchants who believe in free enterprise.

I was a little scared lest the hon. member should ask me for my definition of "free enterprise", so when I went upstairs the other evening I looked it up in the Oxford dictionary, and here it is:

Enterprise: Undertaking—

What any person in business would do.

—bold or difficult one, courage, readiness to engage.

Mr. COLDWELL: I agree with that.

Mr. ISNOR: Well, that is what any good, clean merchant would do, and what the men engaged in private enterprise are doing to-day.

Mr. COLDWELL: I am afraid the hon. member is mistaken.

Mr. ISNOR: Also:

The method of the enterprising is to plan with audacity and execute with vigour; to sketch out a map of possibilities and then to treat them as probabilities.

I do not know just how that fits in with the ideas of the group to which the hon. member belongs.

Mr. COLDWELL: I could not hear it.

Mr. ISNOR: This is as far as I can go in regard to the views expressed by hon. members who are against free enterprise; you might control enterprise. I believe there are certain forms of enterprise which need controlling, possibly those which were mentioned the other evening by the hon. member for Yorkton. It may be so; I do not say that it is necessary. I do not know that they are doing anything they should not do under our system of doing business.

Mr. COLDWELL: Well, then, it is not free, of course.

Some hon. MEMBERS: Order.

Mr. ISNOR: I would not go farther than this, that controls restricting free enterprise may come, but I hope I shall never see the day when we as a nation do away with free enterprise.

Mr. CASTLEDEN: We agree with that, but not as to the kind of free enterprise we have to-day.

Mr. ISNOR: You do? Then you should not talk as you do. I might go farther. The members of the Cooperative Commonwealth Federation group favour, and I believe some of them are closely associated with, labour, and are forever posing as its advocates and assuming to look after its interest. Well, although I am a business man of Halifax, I believe I am also fairly closely connected with labour. I have always enjoyed in large measure the confidence of the labour unions in the city; and I doubt if any member of the Cooperative Commonwealth Federation group is expressing the views of organized labour when he says we should do away with free enterprise.

Mr. CASTLEDEN: Does the hon. member agree with what the hon. member for Dauphin (Mr. Ward) said the other day about the steel workers organizing?

Mr. ISNOR: I cannot keep in mind what all hon. members have said. My memory is not as good as that. I am dealing particularly with this matter because I believe that organized labour has even a greater stake in the system of private enterprise than either management or capital, since in this system lies the unions' chief hope of survival. It is my belief that labour would not entirely endorse the stand of the Cooperative Commonwealth Federation to the extent that they favour the abolition of private enterprise.

I have listened with a great deal of interest to the speeches of hon. members of the Social Credit group. I believe they are sincere in their support of monetary reform. I have been interested also in the views of hon. members of the Cooperative Commonwealth Federation as to social security measures and post-war problems. But I am inclined to think that our whole effort, or practically our

whole effort at this time, should be devoted to winning the war. It is all very well for hon. members to stand in their places and proclaim fanciful post-war utopias in which the state will give to every man a house, a car, a refrigerator and a radio. A group like that thinks in terms of distribution of bounty, rather than of man's inborn need to produce for himself and be the source of his own security. But men of power, ability and courage do not want a hand-out. I believe that that statement applied to a great extent during the days of the depression: there were any number, in fact a great majority, who would far rather have had employment than a hand-out.

Mr. COLDWELL: I agree thoroughly with the hon. member.

Mr. ISNOR: I am not so much concerned about the unemployment insurance plan, good as it is, and great as is the need for it, as I am about seeing the day when we shall not require unemployment insurance, but rather will be able to give work to every man who wants work.

Mr. BLACKMORE: That is the problem. How are you going to do it?

Mr. ISNOR: I should be very pleased to discuss that at some time, but—

Mr. BLACKMORE: Turn loose now.

Mr. ISNOR: Well, when the hon. gentleman makes a speech he follows the text closely, but I have no written speech; I have simply one or two notes, and I am trying to do what I can with what I have.

Mr. BLACKMORE: I am following your speech closely.

An hon. MEMBER: Order.

Mr. ISNOR: I was referring to the great majority of men who do not want a hand-out. They ask only the opportunity to work, to create, to save, to spend, to be independent of restraints, and to have their greatest energies released for the great business of living. I hope the group that interrupt me from time to time will agree with that as well.

I had intended to deal with statements made by the last speaker with regard to the pay as you earn plan, but I shall not have time to do so at any length. But I want to go on record as saying that this is a step in the right direction. I was in favour of the government's accepting the Ruml plan complete. I was in favour of that, I say, when I first read it. I followed the lectures of the author of that plan; I followed the newspaper reports of observations by bank managers and others. But after I heard the Minister of Finance outline what he felt to be the weakness of that plan and show why he arrived at the decision that only six months should be conceded, I was prepared to admit frankly that I was wrong in the first place, and I am in hearty accord with the principle adopted by the finance minister in forgoing the tax for only six months. I will give my reasons, or at least one reason which, I believe, will appeal to the group on the extreme left as well as to the Cooperative Commonwealth Federation group. To a very great extent deductions in respect of the wage earner were made at the source, and he is practically up to date in his payments; whereas quite a large number of business men made fairly substantial profits, owing to the increased spending power and the large amount of money in circulation. They may have paid their six months' income tax but they still have a large amount on hand. If the minister had remitted that full amount of the increased profits resulting from the increased prosperity of our country I should say criticism would be justified, and I would join with hon. members on that score—that it was class legislation, unfair to the wage earner; that it was allowing a man who had reaped large profits to retain them instead of doing as the Minister of Finance has rightly done.

I was surprised and disappointed and sorry to hear the hon. member for Yorkton refer the other evening to his experience in connection with dominion government bonds.

Mr. CASTLEDEN: I said they were victory bonds of the last war.

Mr. ISNOR: Well, it is the same thing, except that the bonds of the last war were tax free, while those issued during this war are not tax free and bear a very low rate of interest. The hon. member said he bought bonds during the last war—

Mr. CASTLEDEN: After.

Mr. ISNOR: After the last war, and he went to a bank and offered them for sale, and the bank refused to buy them but sent him around the corner and up a flight of stairs where he sold them to a broker, I suppose, who paid him only ninety-two cents on the dollar. I do not question the hon. member's experience, but it is difficult for me to follow his reasoning; for if I remember correctly, without exception all these bonds sold at a premium. In 1919 the market price ranged from 105 to 108. Either the hon. member lacked business ability, perhaps due to inexperience, or for some reason he did not get

what was coming to him. I am wondering whether they were Dominion of Canada bonds, and whether he disposed of them to a legitimate broker. He neglected to mention the name of the bank. Was it a bank manager in a small town who did not know the quotations on Dominion of Canada bonds, and was the man to whom he finally sold it a recognized broker?

However, I do not wish to labour the point; I desire only to indicate the effect that his words, broadcast throughout this country, might have on the victory loan campaign which is to take place next month. I should be sorry to think that any words of mine, and the same thing applies to the hon. member, would cause even one person to refrain from buying a victory bond during the coming campaign.

Mr. CASTLEDEN: May I be permitted to state my purpose in making that statement? It was merely that the government should give an assurance at this time that would prevent the recurrence of any such incident. Such an assurance would assist in the sale of bonds.

Mr. ISNOR: I am always pleased to give an hon. member opportunity to correct any misapprehension that he may have created. But more than one spoke to me about his speech. The following morning it was put to me something like this: Surely that hon. member from the west did not know what he was talking about. Surely he does not want us to take no part in the next victory loan campaign. Surely he does not want to belittle the efforts of the thousands and thousands of volunteer workers who go out on every campaign to do their duty to their country and help the war effort. Surely he does not want to take away from the three million people, two million in the last campaign alone, who purchased victory bonds, the privilege of thus doing their duty. Many of them cannot serve in the armed forces. The words used by the hon. member were very misleading, and I am quite willing to accept his explanation. He said:

> Then we shall have this house divided into two proper groups, those who are in favour of free enterprise as it is practised to-day, the coupon clippers, on the one side, and those working for humanity on the other.

That is found on page 1404 of *Hansard*. When you think of the three million people, scattered from the Atlantic to the Pacific, who are holders of Dominion of Canada victory bonds, and the four million who hold insurance policies, surely the hon. member does not mean that he wants two groups set up, one to oppose the other. These are all coupon clippers. Any person who buys a bond at the present time in a sincere effort to help along Canada's part and the part of the united nations in this war, could be called a coupon clipper. Surely the hon. member does not mean that. I want to be known as one of those who are willing to buy to the limit and to clip those coupons if it is going to help Canada in her war effort.

Mr. NORMAN JAQUES (Wetaskiwin): I wish to make a few remarks on reconstruction. We are told that such discussion is premature. But it is quite evident that those who make such a statement are busy planning the future according to their own ideas. For instance, I have here a dispatch from London. It says:

> Important financial discussions have been in progress here for weeks. . . . Three main issues are under discussion: 1. An international bank. 2. An international currency unit based on gold, and known as the Bancor. 3. An international exchange clearing house.

We do not hear anything about that in parliament. I suppose it is not part of parliament's duty to discuss such issues.

Then I find a great deal of confusion as to the proposals that are made and that have received such wide propaganda. For instance, the allied nations are always referred to as the united nations. We are fighting to preserve our democracy, but we are to have a new order. We are to preserve the old and create a new order. We are to restore sovereignty to the conquered nations, while we are to surrender our own sovereignty to international control. Trade restrictions are to be removed, but the gold standard is to be restored, and that is the greatest of all trade restrictions. Then we are to have work for everyone, even if the work has to be created for that purpose. We are to have so many freedoms, but everything is to be planned and everybody is to be controlled; that is, everything but finance. Why? I think it is plain enough. Because the financiers are doing the planning and they intend to do the controlling. Theirs is not a new order but an old racket, and the purpose of this so-called new order is to make impossible any effective reform of this old racket. Let me read a few words that were written something over one hundred years ago, touching upon this very subject:

> Legalized by act of parliament passed in 1694 in words every man should bear in mind, words fatal to the peace and happiness of England, words which were the precursor of a scourge greater than ever before afflicted any part of God's creation. Thus arose loans, funds and national debts, things that England had never heard or dreamed of, things without which she had a long and glorious career of many centuries, and had been the greatest and happiest country

in the world. Seeing that to lend money at interest, that is to say, for gain, that is to say to receive money for the use of money, seeing that this is contrary to the principles of the christian church—The scheme, the crafty, the cunning, the deep scheme has from its ominous birth been breeding swarms of usurers of every description, feeding and fattening on the vitals of the country till at last it has produced what the world never saw before—starvation in the midst of plenty.

Those are the words of a very great Englishman, William Cobbett. We do not hear much of him; that is our loss, but he fought this thing all his life, because he saw it at first hand and hated the results it brought to England and the English people. Starvation in the midst of plenty! That was Shylock's new order, and of course there had to be some new rules for a new order. Accordingly Ricardo invented or discovered a new set of rules for the use of his uncle Shylock. He invented the iron law of wages and the whole economy or economics of scarcity. Presently uncle and nephew were joined by another nephew, Karl Marx, who proposed revolution as the remedy for starvation in the midst of plenty. And so the world progressed toward wars, fire and the sword, the breaking of laws and revolution, all of which this century has seen.

Let me now read a few words by another great Briton, not an Englishman this time but a man still living, who more than anyone else inspired the allied victory in the last war:

At Versailles the financiers resumed command and issued their orders like emperors who would brook no interference with their imperious demands. Their unfortunate financial policies dominated our trade and restricted production for the whole period between the wars.

An effort was made to induce the government to employ the credit of the country to supply the crying needs of the people, but Mammon was on his throne and ruled all these schemes out. To-day we are suffering from the consequences of these policies.

Those are the words of David Lloyd George in "Britain's New Order", published in 1941. What were the conditions between the two wars? We are familiar with them in this country: the bankruptcy of business and farmers, the destruction of a great deal of private enterprise, millions of unemployed, and so on. We had international finance controlling trade, industry and distribution. We had financial crises and depressions, and nothing could be done because we had no money. When these conditions inevitably brought about war we were told that war results from national sovereignty and private enterprise; and we spend as much money on destruction in a day as could be found in a month for construction. At the same time every method of propaganda has been used to advocate that the whole world should be turned over to the financiers who had created these conditions leading to war, so as to make effective resistance impossible. Who were these international financiers? I have not a complete list, but I have a number of names here which I believe will be familiar: the Rothschilds, Sassoons, Kuhns, Loebs, Warburgs, Montefiores, Sieffs, Niemeyers, Sieppmanns, Fruhlings, Cassells, Strakosches, Schroeders, Baruchs, Schusters, Cohens, Bleichroders, Kleinworths, Kahns, Goschens. How many French names are in that list? How many British? How many Christians?

Mr. MARTIN: Let us have no Jew-baiting.

Mr. BLACKMORE: Then do not do it. You are mentioning it; the hon. member is just giving the names.

Mr. MARTIN: The implication is quite clear.

Mr. JAQUES: If the cap fits I cannot help it. One of those international financiers financed the London school of economics, which was founded by socialists for the purpose of training the bureaucrats for the future world socialist state; and that same London school of economics is playing a very big part in the shaping of things to come. One of its distinguished graduates is the chairman of our own committee on post-war reconstruction. Another is Sir William Beveridge, the author of social security. Still a third is Professor Lasky, the internationally known communist.

Mr. MITCHELL: Since when has Professor Lasky been a communist? Be fair.

Mr. JAQUES: Let me read what he says—and I did not intend to read this, so that I hope Mr. Speaker will take note of the interruption. I quote this from an article by Professor Lasky:

The communist hypothesis insists that no socialist government can attempt seriously to put its principles into practice without encountering determined resistance which will issue in civil war. To maintain socialist principles, in short, socialists will be driven to become communists or to betray their socialism. If they become communists they will find themselves involved in the grim logic of Leninism—the dictatorship of the proletariat, the drastic suppression of counter-revolution, the confiscation of the essential instruments of production, the building of the state, in a word, upon the principles of martial law until the security of the new order is firmly established.

Mr. DOUGLAS (Weyburn): He is stating a communist principle; he is not stating his own views.

Mr. JAQUES: I am only repeating the facts. The object or the purpose of the London school of economics has been to train and send out to the empire these gold-plated, Ricardian economists and socialist professors whose mission has been, apparently, to undermine the youth of the empire, the prestige of the British empire, and faith in our democratic way of living.

Mr. MITCHELL: My hon. friend is not serious about that, is he?

Mr. JAQUES: I am absolutely serious; and I say the results are a tribute to the business acumen of Sir Ernest Cassel, the German international financier, from Frankfort.

Mr. MARTIN: What about T. V. Gregory?

Mr. JAQUES: He is another.

Mr. MARTIN: Anyone who calls him a communist is talking nonsense.

Mr. JAQUES: Then we have Sir William Beveridge and Doctor Marsh, the former a director, and the latter a graduate of the London school of economics. They represent the Ricardian school of economics.

Mr. DOUGLAS (Weyburn): Not at all.

Mr. JAQUES: Yes.

Mr. DOUGLAS (Weyburn): Marsh does not represent the Ricardian school of economics.

Mr. JAQUES: Social security does. Just as Ricardo invented or discovered the iron law of wages, and went on to say that a labourer without work had no right to exist, his modern counterpart says in social security that freedom from idleness is more important than freedom from want. He assesses the necessities or, if you like, the wants of those who are not working, so far as food is concerned, at $1.70 a week for a man and $1.30 for a woman. I would call that the Ricardian economics of scarcity. It is nothing else.

If you like you can take these three men, Doctor James, the gold-standard; Sir William Beveridge, the Ricardian; and Professor Lasky, the Marxian. I believe that is a fair comparison. There they are—Shylock, Ricardo and Marx. They are doing the planning.

Mr. DOUGLAS (Weyburn): Has the hon. member ever read either Marx or Lasky?

Mr. JAQUES: Plenty. The other day in the committee on reconstruction and rehabilitation the hon. member for Acadia (Mr. Quelch) asked this question of Doctor James:

There is one question I should like to ask Doctor James. Doctor James, you referred to a number of programmes that had been put forward for post-war reconstruction by various organizations. You did not, however, refer to—

Some hon. MEMBERS: Order.

Mr. DEPUTY SPEAKER: The hon. member has no right to quote from a report of a committee now sitting.

Mr. JAQUES: Doctor James was asked either in or out of committee, what he thought of the report of the London chamber of commerce. And, mark you, Doctor James is chairman of our committee on reconstruction. His reply, in so many words, was, "Well, I really do not know; I have not bothered to read it or, if I have read it, I have not bothered to remember it."

I hold in my hand a copy of the report of the London chamber of commerce. In its preface it states:

The London chamber of commerce has a direct membership of 9,000 firms and companies. Thirty-nine industrial and commercial associations, with an approximate membership of 50,000, are affiliated to it and are represented on its council. The chamber is therefore vitally concerned in the nature of the framework within which industry and commerce will be called upon to function after the war.

This report was printed word for word in the congressional record at Washington on July 17 of last year. Upon introducing the report to congress, congressman Voorhis used these words:

I wish to draw your attention to paragraph 26.

I shall read that paragraph presently.

The distribution internally of the purchasing power necessary to consume the whole of their own production. Upon that principle the most solid hope for the future of mankind can be built, and it is applicable not only to England but to the United States and every other nation.

Let me now quote the paragraph to which reference is made:

26. The fundamental problems then, which a satisfactory system must be designed to solve are:

(1) The elimination of the fear and hostility resulting from the struggle of all nations to obtain an "active favourable balance of payments," the penalty of the vanquished being economic servitude to the victor. This struggle has resulted in attempts by all the nations to restrict imports by barriers to trade, and to increase exports by subsidies and other artificial means, and by the use of political and economic pressure.

(2) The distribution internally of the purchasing power necessary to enable the nations to consume the whole of their own production; if this were done they could equally consume the goods of other nations which they might exchange for their own production. This problem is closely connected with (1) because an excess of exports over imports furnishes an excuse for increasing effective demand within a country (through the distribution of wages)

without increasing the number of goods awaiting consumption in the domestic market.

(3) The unwillingness, consequent upon their industrialization, of primary producing countries to receive, after the war, imports of certain manufactured goods which previously they had imported freely.

(4) Nations with different internal economic systems must be enabled to live in the same world without those differences constituting a threat to the continued existence of one another's internal systems.

(5) The movement of people from over-populated to under-populated countries. The objection of the latter to receive immigrants is due to the unemployment of their own people and will disappear when that problem is solved, assuming, of course, that the would-be immigrants are of the right type.

I could read more, but I shall not take up the time of the house in doing so. The London school of economics was founded by international socialism and was financed by international finance. There is no possibility of contradicting that statement. Why is it that their ideas and planning are accepted when the ideas and wishes of 50,000 business firms and manufacturers in Great Britain are entirely ignored? What can be the reason? There can be only one. It is that the new order is to be an international dictatorship by finance. That dictatorship will not be concerned with the welfare of the people; its concern will be money, usury and debt, whereas the London chamber of commerce is concerned with real wealth, real profits and real thrift. Many members of this house, especially in the Conservative and Liberal ranks, have within the last two or three weeks criticized the ideas of my hon. friends to my right. Many of them seem only too glad to swallow any idea provided there is a sufficient amount of gold on it, as long as it is gold-plated. That is what the gold standard means.

The world is coming to a state of financial feudalism. That is the new order we are promised. It is suggested that we should surrender our sovereignty, the British crown; rather than continue to look to the crown as the symbol of our sovereignty we should look to Shylock's three brass balls, the symbol of pawnbroking and poverty the world over. To show where this group stands on these matters, I should like to read two resolutions which were passed in Edmonton at a joint caucus of the federal and provincial members of the Social Credit movement. The first one on "Union Now" reads:

Whereas sovereignty of the people is the most precious heritage of this and every other British nation; and

Whereas democracy cannot exist without the effective sovereignty of the people; and

Whereas the British crown is the heart and the symbol of the British commonwealth of free and sovereign people; and

Whereas His Majesty's fighting forces exist to preserve the aforesaid essential sovereignty and democratic liberties of the British people and are engaged at present in war against the forces of enemy powers threatening those constitutional rights; and

Whereas in our modern economy control of money means control over every aspect of national life and is an essential sovereign power for the people to retain as the basis of their democratic authority; and

Whereas the closest possible understanding and cooperation between the British peoples and the people of the United States of America is vital to the future welfare of humanity; and

Whereas the scheme commonly known as "Union Now" proposes;

(a) That a federation of the British empire, the U.S.A. and other democracies be consummated;

(b) That the nations entering into such a union set up an international authority in which would be centralized control over:

i. The armed forces of all the nations entering into the union.

ii. The financial system of the entire union; and

iii. The rights of citizenship of the nations entering into the union.

(c) That the nations involved would surrender their sovereignty over the aforesaid functions, thereby centralizing power in the hands of the international authority by giving them absolute control over every aspect of national life through financial control and of citizenship rights, and by placing the armed forces and armaments under their control;

(d) That the entire British empire shall have minority representation in the international federal legislature;

Therefore be it resolved that we condemn the open advocacy, particularly during this struggle for the preservation of democracy, of a scheme which would divest the people of Canada of all essential sovereign authority, destroy effective democratic government, submerge the British empire in a conglomeration of countries dominated by an international totalitarian authority, render the British crown meaningless and sweep away everything for which the British people are fighting at the present time.

That leaves no doubt as to where this group stands on "Union Now", on the British crown and on international finance, even though the latter may be gold-plated. The next one on national socialism reads:

Whereas Canada in partnership with the other nations of the British commonwealth is fighting for the preservation of its democratic institutions against the threat of national socialist domination; and

Whereas the menace of state socialism lies in the evil principles of its supreme state doctrine, irrespective of the labels, often harmless sounding, under which it masquerades; and

Whereas in a democracy the state and all its institutions should exist to serve the people in obtaining the results they want from the management of their affairs, in contrast to the state socialist concept that the people exist to serve and submit to the dictates of a supreme state authority and its institutions;

Therefore be it resolved that we oppose as anti-democratic, the national socialistic policies being advocated and adopted (under cover of a professed adherence to democratic principles) for increasing the arbitrary power of a vast government bureaucracy to dominate and regiment the people, thereby crushing initative, destroying free enterprise and robbing the individual citizen of his rightful liberties and privileges under our democratic constitution.

And be it further resolved that the people be aroused to the peril of this trend towards a totalitarian national socialist state before it becomes entrenched as the basis of the post-war order and we find, too late, that while fighting German national socialism overseas we have become enmeshed in its destructive toils at home under cover of some other label.

Such as social security and other schemes emanating from the London school of economics.

Mr. A. M. NICHOLSON (Mackenzie): Mr. Speaker, although the Minister of Finance (Mr. Ilsley) has urged that this debate be concluded as soon as possible, I think that a budget calling for expenditures of over fifteen million dollars a day requires careful consideration by the representatives of the people sitting in this house. Speaking on Monday, the minister mentioned that he had received cooperation consistently from the beginning from the great majority of the members, I think he said from all the members of the Progressive Conservative party and from most of the members of the house generally. It is unfortunate, I think, that the minister left the rest of us who sit on this side of the house under a rather dark cloud. Just as the minister himself objects to sweeping condemnation of his boards, so members who are included in a category of that sort must naturally object.

Judging by the standards of other constituencies, those of us who come from rural communities have not as spectacular a record for great victory loan contributions as others have set. I received a letter just yesterday from an old age pensioner in my constituency who is now over eighty years of age. He wrote on the 17th of this month saying that he had been very ill and had been unable to get down to the bank to cash his cheque. Then he went on to explain that every month he buys a war savings stamp for each of his eighteen grandchildren. In other words, he spends on the war $4.50 each month out of a cheque of $20. It appears to me that a contribution of that sort from an old gentleman who understands fully the issues which are at stake in this war is wonderful.

My riding has never established any high records for large individual subscriptions to the victory loans or for large totals, but I should like to mention that I represent a constituency of 57,000 people, in which there are only three dentists, or one dentist to serve every 19,000 people. It is true that economic conditions are better to-day than they have been in the last ten or fifteen years; but when hon. members consider that there are ninety-two post offices in the riding and sixty-nine different railway shipping points where people ship their produce, and that we now have only three dentists to look after 57,000 people, compared with five dentists or one dentist for every 11,500 before the war, they will get some idea of the depressed conditions in that area. The reason why we have so few dentists to-day is that those who lived in these communities were unable in the years before the war to send their sons to dental college, and those who were fortunate enough to be able to send a son or a daughter to a university saw the young people, when they got through college, establish themselves in Toronto, Montreal, Winnipeg or in some of the larger centres in our own province where they could establish a home and become self-supporting. Our people have been forced to accept low standards of living, and it cannot be expected that we could equal a record in victory loan subscriptions such as that set up by the constituency represented by the hon. member for Rosedale (Mr. Jackman).

The members of this group have not supported the view expressed by the previous speaker (Mr. Jaques) who criticized the government for the controls that have been introduced. We have advocated social planning. The senior hon. member for Halifax (Mr. Isnor) gave the impression that we have advocated giving people something for nothing, making possible in Canada a very high standard of living for everyone without anyone having to work. Nothing could be further from the truth. We said before the war that if Canada had full employment, if she used her resources and put her people to work, she could give her people a very high standard of living. The estimated national income of $9 billion for this year would provide over $700 for every man, woman and child in Canada, or an income of $3,500 a year for each family of five people. In spite of the fact that we have three-quarters of a million of the strongest and ablest of our citizens in uniform who are not producing any consumer goods but are being maintained in the national interest; in spite of the fact that we are providing equipment to carry on the war and to equip, clothe and feed our forces, the Canadian people on the whole are to-day enjoying a higher standard of living than ever before in the history of this country. So that I think it is clear that if we had been planning

in peace time as we now plan in war time we could have ended unemployment in the thirties and given our people comfortable homes, good furniture and clothing, and the necessary medical and dental services so that it would not be necessary for 57,000 people to live in any part of this country where they have to travel, in some instances, a hundred miles to visit the nearest dentist, and where there is only one dentist for every 19,000 people.

Planning is essential if the democratic nations are to stand up against the forces of fascism. In Great Britain very early in the conflict rationing was introduced. The reactionary forces in Great Britain protested and said: This is socialism; it is regimentation; it is not in the best interests of the country. But in spite of their protests rationing was introduced. In Canada we are introducing rationing as goods become scarce because we recognize the principle that ability to pay should not be the deciding factor as to the amount of goods that citizens may buy. Is it not significant that in Great Britain, the best fed people, next to those in the armed forces, are the seamen, and the second best fed are either the miners or the workers in heavy industries, or the children of Great Britain? I wish we could say in Canada that our soldiers, sailors and airmen and seamen are the best fed, and that next come the workers in our steel industries and in our mines, and the little children. But that cannot be said in Canada. In Great Britain, in 1940, Robert Boothby, parliamentary secretary to the ministry of food, was able to say:

> An expectant or nursing mother and any child under school age can now obtain for the asking milk at 2d. a pint. It is scarcely possible to exaggerate the importance of this scheme. I regard it as one of the most notable measures of social reform which has been carried through in recent years. It has taken a world war to make our dreams come true.

The Minister of Finance mentioned that there had been little criticism of his taxation policy. It is my opinion that the government has not gone far enough in taxing those with high incomes. I realize the predicament of the administration. Unfortunately, there are still some in Canada who share the views of Arthur Meighen, who spoke in the other chamber in 1940, as follows:

> I do not exaggerate at all when I say I have had business men by the dozen tell me that they have been leaning on their oars, they have nothing to work for. They say, "We might just as well take it a little more easily now for we are only working for taxes anyway."

A serious problem presents itself to any administration when men like Mr. Meighen express these views. It is true that their number is not large, but they exercise a tremendous influence on the economic and political life of this country, or any other country, and through their interlocking directorates they could seriously cripple the country's war effort if they were to do what Mr. Meighen's friends apparently were doing in the fall of 1940, namely, resting on their oars.

I must urge again that the administration also take into consideration the large number of Canadian people who have made and are making very real sacrifices and who are going to make every sacrifice which is necessary to carry this conflict to a successful conclusion.

I have here a table of tax deductions prepared by the Minister of National Revenue (Mr. Gibson). Different income tax groups are listed, and there are 127 groups of married people with 3 children receiving incomes, after they have paid all their income tax, of amounts ranging from approximately $100 to $1,000 a month.

In 1936, when the late Norman Rogers was acting Minister of Trade and Commerce, he was responsible for setting up a special committee to prepare statistics of family income and expenditure in Canada. The report of this committee was published in 1941. It is available from the bureau of statistics for fifty cents, and should be read by every Canadian. This committee surveyed a group of 1,439 representative families in Canada. They did not go to the relief areas or the depressed areas; they tried to get representative men from the working classes and the salaried groups in receipt of earnings between $450 and $2,500 per family a year. After compiling their information they found that the average expenditure for the group was $1,453.90, divided on the following basis:

	Per cent
Food	31·3
Shelter	19·1
Fuel and light	6·4
Clothing	11·7
Home furnishings	8·9
Health	4·3
Personal care	1·7
Transportation	5·6
Recreation	5·8
Life insurance	5·2

It could not be argued that every citizen in Canada should spend his income in exactly this way, but if one considers the spending of this representative group he gets a fairly good break-down on how a family income should be spent.

In the last group which the Minister of National Revenue discusses in his pamphlet, it will be found that, after paying the highest

income tax ever known in Canadian history, a man, his wife and three children are able to spend per month, if they spent according to the percentages I have just mentioned, as follows:

Food	$310
Shelter	191
Fuel and light	64
Clothing	117
Home furnishings	89
Health	43
Transportation	56
Recreation	58
Life insurance	52
Personal care	17

Can it be argued that during this critical period any family of five should be allowed to put pressure on the price ceiling to the extent of $310 a month for food, or $117 a month for clothing, or $89 a month for home furnishings? It can be claimed no doubt that people in these brackets are taking out large subscriptions in the victory loan campaigns. I am not in a position to know how much they take. But the demand for luxury goods and the spending on non-essentials indicate that there is a very large amount of money which could be diverted into the treasury by either higher taxation or compulsory loans on a much more ambitious programme than we have hitherto produced.

On motion of Mr. Nicholson the debate was adjourned.

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

Thursday, March 25, 1943

The house met at three o'clock.

PUBLIC ACCOUNTS COMMITTEE

First report of standing committee on public accounts.—Mr. Fraser (Northumberland, Ont.).

CHANGES IN PERSONNEL

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

That the names of Messrs. Hanson (York-Sunbury), Green, Ross (Souris), Ward, Matthews and Dechene be substituted for those of Mrs. Casselman (Edmonton East); and Messrs. Anderson, Church, Brooks, Leader and Booth, on the standing committee on public accounts.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

[Mr. Nicholson.]

PURCHASE OF WINNIPEG WINTER CLUB PROPERTY

Mr. KNOWLES:

1. What items of equipment were included in the purchase by the government of the property formerly known as the Winnipeg Winter club, situated in the city of Winnipeg?

2. What was the value of each of the above items at the time of purchase, and how was said value determined?

3. What has been done with the above items of equipment?

4. What was the amount of the total net proceeds which the Winnipeg Winter club agreed to invest in victory bonds as a result of the above purchase (as indicated in sessional paper No. 193), and how was the amount of said total net proceeds arrived at?

Mr. MACDONALD (Kingston City):

1. Bowling alleys—4 score pad stands (metal), 4 sets of pins and balls, 1 wall clock, telechron, 15-inch., 1 fire extinguisher, 2½ gal., 6 lamp shades (white pottery), 1 bulletin board, 1 polisher (electric), 1 carbon arc light (heating lamp).

Sun room—1 painted table, 1 rubbing table with mattress, 2 mirrors, 2 showers, 2 rubber mats, 1 drinking fountain, 1 lamp shade (white pottery), 1 squeegee, 1 waste paper basket.

Women's locker room—108 lockers (half size), 65 stools, wooden, 25 lamp shades (white pottery), 517 lockers, full size, 2 cabinets, wooden, 7 mirrors, household, 1 davenport, with mattress, 1 rubbing table, with mattress and pillow, 3 towel dispensers, metal, 2 desk lamps, 1 chair, 2 fire extinguishers 2½ gal., 7 waste paper baskets, metal, 1 height and weight scale, 1 first aid box, 3 dispensers, paper cup, 4 wash bowls, complete with 2 faucets each, 1 lamp, with metal stand (3 sockets), 3 painted tables, 9 curtains, and rods, 15 pkg. paper towels, 9 pkg. toilet paper (dispenser type), 1 step ladder, 1 hair dryer, 1 bulletin board, 1 table with glass top, 1 wall mirror 12 ft., 6 toilets, complete, 4 toilet paper dispensers, 8 rubber mats, 24" by 12", 6 showers, complete, 1 bench seat, with 14 drawers, 1 hair dryer, with 3 outlets, 1 hair dryer, with 1 outlet, 1 cupboard, large, 1 pail, with mop squeezer.

Canteen—1 cigarette case, 3 pastry cases (glass), 1 set of cupboards and drawers, 1 cash register, electric, 1 hot water urn, large, 2 milk shake mixers, with 7 containers, 1 bromo dispenser, 1 electric coffee stove, with 4 burners and metal stand, 1 coffee tin, 4 coffee silex (lowers), 2 coffee silex (uppers) steel, 2 soda syrup dispensers, 3 napkin dispensers, 1 refrigerator, electric, 2 coolers, (ice), 1 toaster, 4 slicer, 1 toaster, 6 slicer, 2 sinks, metal, complete with metal drain boards, 15 ash trays, glass, 1 counter, complete with shelves and cupboards, 1 soup ladle, 1 ice

cream freezer, kelvinator, 1 steam table, 1 enamel basin, 4 aluminum pots, 1 double boiler.

Hallway beside canteen—1 wall desk, 1 wall clock, telechron, 2 notice boards, 16 fluorescent lighting fixtures, 1 extinguisher 2½ gals., 1 card table, 1 lamp, 125 ft. of corrugated rubber.

Swimming pool—1 wall clock, telechron, 3 diving boards, 6 lamp shades, white pottery, 1 practice board, 5 artificial plants, 10 plant holders, 50-ft. cleaning hose, 1 suction cleaner for pool.

Men's locker room—2 shelves, with brackets, 1 extinguisher 2½ gals., 150 lockers, half size, 32 lockers, full size, 4 lamp shades, white pottery, 1 stool, wooden, 20 lockers, quarter size, 1 bench with drawers, 19 cuspidors, 1 mirror, 1 dispenser, paper cup, 1 dispenser, towel, 1 wash bowl complete with 2 faucets, 1 shoe shine rack.

Shower room adjacent to men's locker room —2 dispensers, toilet paper, 1 dispenser, paper towels, 2 dispensers, paper cups, 1 waste paper basket, 10 mirrors, 14 by 6, 2 soap dispensers, 3 urinals, 4 toilets, complete, 6 showers, 1 towel basket, wire mesh, 4 rubber mats, 1 cupboard, 4 C/S. "Onliwon" toilet paper, 3 boxes cotton waste, 1 check box for towels.

Main locker room—4 toilet paper dispensers, 1 waste paper basket, 2 medicine cabinets, 1 first aid cabinet, 1 wall desk with drawers, 6 radiator racks, 1 keyboard, 1 height and weight scale, 494 lockers, full length, 34 lamp shades, white pottery, 5 stools, wooden, 1 extinguisher, 2½ gals., 2 wicker chairs, 1 push broom, 1 massage table with mattress, 1 clothes rack, 1 bulletin board.

Boiler room—1 chlorinator, 1 automatic stoker, 1 desk, 1 engineer's filing cabinet, 1 tool rack, 1 bulletin board, 1 book case with three shelves, 1 equipment filing cabinet, 4 lockers, wooden, 1 7½ H.P. motor with starting switch, 2 bathing suit dryers, 1 key making bench, 1 key filing cabinet, 4 laundry baskets, 1 36″ washer, 1 26″ extractor, 1 laundry dryer, 1 flat work ironer, 2 utility cupboards, 2 laundry chemical jars, 10 gals., 1 pr. rubber boots, 2 laundry tables, 1 wash tub, 50 ft. ½″ rubber hose, 1 hand wringer, 2 washing boards, assorted sizes of iron pipe, 1 maintenance filing cabinet, 10 lockers, full length, 1 plumbing and steam filing cabinet, 1 table, 2 cupboards, 1 wicker chair, 1 Pyrene fire extinguisher, 1 5′ by 20′ unit heater coil, 2 fire extinguishers, 2½ gals., 6 waste paper baskets, 1 coal truck, 2 mirrors, 1 toilet, with toilet paper dispenser, 1 towel dispenser, 1 sink, 1 coffee urn (not assembled), assorted varieties of paint.

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Utility room off main hallway—1 sink, 1 watering can, 1 galvanized pail with attached faucet (soap dispenser), 2 buckets, with squeezers, 2 waste paper baskets.

Hall—2 notice boards encased in glass, 1 drinking fountain, 1 electric wall clock, telechron, 1 desk with drawers, 2 first aid cabinets, with mirrors, 3 painted tables, 2 octagonal tables, 1 vacuum cleaner, 1 cash register No. 3083397-727-T., 1 counter and sink, 2 hot water urns, 1 dumb waiter, 1 cupboard, 2 artificial plants, 9 lamp shades, white pottery, 1 household scale, 1 fire extinguisher.

Stock room—1 loading scale, 1 chair, 1 desk, 20 stone crocks, assorted sizes, 4 enamel basins, 6 measuring cups, assorted sizes, 2 soup ladles, 5 enamel pitchers, 1 pail with mop squeezer, 21 aluminum pans, 1 potato whipper, 40 aluminum trays, 1 kettle, 1 flour sifter, 2 meat cooking trays, 1 gravy spoon, 1 butcher knife, 1 scale without platform, 3 paring knives, 2 ice cream scoops, 3 baking boards, 1 hot water urn, 8 oven pans, large, 8 dish trays, 1 potato masher, 6 soup ladles, 1 French fry kettle with wire basket, 2 vegetable colanders, 2 soup kettles, 3 iron fry pans, large, 8 frying pans, assorted sizes, assorted pot and pan covers, 24 meat hooks, 1 cake tin, assorted ladles, spoons, and preparing knives, 1 flour scoop, 1 salad bowl, 2 glass cake stands, 1 cigarette stand with glass top.

Rink—1 wire mat, 2 sheets rubber matting, 1 ton filter sand, 2 step ladders, 2 roof ladders, 3 extension ladders, 1 office chair, 1 mirror, approx. 9 feet by 4 feet, 12 benches, 1 piano, 1 lawn mower, 1 music and record cabinet, 1 wall clock, telechron, 2 large garbage cans, 18 assorted sizes of garbage cans, assortment of lumber.

Staff room A.—3 couches with mattresses, 6 wicker chairs, 1 painted table, 1 mirror, household, 16 lockers, half size, 2 fire extinguishers, 2½ gals., 1 piece linoleum, 15 feet by 9 feet, 1 piece linoleum, 28 feet by 6 feet.

Staff room B.—2 couches with mattresses, 1 clothes rack, 1 ash tray with stand, 1 bureau, 1 piece linoleum, 12 feet by 8 feet.

Staff room C.—1 piece linoleum, 12 feet by 8 feet, 1 bureau, 2 wicker chairs, 1 wicker desk, 1 clothes rack, 1 card table, 1 flower stand.

Staff bathroom—1 medicine cabinet, 1 bath, 1 wash basin, complete with 2 faucets, 1 waste paper basket, 1 toilet with toilet paper dispenser, stairway to kitchen covered with rubber mats.

Kitchen—1 refrigerator, 5 doors, electric, 5 sinks, with draining tables, 2 hot plates, 2 wooden cabinets, 1 pastry oven, 5 coffee

and hot water urns, 2 ranges, electric, 1 oven toasting Moffat, with warmer, 5 cabinets, glass front, complete with shelves and cupboards, 1 steam table, complete, cafeteria style, 1 meat chopping block, 2 fire extinguishers, 1 table, 4 chairs, 1 ironing board on stand, 1 soup kettle, 7 aluminum trays, 8 oven trays, 1 wall clock, telechron, 1 alarm clock, 1 stool, wooden, assorted cookie jars, glass.

Dining room—1 clothes basket, 3 tables, 1 fire extinguisher, 3 rugs, 6 curtains and rods, 16 wall lights (lighting fixtures), 4 chandeliers.

Powder room—1 glass top table, 2 mirrors, 2 clothes racks, 1 rug, 1 fluorescent lighting fixture, 2 toilets with paper dispensers, 1 wash basin complete with 2 faucets, 1 enamel table, 2 paper towel dispensers, 1 plunger and brush, 3 rubber mats.

Ice lounge—3 fire extinguishers (2½-gal.), 1 clothes rack, 1 table, 2 drapes, 3 wall lights (lighting fixtures), 8 curtains and rods, 109 locker stools, 18 wall lights (lighting fixtures), 112 chairs (dining room), 16 chairs (ice lounge), 83 chairs (mess), 4 tables, 3 rugs, 1 trilight complete with shade and 200-watt bulb, 5 chandeliers, 104 folding chairs, 12 lounge room chairs, 15 card room chairs, 1 piano with bench, 7 ash trays with stands, 1 vacuum cleaner.

Ladies' lounge—1 carpet 30′ x 15′, 1 electric fireplace, 8 blinds, 1 buffet, 2 drapes with rods, 1 fire extinguisher, 1 carpet covering stairway down with felt padding, 1 carpet (full length of room) with felt padding, 3 chandeliers, 4 sets of drapes and rods, 1 rubber mat, 12 wall lamps (lighting fixtures), 1 screen for fireplace, 1 wicker basket.

Badminton courts—1 plant tub, 2 folding screens, 2 water polo scoring boards (goals), 14 tables with screw legs, 12 floodlights with shades with 200 w. to 350 w. bulbs, 2 medicine balls, 6 lamps, 3 extinguishers (2½-gal.), 1 notice board, 3 gym mats, 2 dividing curtains across the whole badminton court, 1 fire extinguisher (2½-gal.), 8 round tables (ice lounge), 10 canteen tables, 5 card room tables, 37 dining room tables, 6 serving tables, 2 chesterfields (grey) ladies' room, 4 cushions to match, 1 chesterfield chair (grey), 1 chaise lounge, 1 writing desk (upholstered), 2 wicker stools, 22 cushions (lounge), 12 chairs, settee, cushions to match, 18 octagonal tables, 12 ash tray stands, 3 wicker stools, 5 wicker tables, 4 wicker settees (green), 6 wicker chairs (green), 1 wicker table (green), 8 lamps, 2 flower stands, 1 half table, 1 octagonal table, 6 couches, 1 wall clock (telechron), 3 pr. card room drapes, 9 pr. dining room drapes, 4 pr. ice lounge drapes, 10 pr. lace curtans, 21 card tables, approx. 40 assorted cushions, 1 extension ladder (40 ft.), 1 clock (telechron), 1 drinking fountain.

Badminton courts #2—27 lounging room cushions, 1 ladies' chair (grey), 6 wicker chairs, 1 set of drapes for ladies' room, 1 lamp shade, 2 settees, 2 chairs (high back), 2 chesterfields, 1 side stool, 4 oak benches (Jacobean), 3 benches with backs (Jacobean), 25 high back chairs, 1 entrance chair (Jacobean), 3 oak tables (Jacobean), 2 writing desks (Jacobean), 2 plant stands, 14 end tables, 2 writing table benches, 1 signing desk, 18 lamp shades for flood lights, 10 sets net standards, 3 chesterfields (upstairs), 3 chesterfield chairs (upstairs), 4 tables for ice lounge, 3 heaters (200 w.), 1 mincer, 12 lamp shades.

Card room—1 carpet, 25 feet by 18 feet; 3 drapes and rods; 8 light shades; 4 wall fixtures; carpet on stairway from lounge; 1 notice board; 1 fire extinguisher; 1 clock, telechron; 4 chandeliers; 2 carpets.

2. Detailed valuation of each item of equipment is not available but total valuation of $40,000 is included and forms part of the total purchase price of the property.

3. Instructions for disposal of equipment have been issued as follows: 1 large electric clock 16 inches for use at Naval Service Headquarters, to be shipped to the Naval Store Officer, 1153 Wellington Street, Ottawa; 1 large box of wire coat hangers for issuing to Naval Service Headquarters, to be shipped to the Naval Storekeeper, 1153 Wellington Street, Ottawa; 1 hair dryer with 3 outlets; 1 hair dryer with 1 outlet; 1 hair dryer, to be shipped to the commanding officer, W.R.C.N.S. Establishment, Galt, Ontario; 350 full length lockers, to be shipped to the commanding officer, H.M.C.S. *Discovery,* Vancouver, B.C.; 2 settees, wine with high back; 2 chairs to match above; 1 settee, wicker, with cushions; 1 table, round; 4 chairs, kitchen; 1 table, octagonal, to be shipped to the commanding officer, Reserve Divisions, Toronto, Ontario; 2 cash registers to be shipped to Naval Storekeeper, 1153 Wellington Street, Ottawa, for accounting at Naval Service Headquarters; 2 chesterfields with two matching chairs, to be shipped to H.M.C. Dockyard, Halifax, N.S. for W.R.C.N.S. personnel; 20 knockdown tables; 80 chairs to match, to be shipped to the Naval Storekeeper, 1153 Wellington Street, for use in canteen at Naval Service Headquarters; 203 full length steel lockers; 274 half length steel lockers; 20 quarter length steel lockers, to be shipped to the commanding officer, H.M.C.S. *York,* Toronto. The balance of equipment remains on charge to the commanding officer, H.M.C.S. *Chippawa,* Winnipeg, Manitoba.

[Mr. A. L. Macdonald.]

4. The book value as shown on the last balance sheet of the Winnipeg Winter Club dated April 30, 1942, of $247,942.51 plus the cost of additions purchased since that date, fuel on hand, moving the above excepted equipment, compensation necessary to be paid to employees in lieu of notice, and other expenses incidental to the club's operation; all of which it was agreed should not exceed the sum of $8,057.49, making a total consideration in all of $256,000.

The conditions were that the Winter Club will arrange the discharge of the present mortgage and all other encumbrances against the property, and deliver a clear title together with surveyor's certificate that the building is contained within the lot lines.

It was further agreed that the Winter Club would undertake to invest the net proceeds of the sales, less the amount necessary to discharge the mortgage and other encumbrances, if any, in victory loan bonds, and would undertake to have such bonds registered in its name; and further would undertake to retain, and not dispose of by sale, at least 50 per cent of the said bonds for the duration of the present war, or for a period of two years, whichever period shall be the lesser, but this condition shall not prevent the pledging or disposal of said bonds for the purpose of securing funds to purchase property or equipment for the establishment of new quarters for the club.

PRINTING BUREAU—GRIFFENHAGEN SURVEY

Mr. GILLIS:

1. What year was the Griffenhagen survey made of the operation of the printing bureau?

2. What were the recommendations of these experts for proper operation and economy?

3. What was the cost of this survey?

4. Were the recommendations ever implemented?

Mr. McLARTY:

1. 1919, 1920.

2. After a thorough and detailed survey of the department of public printing and stationery, these experts submitted reports covering changes in the departmental organization, records, procedure and plant and office lay-outs which were considered necessary to place the department on an efficient operating basis. These recommendations included a proposal for changes in the plant involving an estimated expenditure of approximately $206,000 and an additional estimated expenditure of approximately $70,000 if the distribution office were brought into the Bureau Building. A recommendation was also made that the staff of the department be reduced by approximately 400 employees.

All these recommendations were submitted by the commission to the governor in council who directed the commission to put them into effect.

3. $33,689.12.

4. Yes, with large annual economies in staff and expenditures.

DONALD GORDON

Mr. REID:

1. Is Donald Gordon still actively employed or engaged with the Bank of Canada?

2. How many different boards under the government is he a member of, and what are the names of the different boards with the position Mr. Gordon holds in these?

Mr. ILSLEY:

1. Mr. Donald Gordon retains the office of the deputy governor of the bank of Canada. He is currently on loan to the wartime prices and trade board.

2. The wartime prices and trade board—chairman; wartime industries control board—member; national selective service advisory board—member.

*BRITISH COLUMBIA FISH TRAP LICENCES

Mr. REID:

1. Have any discussions, requests, letters or other communications been received by the Minister of Fisheries, his deputy or any other officials in his department from any person or company in connection with the granting of licences for fish traps either at Sooke, Vancouver island, or other points in British Columbia?

2. If so, have any assurances been made or given that the granting of any fish trap licences may be considered or approved?

Mr. BERTRAND (Laurier): The answer to the first question is in the affirmative, and to the second in the negative.

CIVIL SERVICE—EXTRA PAY FOR SUPPLEMENTARY WAR DUTIES

Mr. CASSELMAN:

1. Have instructions been issued by treasury board governing the circumstances under which extra pay may be authorized for supplementary war duties on the part of civil servants?

2. Does the authorization of increased pay outlined in said instructions apply equally to those qualifying as civil servants and those engaged in departments of government not under the civil service?

3. If not, why not?

Mr. ILSLEY:

1. Yes.

2. Yes.

3. Answered by Nos. 1 and 2.

QUESTIONS PASSED AS ORDERS FOR RETURNS

MEDICINE HAT, ALTA., MILITARY CAMP—ATTENDANCE AT CHURCH

Mr. ROY:

1. Did a number of soldiers of the 7th Division engaged in the construction of a military camp at Medicine Hat, Alberta, leave their work one Sunday morning in December to attend church?

2. If so, (a) did they return to work after performing their religious duties; (b) was punishment imposed upon them because of their action; (c) what was the nature of the punishment; (d) what were the names of the military men concerned in this episode; (e) what is the name of the officer commanding the men at that time?

Mr. RALSTON: Return tabled.

COST OF LIVING INDEX

Mr. BRUNELLE:

1. What are the articles upon which the cost of living index is based?

2. What are the sources of information used from time to time to establish the price of such articles?

3. How often is information asked for from those sources?

Mr. MacKINNON (Edmonton West): Return tabled.

LIVE STOCK—FOOT AND MOUTH DISEASE

Mr. MARSHALL:

1. What is the total number of cattle raised in Canada during the years 1936, 1937, 1938, 1939, 1940, 1941, 1942?

2. How many of such cattle were reported as suffering from foot and mouth disease in each year?

3. How many were slaughtered, in each year, under order from the federal Department of Agriculture?

WAR SAVINGS AND BONDS—SALESMEN ON MONTHLY SALARY

Mr. GREEN:

1. What persons, in each province of Canada, in receipt of a monthly salary from the national war finance committee for the sale of war savings certificates, war savings stamps, and/or victory loan bonds, are engaged on a part-time basis and at liberty to carry on some additional business or occupation?

2. What salary is received by each of such persons?

BURLINGTON BEACH, ONT., LIGHTKEEPER

Mr. TUSTIN:

1. Has an appointment been made to the position of lightkeeper, class 7, at Burlington Beach, Ontario?

2. If so, at what date was such appointment made?

3. What is the name of the appointee and what is his previous experience in this type of work?

4. Upon whose recommendation was the appointment made?

5. Was this position advertised and was a competitive examination held for it?

6. What were the names of other applicants for the position?

7. What experience had each of the other applicants in this type of work?

Mr. McLARTY: Return tabled.

EXPENDITURES BY PROVINCES IN CERTAIN DEPARTMENTS

Mr. HAZEN:

How much money has been expended since the beginning of the war in each province by—

1. Department of Munitions and Supply, (a) dollar value of contracts, (b) capital expenditures?

2. Department of National Defence (army)?

3. Department of National Defence (navy)?

4. Department of Transport, (a) airports, (b) seamen's branch, (c) national harbour boards, (d) Canadian National Railways?

5. Department of Public Works?

CANADIAN HIGH COMMISSIONER IN AUSTRALIA

Mr. TUSTIN:

1. When was the Hon. T. C. Davis appointed as Canadian high commissioner to Australia?

2. What does he receive annually in such position for, (a) salary, (b) expenses, (c) other allowances and accommodation?

3. Is he a member of the Saskatchewan court of appeal?

4. When was he appointed to such court?

5. What is the yearly salary of a member of such court?

6. How many members of such court are actually engaged in the work of such court at the present time?

7. What is the total composition of that court?

8. Has the Hon. T. C. Davis tendered his resignation as a member of the said court?

9. Was the Hon. T. C. Davis chairman of the board of review in Saskatchewan for any period?

10. If so, for what period was he such chairman and what sums were paid to him by way of per diem allowances for such work in addition to such salary as a judge?

11. What additional sum was paid to him for travelling and other expenses in such position?

12. Was the Hon. T. C. Davis a deputy minister of national war services in the federal government?

13. If so, for what period was he such deputy minister and what sum was paid to him by way of per diem allowances in addition to his salary as a judge?

14. What additional sums were paid to him for travelling expenses in such position?

WARTIME PRICES AND TRADE BOARD—IMPORTS OF FARM MACHINERY

Mr. REID:

How many permits were issued by the war-time prices and trade board for the importation of farm machinery during 1942, giving details of the various kinds of farm machinery for which permits were given, as well as the various companies from whom these were imported with the numbers of and value from each company?

Mr. ILSLEY: Upon looking at this order it would seem to me that some information is sought which might be of a confidential character. Subject to that qualification I should be prepared to have it pass as an order for return.

Mr. SPEAKER: Passed as an order for return, subject to the reservation made by the minister.

GOVERNMENT-OWNED ELEVATORS UNDER LEASE TO PRIVATE INTERESTS

Mr. PERLEY:

How many government-owned elevators, interior and terminal, are under lease to private grain companies or private interests and what are the terms and particulars of the lease in each case?

OTTAWA WAR-TIME STAFFS—NUTRITION

Mr. BRUCE:

1. Has a survey been made by the government of the adequacy of the feeding facilities for the extra war-time staffs now doing government work at Ottawa?

2. Has the government's attention been drawn to the advantages which would accrue in the way of, (a) better nutrition for the workers; (b) greater cleanliness of service because of modern equipment; (c) saving of time of the workers; (d) greater economy in fuel and supplies from the operation of large restaurants?

3. Have restaurants or cafeterias been provided by the government for the use of the staffs working in various government buildings in Ottawa?

4. What is being done in respect of this at the present time?

CANADIAN FORCES

ALLEGED IRREGULARITIES IN CONNECTION WITH PARCEL DELIVERIES OVERSEAS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to ask a question of the Postmaster General. I note that the Toronto board of control is asking the Postmaster General to investigate charges that Canadians overseas have not been receiving parcels from home, and have received parcels which have been opened prior to arrival at their destination. According to the press dispatch one of the members of the board of control stated that thefts had increased until it was now estimated that only sixty per cent of the cigarettes sent to Canadian soldiers have been reaching them. If these statements be true, it would appear to indicate that a serious situation exists. I should like the Postmaster General, if he is now in a position to do so, to comment on the statements and indicate what steps his department is taking to ensure safe delivery, subject to the usual ocean risks, of all mail and parcels addressed to our armed forces in other parts of the world.

Hon. W. P. MULOCK (Postmaster General): I saw the press report and heard the radio news, but as yet no resolution has been received by the department or by myself. I wired the board of control at Toronto, and also controller Fred Hamilton, who made certain charges, asking for particulars, and asking that they forward the information to me. Of course I shall make a full statement, but in the meantime I would say that the reports received from officials in the postal corps overseas, and from officials in Canada, do not bear out the statements appearing in the press report.

LEAVE TO SOLDIERS FOR WORK ON FARMS

On the orders of the day:

Hon. J. L. RALSTON (Minister of National Defence): Yesterday the hon. member for Lincoln (Mr. Lockhart) inquired with regard to the terms upon which agricultural leave is being granted by the department. The terms of this leave are set out in a circular letter which was sent to the general officers commanding both the Atlantic and Pacific commands, the commanders of Borden and Petawawa camps, the general officers commanding the sixth, seventh and eighth divisions and the district officers commanding. I suggest that perhaps the best thing to do would be to table the circular letter and ask, with the leave of the house, that it be printed in *Votes and Proceedings*.

May I just say that I do not want the hopes of the members of the house, or those who are engaged in farming, to be raised too high on account of this circular. The matter has been very carefully considered and the department is doing the best it can to conform with the desires and the wishes of agriculturists across Canada and to help in any way they can in that respect. But the department has certain responsibilities and those responsibilities have to be safeguarded.

Since the circular letter will be printed in *Votes and Proceedings*, I will not attempt to summarize it completely, but subject to the conditions in the circular I may say that those who are eligible to apply for spring seeding

leave are those who have some experience in farm work and who in the opinion of the general, divisional or district officer commanding can be spared with due regard to the military exigencies existing at the time. The circular applies, first, to those who are on the personnel of the home war establishment of district depots. That means administrative and training staffs of the district depots. Second, personnel on strength of district depots who are not awaiting dispatch to basic training centres or who, having completed training, are not awaiting allocation as reinforcements or to units. Third, veterans guard who can be spared from their duties, and, fourth, not more than 5 per cent of personnel employed on operational units, provided such personnel have completed their individual training and are not earmarked for overseas service. The majority of the troops both on the east and west coast are in the operational units.

The method to be adopted is to have the soldier make application to his commanding officer, who, if he recommends, will forward the same to his next superior officer, whoever it may be, for official approval. In this regard there has been some complaint as to the slowness of the operation. This has been the complaint in connection with applications for leave in previous instances, not so much with regard to agricultural leave as with regard to applications for compassionate leave.

In connection with this leave, instructions are going out impressing on all concerned that the applications should be dealt with promptly. We realize that he gives twice who gives quickly. I do want to impress upon the house and the country that it is most desirable that the applicant assist by submitting to the commanding officer the necessary information on two points. First, his qualifications and his experience, and the likelihood of his being really efficient and effective in connection with farming operations, having regard to his past experience. Second, the necessity for his services in the particular place where he desires to go.

I assure the hon. member that with that information at hand, every endeavour will be made to deal with the applications as quickly and as sympathetically as possible.

Mr. GRAYDON: Perhaps I should wait until I read what has been tabled, but I wonder if the minister would make this one point clear now. Do I take it from what the minister has just said that none of those who are undergoing basic training will be given farm leave under the present ruling?

Mr. RALSTON: That is so.

[Mr. Ralston.]

Mr. HANSON (York-Sunbury): May I ask a supplementary question? The minister referred only to leave for spring seeding, but I think the order ought to be wide enough to cover the sons of market gardeners. That is very important.

Mr. RALSTON: I tabled the order and it is not before me at the moment. I think it is intended to cover a case of that kind—that is to say, spring work in connection with agriculture.

Mr. COLDWELL: Does it cover men in the air force as well as men in the army?

Mr. RALSTON: I cannot say. I do not know of any order having been issued by the air force.

Mr. COLDWELL: The minister for air is not in his seat.

Mr. RALSTON: I shall make inquiries.

Mr. WRIGHT: Will any provision be made for meeting the transportation costs of these men who are given farm leave?

Mr. RALSTON: That is set out in the order. Perhaps I had better read that portion. Some of the conditions are:

(a) Leave will not exceed six weeks' duration and may be cancelled at any time if the exigencies of the service require such cancellation.

(b) Pay, subsistence, travelling allowance, or other allowances of any kind will not be issuable during this special leave.

(c) Soldiers will not be entitled to medical or dental attention, hospitalization or compensation due to illness, injury or death while on leave.

(d) Only soldiers who have experience in farm work are eligible.

(e) Agricultural leave will be limited strictly for the purpose its name implies.

INTERNATIONAL CURRENCY

DISCUSSIONS OF FINANCIAL PROBLEMS IN LONDON

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I should like to ask a question of the Prime Minister, based on a report in the Ottawa *Citizen* of March 24, under the caption "To-day in Europe." The London *Times* of March 24, 1943, dealing editorially with Prime Minister Churchill's recent speech, is reported as having said there is uneasiness at present about the currency and monetary exchange negotiations proceeding privately in London between the allied and the dominion governments. The users—

Mr. SPEAKER: That is a question for the order paper. It is not a question which should be asked on the orders of the day.

Mr. BLACKMORE: The question is a vital one. Before one could get an answer by way of the order paper the discussions would have been completed, and Canada would be bound. May I ask my question, Mr. Speaker?

Mr. SPEAKER: I have already ruled that questions in the form now asked by the hon. member should not be asked when the orders of the day are called. This is a question involving government policy, and one which is not readily answerable on the orders of the day. If the Prime Minister wishes to answer, of course I will not say he should not do so. But I have already made a ruling, as clearly as I could make it, that such questions should not be asked on the orders of the day.

Mr. COLDWELL: On a point of order, it is difficult to see the difference between the question now asked by the hon. member for Lethbridge (Mr. Blackmore) and that asked by the leader of the opposition (Mr. Graydon). It seems to me that they both must fall in the same category. We should have a clear understanding respecting the questions we may or may not ask.

Mr. MACKENZIE KING: I think it would be easy to make clear—

Mr. SPEAKER: Order. In my judgment the question asked by the leader of the opposition dealt with a matter of immediate importance. He was asking about the non-delivery of parcels sent to soldiers, a matter which I believe the house and country would wish to be informed upon. But the question asked by the hon. member for Lethbridge involves government policy.

Mr. COLDWELL: No.

Mr. BLACKMORE: Oh, no; Your Honour did not hear me.

Mr. SPEAKER: I heard the hon. member say that in Mr. Churchill's speech there was some question with regard to currency,—

Mr. BLACKMORE: No.

Mr. SPEAKER: —and he asked the Prime Minister to reply. Certainly that is a question which should not be asked on the orders of the day.

Mr. COLDWELL: The question was whether a conference was proceeding, and if it was arriving at any decisions. The hon. member pointed out that those decisions might have world-wide consequences.

Mr. SPEAKER: I was on my feet when the Prime Minister was on his. If he wishes to speak, he may do so.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I was about to say that I believe this question will make perfectly clear the difference between questions which should be answered immediately and those which might stand for the order paper. My hon. friend was kind enough to send me a notice of the question he was going to ask. I received his memorandum just as I came into the house. It is the same question he has asked on two previous occasions and which I have answered on two previous occasions. All I can say now is that the answer I have given him on the two previous occasions is the answer I should like to give him now. If he will let this stand as a notice, I will give him something perhaps a little more formal in another statement later, but it will practically repeat what I have said up to the present.

Mr. BLACKMORE: The only reason I asked the question is that this is a new set of negotiations.

Mr. MACKENZIE KING: If it is a new set of negotiations, I am afraid my answer does not apply. As I read my hon. friend's question, he is asking as to what has been going on in the way of conferences or discussions over monetary matters. That is a pretty old question. Certainly it is one which he has now asked three times this session. I will give him a formal reply at another sitting. I can, I think, assure him that any conferences will not be ended before the reply is made.

SHIPSHAW DEVELOPMENT

REFERENCE TO PRESS REPORT IN OTTAWA "CITIZEN"

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): I should like to direct a question to the Minister of Munitions and Supply. In the press of March 24 there appears an article by R. T. Elson from the Washington news bureau of the evening *Citizen* under the following heading: "Feel Howe's Defence of Shipshaw Incomplete." I was wondering if the minister would care to make a supplementary statement on this question in the light of that statement.

Hon. C. D. HOWE (Minister of Munitions and Supply): I saw the article and it led me to believe that the text of my statement had not reached Washington when the article was written. It refers to two matters as not having been dealt with, when in fact I dealt with them fully. I think I have nothing to add to the statement.

Mr. HANSON (York-Sunbury): The minister would not say that the statement was complete?

PRIVILEGE—MR. DONNELLY

REFERENCE TO REMARKS OF MEMBER FOR BROADVIEW ON QUESTION OF PRIVILEGE ON MARCH 24

On the orders of the day:

Mr. T. F. DONNELLY (Wood Mountain): Yesterday the hon. member for Broadview spoke in the house as follows, as reported at page 1516 of *Hansard*:

I wish to call to the attention of the house a speech made on March 22 by a friend of mine, the hon. member for Wood Mountain (Mr. Donnelly). I should like to read the words about which I complain, which appear at page 1447 of *Hansard*, and then to say a few words in order to indicate that the hon. gentleman has made a grave error. The hon. member said:

"Let me turn for a moment to other members of the government. I remember back in 1927 and 1928 or thereabouts when our navy consisted of the *Rainbow* and the *Niobe*, the hon. member for Broadview (Mr. Church) spoke in this house and referred to our navy as consisting of these two ships and he asked: Where is our fleet now? And he answered in derision: Tied up in a garage at Halifax. Ah, but he does not say that now. Our fleet is to-day doing a man-sized job, sailing and patrolling the seven seas, and we are all proud of it. It is doing forty per cent of the convoy work in the north Atlantic. We are proud of our navy and the work it is doing, and hon. gentlemen do not deride it and poke fun at it to-day as they did in 1927 and 1928. It has grown from the two ships we had then to the splendid fleet we have now."

The hon. member then goes on to say:

Not one word in the paragraph is correct.

I do not know what he is complaining about. Further down on the same page he is reported as follows:

My remarks about Halifax were made on June 21, 1926, at which time I said that if we were going to become an independent country under the statute of Westminster any foreign fleet might sail up the St. Lawrence and we could not oppose it because our navy might be locked up in a garage at Halifax.

I turn now to *Hansard* of February 1, 1928, at page 103, where I find the following:

We have a contemptible little navy which hugs the shores, never leaves our coasts, and for the past year has been locked up in a garage at Halifax.

An hon. MEMBER: Who said that?

Mr. DONNELLY: The hon. member for Broadview. I do not know what he is complaining about. As to the correctness of the rest of the statement, I leave it to the house.

Mr. T. L. CHURCH (Broadview): On a question of privilege, the hon. gentleman should be kind enough to read all of what I said in 1928 and other years—it covers five pages of *Hansard* in 1928—and not quote only four or five lines. The same with the other speeches on rearmament made fifteen years ago. There was then no fleet except two small ships which were obsolete. Under the Naval Act of 1910, it was provided that if anything happened out in the ocean an order in council would have to be passed before the fleet could fire off a gun. I never reflected at all on the men of the navy. I have always supported rearmament and if the hon. gentleman had done the same thing we would not have a five billion dollar tax bill to-day. He should read the whole of these speeches.

HOUSING

INQUIRY WITH RESPECT TO CONGESTED CONDITIONS IN TORONTO

On the orders of the day:

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, I wish to direct a question to the Minister of Munitions and Supply, based on a telegram I have received, arising out of a statement made in the house the other day by the minister. I shall read only part of the telegram:

We have asked you in the name of humanity to do something for the people of St. Paul's riding. Some families are living in one room with five small children, other families of eight living under the same conditions. Many of these houses are infested with rats and lousy with bugs and cockroaches. We are making this telegram as plain as possible to you.

There are a lot of soldiers' families living under those conditions, and I want to make that plain to the Minister of Munitions and Supply. He stated the other day that a survey had been made in the city of Toronto by his department and that there was no necessity for any housing to be put up there. Will the minister give me a reply?

Hon. C. D. HOWE (Minister of Munitions and Supply): I think the matter is wholly one for the city of Toronto. I cannot see how it affects matters of supply.

Mr. ROSS (St. Paul's): The minister says that the matter was wholly one for the city of Toronto. I want to tell him that we are taking into Toronto plenty of people because of war industries.

LABOUR CONDITIONS

INQUIRY AS TO REPORTED LAY-OFF AT ANGUS SHOPS

On the orders of the day:

Mr. GASPARD FAUTEUX (St. Mary): Mr. Speaker, I should like to direct a question to the Minister of Munitions and Supply, in view of the very great concern felt by a large number of employees of the Angus shops, Montreal, as to their future. What steps are

being taken by the Department of Munitions and Supply to give supplementary contracts to the Angus shops so that when the tank construction is completed there will be no lay-off of these employees?

Mr. SPEAKER: Order. That question will have to be placed on the order paper.

Hon. C. D. HOWE (Minister of Munitions and Supply): Mr. Speaker, I would like to have permission, if I may, to answer the question. I think that it is important that the facts be made known, as there is some present unrest in the plant mentioned.

Some weeks ago, in reply to a question by the hon. member for Rosetown-Biggar (Mr. Coldwell), I told the house that no decision had been made with regard to the continuation of the tank order at the Angus shops. Since then the changing strategy of war has made it evident that we should not undertake further tank production in that shop after the present order is completed. Orders have been placed for the full capacity of the shop in connection with the escort shipbuilding programme, and my first intimation from the management was that all the present employees would be required. Accordingly, I so advised my colleague the Minister of Labour, and he so advised a delegation of employees from the Angus shops. But within the last two days I have been advised by the management that there will be a lay-off at the Angus shops of approximately 1,100 men, about 485 men between April 1 and April 15, and about 620 between April 15 and April 30. I may say that my colleague is arranging through national selective service to transfer these men to other employment where they are urgently required. I think that the men to be transferred will not be worse off after the transfer than they are to-day.

PRESS REPORT AS TO EMPLOYMENT OF QUEBEC PROVINCE WORKERS IN MAINE SUGAR BUSH

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, in reply to the question asked by the hon. member for Haldimand (Mr. Senn) on Monday, March 22, I intimated that the question of Canadians going into the northern part of Maine to harvest maple sugar was under consideration.

Along the international boundary between the province of Quebec and the state of Maine there has been an annual migration of families to United States territory for the purpose of harvesting the maple sugar crop. My information is that the sap is collected in northern Maine and brought into Canada in bond and the finished product is shipped back to the United States and sold. This movement has taken place over a very long period of time. At the suggestion of the government of the province of Quebec and the United States authorities and because of the desirability of assuring the harvesting of this crop, arrangements have been made to permit a limited number again this year to work in the Maine sugar camps. Approximately one hundred and twenty-five families, consisting of men, women and children, are being allowed to cross the border on the understanding that Quebec farm work will not suffer and that the absence will not exceed twenty-nine days.

The mobilization boards will, of course, be consulted with respect to any men who are in the designated military age classes.

TOMATOES

INQUIRY WITH RESPECT TO PAYMENT OF SUBSIDY

On the orders of the day:

Mr. NORMAN J. M. LOCKHART (Lincoln): Mr. Speaker, again I say that on the orders of the day members rise in this house with fear and trepidation, after the hesitating way in which the minister rose to answer a question a moment or two ago. I want to express my appreciation to the hon. Minister of National Defence (Mr. Ralston) for clearing up that point about the six weeks' farm leave. I have a question to ask of the Minister of Finance (Mr. Ilsley) and I hope he will clear it up as well as the Minister of National Defence cleared up the question that was put to him. Without going into details I will send over to the minister this report with reference to the subsidy to be paid to the 7,000 farmers who are going to produce tomatoes. They have that idea very definitely in their minds, as will be clear from this report. Can the minister make a statement so that the tomato growers will know the true situation so far as the subsidy is concerned?

Hon. J. L. ILSLEY (Minister of Finance): That is a question for the Minister of Agriculture.

Mr. LOCKHART: As the matter comes under the Minister of Agriculture, I will send this report over to him.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Wednesday, March 24, 1943, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house

to go into committee of ways and means, and the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Coldwell.

Mr. A. M. NICHOLSON (Mackenzie): Mr. Speaker, part of the subamendment moved by the leader of this group expresses regret at—

—the failure of the government to provide for increases in the amounts paid to old age and blind pensioners, or to make adequate provisions for veterans of the last or the present war, or their widows and dependents.

Judging by the large number of hon. members sitting in all parts of this house who have complained about the inadequate provision for the old age pensioners, it might have been expected that something would be done to make their lot somewhat easier. I find in the estimates tabled by the minister a short time ago that the amount which the government proposes to spend this year to assist the aged and the blind totals $31,246,500. According to the 1942 year book, there were 186,834 old age pensioners and 6,208 blind pensioners in Canada, a total of 193,042. This means that the Dominion of Canada is spending about $163 a year, or a little less than $14 a month, to assist each of those who are over seventy and have been unable to provide for themselves in the evening of life. I find that in the same estimates we provide pensions for retired judges. There are only fifty-five, but they receive according to statute $273,133.31, or $4,966 each, that is, over $413 per month. It is difficult to justify such high pensions for one group of our old people who have received a generous allowance during a lifetime, when the average pension received by the old age pensioner is less than $20 per month.

I have here a resolution, passed by the Eston branch of the Canadian Legion, which—

—records its protest against the inadequacy of the maintenance and unemployment benefits of $9 per week for single men, and $13 per week for married men, as set forth in acts and orders in council governing the rehabilitation of returned soldiers: that we condemn the limitations contained in those acts and orders in council, and deplore the fact that reestablishment measures, so far, have been based upon the presumption of the existence of a set of post-war conditions which we feel should not be taken into consideration in the framing of an effective rehabilitation programme.

In the brief which the Eston branch submit, they point out that—

In New Zealand, the old age pension allowance is thirty shillings per week per individual, which is approximately $60 per month per married couple—eight dollars per month more than we allow a married returned soldier.

[Mr. Lockhart.]

They mention a press dispatch from Saskatoon stating that the collegiate board agreed that $85 per month was inadequate for janitors, and increased their salaries to $102.50 and $105 per month. I may mention that the Eston branch has an enviable record in connection with every possible project to further the war effort. More consideration should have been given by the government to providing for the needs of those who have risked their lives in the present conflict.

There have been two or three speeches during the present debate which in my opinion might very well not have been made; I refer to addresses of the hon. member for Wood Mountain (Mr. Donnelly), the hon. member for Dauphin (Mr. Ward), and the hon. member for York-Sunbury (Mr. Hanson). It would appear that these hon. members hate the Cooperative Commonwealth Federation so bitterly that they find difficulty in thinking straight when they get wound up.

Mr. MacINNIS: They have the same difficulty all the time.

Mr. NICHOLSON: The hon. member for Wood Mountain was not content with criticizing the Cooperative Commonwealth Federation; he went out of his way to reflect upon people in the sister dominion of New Zealand in connection with the war effort of that country. He said as reported in *Hansard*, page 1449:

They budgeted for £133,000,000 which, with their population of 1,600,000 would give a per capita average just a little lower than ours.

If the hon. member had taken the trouble to examine the financial statement for New Zealand, he would have found that the figure he gave represents their war expenditure. Taking into consideration non-war expenditures of £54,000,000, one arrives at a total of £187,000,000 —which represents actually a larger per capita contribution than we in Canada are making. He mentioned that New Zealand had borrowed £46,000,000 from Great Britain. The fact is that provision was made that this amount of money could be borrowed during the fiscal year, if necessary, but New Zealand did not borrow a penny during that period from Great Britain. It seems to me that a great injustice is done to our fellow citizens of New Zealand in speaking of their contribution in the terms which were used by the hon. member for Wood Mountain. Had he, when the hon. Walter Nash was here last year, expressed this view, the former minister of finance of New Zealand would have been quite willing to discuss the whole question with him.

The hon. member for Wood Mountain also said that we in Saskatchewan have more social legislation than has any other province. I must express my sympathy with those who live in other provinces if their social services are less attractive than those of Saskatchewan. I asked the hon. member the amounts which are paid in Saskatchewan to mothers and to dependent children, but the hon. member declined to answer my interruption. I do not suppose that it would have been very good publicity for him. The facts are that we were paying for a number of years $8 a month for the first child and $4 a month for each additional child, but that we have increased these amounts to $10 for the first child and $5 for each additional child, with nothing for the mothers. I noticed in the Toronto *Globe and Mail* of yesterday that the Premier of Ontario has announced that that province, which has been paying a mother with one child $35 a month, as compared with $10 in Saskatchewan for a mother with one child, will increase the allowance after April 1 to $42, and that a mother with three children, who was receiving $45 a month as compared with $20 in Saskatchewan, will receive $54 a month beginning with April. Ontario is to be congratulated on the forward step it is taking. I think the hon. member for Wood Mountain should be more cautious in connection with such sweeping statements as I have mentioned. He suggests that those of us who live in Canada who are not satisfied with things as they are should go elsewhere; that he was born here and he wants to live here. Well, the same thing is true so far as I am concerned. My parents, and also my grandparents on my mother's side, were born in Canada. Those of us who visualize a better Canada should be quite free to express our opinions; and if the people of New Zealand have been able to develop certain social benefits, by all means let us examine them and see whether or not they are applicable to Canada.

In Germany they have developed concentration camps for those who disagree with the powers that be. The hon. member for Wood Mountain would not go that far, but he would like to see us leave the country. I do not think he would suggest where we should go at this particular time.

The hon. member for Dauphin, speaking in the house the other night, had something to say about the very soft life that the steel workers lead:

> The work in a steel mill is not arduous; I saw nothing arduous about it. And the hon. member says it is hazardous. I was indeed struck by the perfect lighting of the buildings, and the almost perfect atmosphere of the place.

Then as to the wages:

> The payroll average—nothing to do with salaries to foremen or managers—was eighty-one cents an hour. I do not call that low pay. If I could have my wages frozen at eight-one cents an hour for the rest of my life I should consider I was fairly lucky.

Mr. DOUGLAS (Weyburn): And overpaid at that.

Mr. NICHOLSON: The hon. member for Weyburn says, "overpaid at that". I am sure a great many steel workers share that opinion. The hon. member for Dauphin may have been thinking about the wages paid in the steel industry in the United States, because 60 per cent of the steel workers in Canada were working at basic rates under 55 cents an hour. The suggestion that the steel workers of Canada are cowardly certainly serves no useful purpose at this time. If the arguments advanced by the hon. member for Dauphin had any basis of fact I think the administration would not have given the representations made by the steel workers the consideration that has been given.

I come now to the former leader of the opposition (Mr. Hanson, York-Sunbury). He apparently does not think a great deal of the Cooperative Commonwealth Federation either. He accuses us of worrying about winning elections rather than about winning the war. I do not think anyone would ever accuse the hon. member for York-Sunbury of worrying about winning elections. I have often wondered what would have been the fate of Canada if the former leader of the opposition had been called upon by His Excellency the Governor General to take over the administration of affairs. Hon. members call us socialists and then refuse to define what they mean by socialist. They label us national socialists when the fact is that there is no group in this house that has more to lose as the result of a fascist victory than members of this party. It should not be forgotten that one of our allies in the present conflict is the Union of Soviet Socialist Republics. And while the hon. member for York-Sunbury apparently has not been able to distinguish the differences between socialism and fascism, people living in Russia seem to think there is a difference. The fact that they are giving their lives for our freedom should lead hon. members like the hon. member for York-Sunbury to be more careful about their language.

Whether he likes it or not, there is a good deal of support across Canada for the views we hold, and if he suggests that we are fascists, people say, well, we are fighting against ideas such as the Cooperative Commonwealth Fed-

eration hold; and thus you confuse them. I suggest that we should describe fascism as it is and accept the point of view that members of the Cooperative Commonwealth Federation in this house and in the country are anxious to do everything they can to see that fascism is destroyed.

While our views differ from the views expressed by the former leader of the opposition, we do make our contribution. He would like to see the soldiers come back to the good old days. Well, the party he supports was in office from 1930 to 1935, and while I have no special brief for the present administration, I ask hon. members to think back to those years and consider whether they should like to have an administration that would do as little about unemployment and depressed conditions as did the government under Viscount Bennett. If there ever was a man in Canada who had something at stake it was the man who was prime minister of Canada from 1930 to 1935. He had made a success under the present system, he had tremendous energy, and if capitalism could be made to work surely he would have made it work. The hon. member for York-Sunbury was a member of that government.

I am sorry time does not permit me to deal with three cases I have here, men who fought in the last war, who are now doing useful work in Canada, but for whom during the Bennett regime the best the Conservative government in Canada and Saskatchewan could do was to set aside $100 from each of the federal and provincial governments for a whole year to reestablish them. They were given $50 to build a house and $100 to buy equipment; they received $10 a month for food and within a period of a year they were expected to become self-supporting.

I have one case here, that of Mr. Sig Watland—I have mentioned it in the house before—a man whose standard of living was forced down to $10 a month during those terrible years. I have told the house of the trouble I had in getting him off his homestead and down here. Here is what he wrote to me last week:

> I had no difficulty in obtaining a position as senior draftsman with the John T. Hepburn Company with a salary of $210 a month. During the last two months I have been doing catalogue drawing. This is specialized work and very few draftsmen can do it, as any draftsman can tell you. I am well pleased here. I am geting my farm paid for. My family have had cash in the house this winter and consequently have been off relief. My eldest daughter enlisted in the CWAC last summer, and has been stationed in Ottawa this winter. Together with my income tax and the $10 per month I am paying on victory bonds I am just paying Margaret's allowance in the army and this is a great satisfaction to me.

[Mr. Nicholson.]

It is a great satisfaction to any Canadian to see a man who during those years in which the hon. member for York-Sunbury was occupying a cabinet position was not considered worth any more to society than $10 a month, a trained mechanical draftsman who now after all he has been through is demonstrating that he can come back and earn $210 a month.

I would not accuse the hon. member for York-Sunbury of plagiarism, but I read an article by David Low which appeared in the Toronto *Star* the other day, about Colonel Blimp, and there is a remarkable similarity between the views expressed by Colonel Blimp and those of the hon. members for York-Sunbury, Wood Mountain and Dauphin. The article represents Colonel Blimp as saying:

> Now we have these dashed planners running about, planning everything. Absolute anarchy. Fellows wanting to improve the British way of life. Dashed unpatriotic. These planners say they're out to avoid chaos. Say what you like about chaos. It provides freedom for enterprise and initiative. And what's going to be needed more after the war than enterprise and initiative?
>
> Then there's the bishops. Public control of credit, land and water! Dash it, you can't mix religion with business. It's unethical. What this country needs is a religious revival against the teachings of the Archbishop of Canterbury. And now this fellow Beveridge comes along, wanting to undermine the stability of the country with security. Everybody knows that insurance discourages thrift even more than saving.

Then he has something to say about post-war conditions:

> True, post-war conditions may involve some reorganization for efficiency. But the best people to handle all that are the big industrialists. It stands to reason that private people know more about what is good for the country than the M.P's, because private people are inspired by the profit motive, which is the spirit of service.
>
> A lot of bosh is talked by the dashed Reds about the profit motive, but you have got to have people making profits or you cannot have business development (except in Russia, where they don't understand economics). The great danger of concentrating industrial power under public control is that any adventurer may get the majority of votes, then command the lot. Too dangerous. Much safer to hand over the whole thing to private monopolies that are not dependent on votes and cannot be interfered with.
>
> Colonel Blimp made a "powerful" speech last week—I forget whether it was in the House of Commons or the American Congress.
>
> "It appears certain now," he said, "that victory will be won as soon as we have defeated the enemy. But I'll never sheathe the sword until freedom is restored and all those who disagree with me are locked up. Let us put our backs to the wall with stiff upper lips and all pull together against collectivism, and the future will be before us."

I do not expect that a majority of the members in this house will support our amendment. But I do hope that the opinions expressed in the debate by the members of this group will receive favourable consideration by the ministry at an early day so that Canadians may make their greatest contribution as partners in a great struggle.

Mr. G. G. McGEER (Vancouver-Burrard): Mr. Speaker, we are now discussing the fourth budget of the war. This budget has some marks of great distinction as compared with former budgets in other times of war. If one were called upon to measure in a sentence the difference between the budgets in this time of war and the budgets from 1914-18, that is, the budgets for war under Liberal leadership and the budgets for war under Tory administration, one could find it in the difference in the rates of interest paid and in the methods now adopted in regard to finance. To-day we have no five and a half per cent tax-free war bonds; in contrast we have a ministry of finance that is raising an enormous loan at the rate of three-quarters of one per cent. History is in the making in many ways, no less in the sphere of financial administration than otherwise. I remember that during the dark days of the depression, when millions of jobs were crying to be done and millions of people remained in artificial idleness, the governor of the Bank of England brushed aside the clamorous voice of monetary reform with the cryptic declaration: "The dogs bark but the caravan moves on." Well, Mr. Speaker, time and history move on; but it is well to remember that it is in war time that the dealers in debt always reap their greatest harvest. It should never be forgotten that when the dogs of war break the leash to bedevil mankind, the hounds of usury run free. I remember my own puny efforts to help improve the lot of Canadians during the years of the pathetic depression of the Bennett administration.

Mr. HANSON (York-Sunbury): When did it begin?

Mr. MacNICOL: You should not say "of the Bennett depression." You should say, "all over the world."

Mr. McGEER: I once remarked to a leader of this opposition that he could not listen himself into trouble.

Mr. HANSON (York-Sunbury): But you can talk yourself into trouble.

Mr. McGEER: I am no more adept at that than the former leader of the Tory party. To-day, however, I did not want to deal with the controversial issue of monetary reform so much as to draw attention to some of the things that are taking place in the history which the men and women of our day and generation are making.

In the toll of time we have witnessed recently the passing of a great American and a great Canadian. In the passing of Mr. J. P. Morgan and Sir Edward Beatty we see something of the passing of the golden age of laissez-faire, the golden age which reared a rugged individualism, which in turn laid the great foundations upon which our modern commerce and industry are founded. It was my privilege to contest with the Canadian Pacific Railway, during the presidency of Sir Edward Beatty, the issue of the mountain differential in British Columbia.

Mr. HANSON (York-Sunbury): At how much per day?

Mr. McGEER: At a very good fee for very good service rendered. In fact it came to be known as the case in which the faith to move mountains was required. Well, we did not move the mountains, but we did remove the mountain differential on grain and made Vancouver the greatest grain port in the Dominion of Canada. It was my privilege to come to know Sir Edward Beatty during that period of time; and later as mayor of the city of Vancouver I had the privilege of conferring upon him the freedom of that city. I found him to be a great Canadian and a great leader, one who commanded the respect of all Canadians, who was revered and loved by every member of the great staff that maintained the Canadian Pacific Railway, from the humblest apprentice and office boy to the highest executive. His passing marks the passing of a great era of constructive enterprise in Canada.

As we mourn the loss of Sir Edward Beatty, we are all grateful for the fact that the war leader of the British empire has been restored to health and is again fulfilling the greatest chapter in his amazing career. I think everyone who has read Churchill's magnificent record of the life of the Duke of Marlborough cannot help but realize the profound influence which that remarkable contribution to British empire history has had upon the statecraft and the success of Winston Churchill. In appreciating the life work of the Duke of Marlborough, Churchill has said:

> Marlborough's victorious sword established upon sure foundations the constitutional and parliamentary structure of our country almost as it has come down to us to-day. He carried all that was best in the life work of Oliver Cromwell and William III to an abiding conclusion. . . . He animated the war at sea no less than on land and established till the present time the British naval supremacy in the Mediterranean. His eye ranged far across the oceans, and the foundations of British dominions

were launched or strengthened as the result of his continental policy. He was for six years the commander in chief of the allies, but though subject, the virtual master of England, he was head of the most glorious administration in her history.

Churchill in reality is reliving the life of his illustrious predecessor. He is a master scholar in the most difficult art of history, and I was particularly impressed by his expression in regard to history's interpretation. He says:

All men and events are moving forward together in a throng. Each individual decision is the result of all the forces at work at any given moment; and the passage of even a few years enables, nay compels, men and peoples to think, feel and act quite differently without any insincerity or baseness.

No doubt my friends in the Progressive Conservative party will get a little comfort out of that. He goes on to say:

In understanding history, if readers will look back over the last three or four years of their own lives, or that of their country, and pass in detailed review events as they occurred and successive opinions they have formed upon them they will appreciate the pervading mutability of all human affairs. Combinations long abhorred become the order of the day. Ideas last year deemed inadmissible form the pavement of daily routine. Political antagonists make common cause and abandoning old friends, find new . . . The popularity of governments departs as the too bright hopes on which it was founded fade into normal and general disappointments. But all this seems natural to those who live through a period of change.

Churchill, born a blue-blooded Tory, serving the demands of progress left the Tory party and became the great crusading knight of British Liberalism. In that great era of reform at the beginning of this century, when old-age pensions, anti-sweat laws, the rights of trade union organizations, unemployment insurance and the right of parliament to be free from interference in fiscal matters from the House of Lords, were burning issues, Churchill became the reincarnation of St. George, and the House of Lords was the dragon of reactionism sustaining the unrighteousness of privileged monopoly.

In those days I was serving my time as an iron moulder and vitally interested in the labour leadership and the influence of great men like Samuel Gompers of the American Federation of Labor. But we young men of Canada looked to Churchill as much as to our labour leader for the reforms that we hoped would come. We looked forward to the reading of his speeches with hopeful confidence. Let me quote from one of them, typical of his attack upon the Tory government of England in that day:

We want a government that will think a little more about the toilers at the bottom of

the mines, and a little less about the fluctuations of the share market in London. We want a government which instead of looking mainly abroad will look mainly if not, I think, entirely at home. We want a government and policy which will think the condition of a slum in an English city is not less worthy of the attention of statesmen and of parliament than the jungle of Somaliland. We know very well what to expect from a great leader of a protectionist party—a party of great vested interests: corruption at home, aggression to cover it up abroad, the trickery of tariff juggles, and tyranny of a party machine, sentiment by the bucketful, patriotism by the imperial pint, the open hand at the public exchequer, the open door at the public house, dear food for the millions, cheap labour for the millionaire.

That was the Churchill who laid the foundation for the faith and confidence that the working masses have placed in him in this hour of England's crisis. It was during that period that his influence was brought to the Dominion of Canada, and it was then that Sir Wilfrid Laurier established the first Department of Labour, and called upon a young Canadian to be the first minister to preside over that department, who afterwards became the Prime Minister of the Dominion of Canada, enjoying the greatest measure of confidence that has ever been extended to any prime minister in the history of our nation's political life. Not only that, but he became—and to some degree through the medium of his own statesmanship—the leader of a united Dominion of Canada which, as Churchill has declared, became in the world's greatest crisis the linchpin between the British empire and the United States of America. Thus in the golden threads of history we find the public service of Churchill, the war leader of the empire, and Mackenzie King, the war leader of Canada, linked together, just as we find the history of our own dominion inseparably blended with that of the empire.

Just as the history of the house of Marlborough and the British empire was the inspiration to Churchill, the history of our young dominion offers to us the inspiration of our Canadian future.

As I look back upon our history and think of what the fathers of confederation laboured to found, I remember with regard and respect some of the expressions they coined in those days not so far away. Back in 1824 William Lyon Mackenzie, writing to Canning, said this:

A union of all the colonies, with a government suitably poised and modelled, so as to have under its eye the resources of our whole territory and having the means in its power to administer impartial justice in all its bounds, to no one part at the expense of another, would require few boons from Britain, and would advance her interests much more in a few years

than the bare rights of possession of a barren, uncultivated wilderness of lake and forest, with some three or four inhabitants to the square mile, can do in centuries.

That hope of "a self-governing dominion empowered to administer impartial justice, in all its bounds," came as a right to Canadians, and it came from the British parliament. And the hope that it would prove a boon to Great Britain has been more than fulfilled.

Yes, there were other thoughts expressed by the men who laid the foundations for this dominion. They were linked then, as is this great conflict of to-day, with the hope of freedom. George Etienne Cartier, speaking on confederation, declared:

> We cannot by law make the differences of race disappear, but I am convinced that the Anglo-Canadians and the French-Canadians will appreciate the advantages of their position. Set side by side, like a great family, their contact will produce a happy spirit of emulation. The diversity of races will in spirit, believe me, contribute to the common prosperity. The whole difficulty will be in the manner of rendering justice to minorities. In Upper Canada the Roman Catholics will be in the minority, in Lower Canada it will be the Protestants who will be in the minority, whilst in the maritime provinces the two communions will equalize each other. Is it possible then to suppose that the general government or the provincial governments can become guilty of arbitrary acts? What would be the result, even supposing that one of the provincial governments should attempt it? Measures of such a character would undoubtedly be repudiated by the mass of the people. There is no reason then to fear that it will ever be sought to deprive a minority of its rights.

Sir John A. Macdonald was inspired no less by the same hope of security for minorities, which he expressed in these words:

> So long, too, as we form a portion of the British empire, we shall have the example of her free institutions, of the high standard of the character of her statesmen and public men, of the purity of her legislation, and the upright administration of her laws.
>
> We shall enjoy here that which is the great test of constitutional freedom—we shall have the rights of the minority respected. In all countries the rights of the majority take care of themselves, but it is only in countries like England, enjoying constitutional liberty, and safe from the tyranny of a single despot or of an unbridled democracy, that the rights of the minorities are regarded."

But it remained for a great Canadian, a man who had the universal love and respect of all the dominion, a French Canadian, a Roman Catholic, a man who was prime minister of this dominion from 1896 to 1911, to declare the extent to which freedom in Canada has been sustained when he said:

> England has proved at all times that she can fight her own battles, but if the day were ever to come when England was in danger, let the bugle sound, let the fires be lit on the hills, and in all parts of the colonies, though we might not be able to do much, whatever we can do shall be done by the colonies to help her.
>
> The sun in his daily career does not shed its light upon any people on the face of the earth enjoying more liberty than my countrymen of French extraction. And my last words to the doubters, to the scoffers, is that freedom is worth fighting for and worth dying for.

We have not forgotten the dark days of 1940 when France was overwhelmed and England beleaguered stood behind the barricades of her ancient island home. It was then that Churchill came forward to declare and to demonstrate that England in danger is always England at her best. He said:

> We shall fight on to the end. . . . We shall never surrender. And even if, which I do not for a moment believe, this island or a large part of it were subjugated and starving, then our empire beyond the seas, armed and guarded by the British fleet, will carry on its struggle until in God's good time the new world with all its power and might sets forth to the liberation and rescue of the old.

His faith has been vindicated. To-day upon this continent we are realizing the fruits of a great experiment. We have seen the reconciliation of two great races, each retaining its religion, laws, customs and institutions, living together and building together in one great national home. But the experiment went further than that. It carried on the doctrines of the Rush-Bagot treaty of 1818, under which the great lakes were disarmed and all the boundaries between the United States and the British colonies were freed from fortifications. Canada, with her French and English, as a sovereign nation is working out the fulfilment of a partnership with the United States which has brought about the development of the continent of North America to a point where to-day it is the hope of freedom throughout all the world. Yes, that great work has fulfilled the fondest hopes of the fathers of confederation, and it offers to the whole world something of the kind of relations under which all men in all places and at all times can live and dwell together in peace.

In this war, testing whether or not governments established on the principle of human freedom can be maintained against the effort to establish world domination upon the exclusive foundation of human bondage, Canada is playing a part which should lift Canadians above the petty bickerings and conflicts of party politics and up to the level of service and sacrifice which is being displayed upon every battle front. There is no front to-day on which Canadians are not to be found and on which the product of Canadian war industry is not making its contribution.

In times of crisis, of course, new declarations appear. To-day we have the Atlantic charter with its new ideals expressed in the terms of the four great freedoms—freedom of religion, freedom of expression, freedom from fear, and freedom from want. I think we should add another one, freedom from the slavery of involuntary debt.

For a brief moment I should like to touch upon the history of Canada in the realm of constructive finance. I have studied the life of Abraham Lincoln. I feel that in his executive administration of the United States he founded some new concepts of political economy. When Lincoln came to the presidency of the United States that nation was carrying the debt load of the Mexican war. Many there were at that time who declared that because of financial weakness and incapacity the federal government lacked the strength to subdue a revolution of the proportions which brought on the civil war. But Lincoln had been a student of finance. He had married into the banking circles of Kentucky when he married Mary Todd. He was a representative of the bankers for six years on the floor of the legislature of the state of Illinois and he came to the White House equipped with a knowledge and understanding of the techniques of private bankers and finance, greatly superior to that of many members of this house to-day.

He tried some seven different forms of currency—at that time there were seven thousand banks in the United States—and finally he exercised the power given him under the constitution of the United States to issue paper currency as the money of the nation. There was issued $450,000,000 of that currency, which was practically twice the total volume of the currency in issue at the commencement of the civil war. With national currency he found no difficulty in financing the successful prosecution of the greatest war that had been fought in history up to that time. Believing that one could follow with safety a statesman with the profound understanding and recognized genius that Lincoln possessed, I made bold to work out a programme which I published in 1935. May I take a moment to read just a page, as follows:

> Lincoln fully appreciated that his national currency system would not and could not of itself create or maintain stable prosperity. He recognized, however, that the establishment of a national currency system was the first step in any scheme designed to stabilize progress and to rationalize prosperity. Experience since Lincoln's time has taught us that in addition to the mint there are at least four administrative institutions that must be set up before progress financed with national currency and public credit monetized in a national banking system can be maintained with any substantial degree of economic and social security. These institutions constitute the basis of the five-point plan that is essential to the reestablishment of normal prosperity. The fundamental institutions making up this five-point plan consist of:
>
> (1) The Mint.
> (2) A national banking system.
> (3) An effective plan of scientific taxation.
> (4) A department of economic regulation and control.
> (5) A department of international trade and credit control.

[Mr. McGeer.]

Let me now summarize broadly the functions of these proposed governmental innovations, commencing with the Mint:

> (1) The Mint should mint, print and issue all metal and paper currency.

The time has gone by when a private corporation should print the bills for the bank of Canada.

> (2) National banking.
>
> The national banking system should be empowered—
>
> (a) To manage the gold and silver reserves of the nation; to control the minting, printing and issuing of all currency, including metal coins, paper bills, and bank credits which, when transferred by cheque, serve as a substitute for currency.
>
> (b) To issue all the currency and credit requirements of the privately-owned and operated merchant or commercial banking system and to supervise and regulate the operation of all merchant and commercial banks.
>
> (c) To regulate and control all long-term capital investment, including investments such as advances for farm and home investments; all long-term industrial investments and all investments required for the expansion and development of international trade.
>
> (d) To regulate and control the nation's international buying power and all international currency and credit transactions.
>
> (e) To finance national, state, provincial and municipal government.

I then declared reasons why I shall vote against the amendment calling upon this house to nationalize the merchant banking system. Then I gave the same reasons I now hold, when I wrote:

> These proposals recognize that the creation and original issue of currency and credit as the spending power of government, the regulation of circulation, and the management of international exchange and credit are public functions that should be performed by departments of the national government. They also recognize that commercial or merchant banking is essentially a private enterprise that should be carried on by individuals operating in a private capacity but under proper government regulation and control.
>
> There is no need for the nationalization of the merchant or commercial banking system, nor should there be any attempt made to socialize private finance.

Mark what has happened since that was written. To-day we own the Bank of Canada,

and I am proud of the part that I had in making that institution the property of the people of the Dominion of Canada. To-day it has in its portfolios one billion dollars of dominion government and provincial government securities. To-day it has in issue almost one billion dollars of Canadian paper currency —national currency issued by an institution owned by the people of Canada and serving in this war. Of course the Tories said to me in those days: That kind of thing was heresy. The former leader of the opposition, the member for York-Sunbury, was chairman of the banking and commerce committee the day I appeared before that body in 1934, and he remembers the attitude that was taken. I then declared that we were in a war with poverty and that we should exercise the same powers to restore proper working conditions in Canada that we would be compelled to exercise were we threatened with aggression from abroad. I then declared to those who were claiming that "we could not finance by government spending to prosperity, that we could not lift ourselves by our own bootstraps, that all my ideas were the visionary things and the concepts of crackpots and funny money people, men who did not understand the fundamental bases of the higher realms of political economy"—I then declared that if war ever came we should find no difficulty in financing the cost, no matter how great it would be. Now the great lesson that we have learned in this war is the lesson that all the poverty and all the tragedy of unemployment and all of the demoralization of the dole came because we had followed the advice of leaders who were surrounded by advisers who did not know what they were talking about. Let me say, Mr. Speaker, that in the course of my legal career I have examined a great many experts in many fields of activity, and I have always found that when expert opinion does not conform to plain reason and common sense you can be sure of one of two things: either the expert does not know what he is talking about, or he is deliberately fooling you.

I propose to offer to this parliament for its consideration in the way of recommendations to the government when we consider the budget resolutions some suggestions by which I believe we can greatly improve the war strength of the Dominion of Canada, some suggestions which if followed out and developed will give us a much greater power to meet with success the problems of reconstruction that are before us. Let me suggest this to members of this parliament who carry responsibility to-day not only for financing this war but for carrying it through to a successful conclusion, and who have some responsibility to wage it in such a way that in the post-war period we shall emerge equipped to make this Canada of ours worthy of the men who have given so much, and who are giving more in this war than men have ever given in any other war that has ever been fought. We may secure, Mr. Speaker, all that is indicated by the Beveridge plan, and indicated in much wider degree in the plan proposed by the National Resources Planning Board of United States, indicated by our own Minister of Pensions and National Health (Mr. Mackenzie), who is directing Canada's programme of rehabilitation, in great measure with the employment power of national currency. Such plans can be carried out with success if financed with national currency. But we cannot even approach them or carry them out with anything but disaster if we persist in depending only upon our power to issue unpayable national debt.

In conclusion I just want to say this. Let no one feel that we in Canada have as yet been called upon to make in this war any serious measure of sacrifice. If we will only appreciate the suffering and the sacrifices of the people of China and compare our position with theirs, if we will go through Stalingrad and Leningrad and into the area which was the home of more than fifty million Russian people, if we will go into any part of the devastated areas in Europe we cannot help but come to a realization that the full extent of our power of service is as yet far from reached. Yes, and let no one come to the conclusion that this war is being won in the factories of Canada. It is being won, as every war is won, by the men who are crusading in the air, the men who are fighting on the seas, the tank men and the artillery men and the infantrymen who are fighting on the land. Let us measure our efforts in the light of known sacrifices; and so guided we may in parliament prove worthy of the sacrifices and devotion to duty that are expressed in every field of action by our armed services, then and then only we can look forward to having the men who are fighting and winning the war return with some little appreciation of our efforts.

Mr. KARL K. HOMUTH (Waterloo South): Mr. Speaker, it is not my intention to follow the arguments of the hon. member who has just spoken, except that I wish to thank him most sincerely on behalf of this group for the very kind tributes he paid to that great Progressive Conservative leader, Mr.

Churchill. The leadership he is giving to England is the type of leadership which the people of Canada can expect from the Progressive Conservative party.

I had no intention of taking part in this debate, until two speeches were made this week in this house. The first was made by the Minister of Munitions and Supply (Mr. Howe) the day before yesterday, and in the course of it he used these words as reported in *Hansard, page* 1470:

I may say in passing, that I should not like to have Colonel Drew's responsibility for explaining what he did in this great war, as a contribution to the winning of this war. He is a man trained as a soldier. So far as I know, he has not offered his services in any capacity of that kind.

I am sorry that the minister is not in his seat, because I want to say this to him. I have not risen in my place in this house for the purpose of defending Colonel George Drew. Colonel Drew is well able to defend himself, as he has proved on more than one occasion. Were it not for the fact that the government know his ability to defend himself, perhaps they might have gone much further than they did with the charges they laid against him under the defence of Canada regulations. But what I am defending, and what I intend to continue to defend and will always defend, is the right of any citizen of this country, any member of parliament, whether federal or provincial, to criticize this government and its acts without having his loyalty to Canada questioned.

The minister would seek to imply that only those who have offered their services in this war are entitled to criticize or, apparently, to play any part in the carrying on of this war. Well, at least I am in the happy position that even under that dictum I am able to criticize the government if I do so wish, because I did offer my services at the very beginning of the war, not as a dollar a year man or as one seeking any expenses; my services were offered free gratis to the former minister of national defence.

Be that as it may, suppose we should accept the dictum of the Minister of Munitions and Supply; suppose we should extend it, as we certainly could, if it is to be the measure of a man's right to criticize his government, and say that only those who fought or were in the armed services in the last war could serve in the government or be connected with it during the present war; were that principle to be applied, many hon. members now sitting in the cabinet and on the government side would not be there. I desire to express my

condemnation of any such statement as that made by the Minister of Munitions and Supply.

At the beginning of this session the Prime Minister (Mr. Mackenzie King) pleaded with us and with all hon. members to carry on this debate without rancour and without bitterness. The Minister of Finance (Mr. Ilsley) pleaded the other day for cooperation. No government which has ever exercised power in this country has had greater cooperation from an opposition than this government has had. I think back to the years 1930 to 1935, when we were fighting, not a war with guns and tanks and planes, but one of the most disastrous economic wars which this country or this world ever saw. Go and read *Hansard* and see what sort of cooperation the government of that day received from hon. members who sat in the opposition at that time.

Mr. HANSON (York-Sunbury): The Minister of Pensions and National Health (Mr. Mackenzie), for one.

Mr. HOMUTH: If the boorishness and the short temper which are being displayed by hon. gentlemen on the government benches are to be the measure of debate in this house, if that is what we are to expect as a gauge of battle on the various matters which come before this house, they can rest assured that we will accept that gauge of battle. Their boorishness does not fluster us, it does not scare us; we do not scare that easily; and I tell them here and now that if that sort of thing is to continue in this house, they can only expect the same sort of treatment from members of the opposition.

As I have said, the statement of the Minister of Munitions and Supply is one of the reasons why I rose at this time. Further, I feel that he was extremely discourteous to the leader of the opposition (Mr. Graydon) when he refused to allow him to ask a question. One's temper may be short at times; under great stress, perhaps, one says what he should not say, but discourtesy in this house is absolutely uncalled for.

Mr. MARTIN: Hear, hear.

Mr. HOMUTH: Yes, and you had better begin to practise courtesy over there.

I am speaking in this debate to-day also because of the speech made on March 22 by the hon. member for Weyburn (Mr. Douglas), in which he says, as reported in *Hansard*, page 1439:

The reason is that ever since this session opened there has been a concerted campaign by the capitalist groups in this house and by the capitalist press outside it, to launch a storm of vilification and abuse at the Cooperative Commonwealth Federation.

The leader of the Cooperative Commonwealth Federation group, speaking in the house a week or so ago, said that he was sick and tired of the lecturing he had received continually from the group to his left, and he resented it. I resent, and have resented ever since the house opened this session, the speeches made by hon. members of the Cooperative Commonwealth Federation group in trying to paint a picture of other hon. members who do not belong to their group as men who are not sincere, not honest in their expressions of policy and in their representation of their people.

Mr. COLDWELL: Mr. Speaker, I rise to a point of order. I do not think we have ever said that or implied that. We disagree with them fundamentally, but we have never implied a lack of sincerity or honesty. I hope my hon. friend will withdraw that statement.

Mr. HOMUTH: The implication was there, if not expressed in words. It was an effort to build up in the minds of the people of this country the idea that even though we have enunciated in our policy certain things in which we believe, we cannot be trusted to carry them out; that no faith can be placed in what we say. That has been the sum and substance of nearly every Cooperative Commonwealth Federation speech made in this house this session.

There are hon. members in this house, in different parties, who have been reelected time after time, honoured with the votes of the people of their constituencies. Surely the people must have some faith in those men to return them election after election. I do not agree with many of the policies of hon. members on the government side, but I would be the last to suggest that they are not sincere in those policies. I have always felt that when a man offers himself for public office he does it with an honest desire to serve his people and better their condition. I resent this "holier than thou" attitude on the part of members of the Cooperative Commonwealth Federation. We have heard nothing from hon. members of the socialist group except a tirade against the parties in this house which from the time of confederation have built up this country to what it is to-day. Speeches of the Cooperative Commonwealth Federation inside and outside this house have no other purpose than to build up in the mind of the people an idea of the great righteousness of their cause and the cause of those who adhere to their party, and doubts as to the probity of those who do not.

The hon. member for York South (Mr. Noseworthy) read letters painting a dismal picture of poverty and squalor in certain parts of this country. True there is poverty, and much of it can be and must be overcome. There is squalor, and much of it can be overcome with the betterment of conditions. But the Cooperative Commonwealth Federation are going to bring in regimentation, I suppose, and will say to everyone in this country: You must have a bathtub; you must have all the plumbing facilities in your house. Fine; they should have them. But is the Cooperative Commonwealth Federation also going to say by legislation: You have to take a bath? Is it going to have peeping Toms going around to see that people do take a bath? I think often of the story that has been told, and sometimes I believe there must be some foundation for it, of a man saying at a Cooperative Commonwealth Federation meeting: "If we get into power you will all have strawberries and cream." A man in the back of the hall said, "I don't like strawberries and cream." The speaker said, "It doesn't matter whether you like it or not; you are going to have it." Members might well be measured sometimes by the example they show in their own constituencies as to their right and qualification to hold public office. I look around this house at men who, it is said, will not carry out any progressive legislation if they should get into power. I think of hon. members of whose achievements I know something. I think of the hon. member for Danforth (Mr. Harris) and the work he has done in his own district in building that monument, the Toronto East General hospital. I think of the hon. member for Broadview (Mr. Church), who through all his public life has been known as the soldier's friend. During the last war not a troop train arrived at or left Toronto that he, as mayor of the city, was not there to meet or see off, to say a word of welcome or farewell. I think of how at any hour of the night, hearing that a train was coming with some wounded, he as mayor of the city was there to meet them. I think of the hon. member for Dufferin-Simcoe (Mr. Rowe) and the work he has done for the British war victims' relief fund sponsored by the Toronto *Telegram,* and for the Toronto *Star* Red Cross fund. I think of the hon. member for Kent (Mr. Desmond), who long before he came to this house did such splendid work in organizing the tobacco growers and other producers in his district; the hon. member for Essex South (Mr. Clark), the hon. member for Lambton-Kent (Mr. MacKenzie)—the work they did of a

similar kind in their districts, and other hon. members too numerous to mention; men who really accomplished something back home. These are the men who, according to the Co-operative Commonwealth Federation speakers, even though they have a very progressive platform, cannot be trusted to carry it out. The implication is that there is only one party that will fulfil its promises, and that is the Cooperative Commonwealth Federation. They are doing everything possible to enlist support so that they can increase their numbers in this house or perhaps form a government. Their efforts remind me very much of someone two thousand years ago who went into the temple to pray and said, God, I thank Thee that I am not as other men are, or even as this publican.

My county is a little different from many others. It is settled by people from almost every country in the world. I think of those old Scotch settlers who came from Dumfries and built one of the finest cities in Canada, the city of Galt. I think of the hardships they went through, and I am happy to realize the prosperity they enjoy to-day and all that they have done to build up this country. I like to think of the Irish and English in my county who have done such good work. I think of the men of German birth who came here one hundred or one hundred and forty years ago to escape regimentation and militarism and find freedom under the British flag, and who did so much to build up this country. I think of the people who came from Pennsylvania, trekked through the swamps and settled in our part of the country, and the great work they have done to build up Canada, about whom the book "The Trail of the Conestoga" was written. I think of the many Ukrainian citizens, not only in my county but throughout this country, who are to-day ably represented in this house by the hon. member for Vegreville (Mr. Hlynka). I like to think of Canada not as a land of poverty and squalor but as a land of happy homes and prosperous farms, of developed water powers and industries. That is the picture I like to see. I see the boys and girls being educated under one of the finest school systems in the world and finding opportunity to make something of themselves, provided that they are prepared to put something of themselves into the job. They are not looking for some soft spot. We want them to have an opportunity to develop, and it is our responsibility to see that they have it. Surely this utopia that is being promised by certain speakers on platforms throughout the country is not the sort of life to which the boys and girls of this country are looking forward.

[Mr. Homuth.]

Then on several occasions another member of the Cooperative Commonwealth Federation group seemed to be in great travail on account of the sending of beer to Libya. I interpret his efforts in that connection in two ways. In the first place we realize that, with the war on, there is in this country a body of public opinion—true, its strength is far more vocal than numerical—seeking to use the war as an excuse to bring about prohibition in Canada. The hon. member to whom I refer has frequently criticized the shipment of beer to Libya. I feel that this is a subtle attempt to get the support of the prohibition element of this country for the Cooperative Commonwealth Federation party when an election comes.

Mr. COLDWELL: Mr. Speaker, I rise to a point of order. The hon. gentleman is imputing a motive to the hon. member for Mackenzie (Mr. Nicholson), which under the rules of this house he ought not to do.

Mr. HOMUTH: Then I withdraw it; it is said, but I withdraw it. However, in his efforts in this connection the hon. member has frequently mentioned the name of a man who holds a very high position with the allied governments, in an attempt to show that he had some influence which enabled him to obtain some preference in regard to shipping space in order that this beer might be sent to Libya. I am quite prepared to leave to the British high command the question of whether or not beer should go to the troops in Libya. I am quite prepared to leave it to their judgment as to whether or not the troops in Libya should have beer; and if they should have it, then for heaven's sake let us see that they get it. Think of those men driving tanks in that hell-hole of Libya and Tunisia; flying planes; fighting in the sandstorms, and all the rest of it! Surely the high command of Britain can be depended upon to do what they think is in the best interests of the warfare there. They will not buy beer from Canada simply to satisfy Mr. Taylor, who is the head of a brewing corporation. Let us have done with this sort of thing. If there are those members of this house who feel that we should have prohibition in Canada, let them rise in their places and move a resolution to that effect, and let the members of this house go on record as to how they stand on this whole question.

Then the hon. member for Cape Breton South (Mr. Gillis) delivered a speech in which reference was made to the men who are running the war effort of this country—the dollar-a-year men, the bankers, the capitalists and the industrialists. The hon. member would try to leave in the minds of the people of this

country the idea that these men are not there to help win the war; that they are not concerned with driving the vicious philosophy of nazism from this earth, but that they are there for only one purpose, namely, to gain wealth as a result of our war effort, to throw contracts and rewards to the companies with which they were connected. I have had a great deal to do with many of these men. It is true that there are some instances of square pegs in round holes; that can happen when thousands upon thousands of men are being hired. I should like to see that changed; I should like to see every man fit into his job. But I know these men, and I know the work they are doing. I know that many of them work seven days a week, and long hours every day. These men are concerned with winning this war, because they know as well as anyone knows that if we lose this war nothing we have will matter. So that I resent any attempt to build up in the minds of the Canadian people a distrust of the men who in their own way are doing the best they can. Certainly there may be room for improvement, but let us not try to make the people of this country feel that anyone who happens to be connected with industry or with financial institutions is taking part in the war effort for only one purpose, namely, to better the financial position of himself and his friends.

Then we find a campaign being carried on by the Committee of Industrial Organization and the Cooperative Commonwealth Federation in collaboration. In organizing their unions the Committee of Industrial Organization seem to be more concerned with calling meetings at which they have Cooperative Commonwealth Federation political speakers; and to me their concern seems to be much greater for the future of the Cooperative Commonwealth Federation party than for the welfare of the industrial workers whom they are trying to organize. I have seen a good deal of this. I have seen some instances of it in my own riding. I will speak about them in a few moments. I know something about the labour movement. I have been closely associated with it throughout my political life, during which I have always fought for those things for which the trade unions stand. Apparently some of the unions have pledged their support to Cooperative Commonwealth Federation candidates. Not only are the Committee of Industrial Organization organizers trying to urge the working men to support the Cooperative Commonwealth Federation candidates; if they get sufficiently powerful they will force the working men to do so, and they are doing their utmost to take from the working men the most sacred freedom we have in this or any other democratic country, namely, the freedom and secrecy of the ballot. The very success of the trade union movement in the old country has been due to the fact that it never became a political party.

Some hon. MEMBERS: Oh, oh.

Mr. HOMUTH: Hon. members may laugh. It is true that the heads of trade unions are part and parcel of the Labour party in Britain, but the unions as such are not mixed up with that party. The day that trade unions in this country enter politics as unions, that day the trade unions will die. However, realizing what is the platform of the Cooperative Commonwealth Federation party, one can readily appreciate that if they got into power and had the right to bring about the regimentation which they are urging, then there would be no need for trade unions; trade unions would die, as they have died in Germany, Italy and other countries.

I should like now to give the house a few instances of the methods the Cooperative Commonwealth Federation are using to build up their party, for these are methods to which I do not think the Canadian people are going to take very kindly. I now mention a personal matter, because a denial through the newspapers would be of no avail. The lie has already gone out. I want to show the type of campaign these people are carrying on. In the present instance there was some difficulty in some of the factories in Waterloo South. A large meeting was called, and was held in the theatre in Galt. The meeting was well advertised—I hold the advertisement in my hand—as a meeting of the organized steel workers of Galt and district. The fact of the matter is that there was no organization at that meeting. The hon. member for Vancouver East (Mr. MacInnis) was there as guest speaker. The whole sum and substance of the meeting was the Cooperative Commonwealth Federation, and the need for the Cooperative Commonwealth Federation in this company's operations.

Mr. HANSON (York-Sunbury): Propagation of the faith.

Mr. HOMUTH: During the course of the meeting one of the smaller fry in the organization, one who is there as a Committee of Industrial Organization organizer, made a statement concerning myself and Mr. Hipel, Minister of Labour and Public Welfare in the Ontario legislature. There had been some difficulty in the plant of the Butler Stampings and Machine Screws company at Preston. That company came to our town about four years ago. We then had two

empty factory buildings. Mr. Hipel and I, along with many other citizens, took an active part in bringing that company to the town, with the result that to-day they are employing three or four hundred hands. They are occupying those factories, and doing a great job in the war effort.

However, during the course of the meeting the man Williams, rising from his seat, said: "The only reason we cannot expect any consideration or assistance from the two members for this constituency is that they are both shareholders and directors of the Butler company." He knew that statement was a deliberate lie; but it was a sample of the type of malicious propaganda that is being carried on throughout this country, in order to bolster up the Cooperative Commonwealth Federation. That was a lie. Neither of us had any financial interest in the company. Our only interest was to bring a new industry into the district, and we were successful in doing so. But that is typical of the kind of campaign being carried on.

It is not confined to the smaller fry in the Cooperative Commonwealth Federation. According to the Weyburn *Review*, after Mr. Meighen had become leader of this group the leader of the Cooperative Commonwealth Federation made a speech at Weyburn. These were the words he used: "I would rather live under Hitler than under Meighen."

Mr. COLDWELL: Mr. Speaker, I rise to make a correction, and when that statement appeared in the press I made the same correction. I did not use those words. I did not say what I was reported to have said. I made the correction, and the newspaper published it. They admitted it was an error in reporting.

Mr. HANSON (York-Sunbury): But the hon. member said something like it.

Mr. HOMUTH: I have never yet found any fault with the press. They always have the last kick anyway, so what is the use of protesting? Maybe it was a misprint, but it is not very different from some of the propaganda that is going out to-day.

I say that the people of Canada will not be misled by propaganda of that kind.

Mr. COLDWELL: Mr. Speaker, I object to what the hon. member says. He quotes a report. Then, having withdrawn it, he repeats that the country will not be fooled by such propaganda as that. I ask him to withdraw, because I have denied making the statement.

[Mr. Homuth.]

Mr. HOMUTH: Any reference I may have made to the leader of the Cooperative Commonwealth Federation with regard to a statement which appeared in the Weyburn *Review*, I withdraw. But I do say it would be a wonderful thing, not only for his party, but for the building up of unity in this country if he, and his followers in the house and outside the house, tried to show some of the better side of Canadian public life, and Canadian life generally, rather than the side they are always showing.

But the Cooperative Commonwealth Federation has changed its policy to some extent, if we may judge from speeches we have heard in the house. No longer do they advocate the socialization of industry. They now refer only to the socialization of monopolistic industry. I do not know what they mean by that.

Mr. MacNICOL: They do not know, themselves.

Mr. HOMUTH: For instance, here is a man who makes a better mouse-trap. He may be the only man in Canada who makes it, and therefore he has a monopoly. Is his mouse-trap business to be taken over by the government? I do not know; neither do I know what they mean. But I do know this, that statements which are being made in the house by hon. members of that group who, apparently, are trying to be a little more conservative in their policy, ought to be made known to their provincial leaders, so that those leaders across the country will have the same policy as the federal party.

Mr. COLDWELL: They have.

Mr. HOMUTH: Oh, let us see if they have. What does Mr. Winch, the leader of the party in British Columbia, have to say? Mr. Winch was asked the question, "What is your policy?" And he said:

> I'll tell you what our stand is. The objective and programme of the Cooperative Commonwealth Federation is to move forward step by step, as a government, under the constitution, to achieve as rapidly as possible the public ownership of the means of life.

That was the policy enunciated by Mr. Winch, the leader of the Cooperative Commonwealth Federation party in British Columbia. And what are the means of life? Farming is a means of life. Industry is a means of life. Every activity in the country is a means of life. So that we find what Mr. Winch would do when that great day comes—God forbid—when that party would take power. Then everything will come under government control. One man will be told what he can do; another will be told what he can do, and so on through the piece.

Then the provincial leader in Ontario, Mr. Jolliffe said this in a speech at Preston, when asked what he meant by the regimentation of industry: "I mean this, that the shoe factories of this country will be told how many types of shoes they can make. There will be no free enterprise about it."

Mr. DOUGLAS (Weyburn): What is the hon. member quoting from?

Mr. HOMUTH: Quoting from?

Mr. DOUGLAS (Weyburn): Yes.

Mr. HOMUTH: I am not quoting at all; I am telling the house what he said. I have never made statements in the house that I cannot support, nor have I in all my years of public life.

Mr. DOUGLAS (Weyburn): Either quote it, or do not use it.

Mr. HOMUTH: Quote? Oh, I get sick of quoting such stuff as that. What I wish to say is that Mr. Jolliffe said they would have regimentation. Here is a shoe manufacturer who has some ideas respecting new styles of shoes, something fancy, something that will appeal to the women. But he can not make them. You will be handed a pair of shoes and, like the fellow who got the strawberries and cream, you will wear them whether you like them or not.

There is much more I should like to say—

Some hon. MEMBERS: Go ahead.

Mr. HOMUTH: —but I do wish to say that there never was a time in the history of our country when we should be more active in developing a spirit of trust among all the various factions who go to make up our population. We must deal with that problem in a country so vast, and with such a small population, a country with so tremendous a future ahead of it. With careful planning and careful working out of such plans, this country has fifty or a hundred years of prosperity ahead of it. These things can be ours. This future can be the future of our children and of our children's children if we are prepared in all parts of this dominion to give and take when dealing with these matters. There can be no east or no west; there can be no Ontario or no Quebec; there must be just Canada. That is what we must have. There must be that spirit of give and take; we must be willing to give more and take less.

If we build upon that foundation we have nothing whatever to fear. But you cannot build as the Cooperative Commonwealth Federation is trying to build to-day. You cannot build by trying to create distrust by one faction of another. You cannot build by creating the feeling that one faction is right and the other is wrong, by talking against the general welfare of this country. That is not the foundation upon which we want to build Canada. It is certainly not the situation as it exists in Canada to-day. When they paint that picture, they paint a picture that is not true. These hon. gentlemen have painted certain word pictures in this house about conditions in Canada and about the type of men who are running this country. When the man overseas reads these dispatches he cannot help wondering what is going on in Canada. So that I say: Let us as Canadians make up our minds that there is only one thing we are concerned about, the building up of a happy future for those men who are doing such a good job in defending this country and who will continue to defend it as long as the war continues, and for those children who are now growing up and who are deserving of a splendid future.

Mr. ANTHONY HLYNKA (Vegreville): Mr. Speaker, first I wish to say that I like the spirit displayed by the hon. member for Waterloo South (Mr. Homuth) in delivering his speech. Whenever he speaks he puts forth the utmost of his energies, and that is what makes him so interesting, as can be judged by the applause from both sides of the house. Following the two hon. gentlemen who have preceded me, I find myself in a position similar to that of a young man who was run over by a car. When the doctor examined him and saw there was little hope, he asked the unfortunate man if he were married. The young man said, "No, this is the worst fix I have ever been in." Following two such brilliant speakers, I find myself in a similar position. Nevertheless, I should like to bring to the attention of the government and the members of the house a few of the problems which I believe face us to-day or will face us in the near future. One problem is the victory loan campaign, and the other is the shortage of farm labour which faces the farmers of Canada, particularly those of western Canada. I believe something should be done to assist those people in meeting their problems and so that they may do their part in Canada's war effort.

During the last two years we have heard a great deal in Canada about the many charters and about the various freedoms which are promised to the people of this country and to those of the allied nations, and perhaps to the people of the other countries of the world when the war is over. As a member representing a farming constituency, I wish to place before this house the views of my people who are deeply interested in all charters

that will guarantee security to our nation and in freedoms that will guarantee security to every individual in this dominion. In addition, the farmers of my constituency and, I believe, most farmers of Canada are interested in more freedoms.

The President of the United States announced only four freedoms, but I found that I could not condense the freedoms wanted by the farmers into less than eight. The farmers of Canada want, first, freedom from fear of the sheriff and financial institutions. Second, they want freedom from thousands of orders in council and the bureaucracy which has grown up. Third, they want freedom from incompetency and mismanagement of people's affairs. Fourth, they want freedom from unfulfilled promises made for political reasons only. Fifth, they want freedom from crushing taxation upon those in the lower income brackets. Sixth, they want freedom from fear and want in the midst of plenty. Seventh, they want freedom from those who thrive by keeping people in misery. Eighth, they want freedom from confusion. It seems to me that there is more confusion in Canada than is good for us. Many of the problems facing the Canadian people are not as bad as they appear to be on the surface, but the confusion that exists makes them appear much worse than they really are. Can we not approach these problems by first removing some of this confusion?

I have received a number of letters from the headquarters of the victory loan campaign in Edmonton and Calgary asking me as a member of the house to assist them in putting over the campaign. I am sure that hon. members know the stand of this group on victory loan campaigns. At all times we are only too anxious to assist the government in its campaigns, even though we do not agree with the manner in which the government is financing most of its expenditures. As one of the members of this group I wish at all times to assist the government in whatever way I can and may. I have done so during the past three sessions and shall continue to do so, particularly in connection with the larger problems that are facing our nation.

May I draw to your attention, Mr. Speaker, and to the attention of the house the fact that I have actually seen farmers in my constituency weeping when they could not afford to buy victory bonds or war savings certificates. I have seen men of fifty, sixty and seventy years of age most despondent because they were not in a position to buy bonds and certificates. One particular farmer told me that he had to meet a mortgage obligation within fifteen days, and that if he did not do so the mortgage company would foreclose. He said to me, "How can I possibly help Canada in this victory loan campaign if my own home and everything I have toiled for during the past fifty years will be taken away from me if I do not meet this mortgage payment?" He went on to say, "The quota on wheat deliveries is so low that I cannot possibly meet this payment, and yet if my district does not reach its quota in this victory loan it will be branded as not being loyal to Canada and to our cause in this war." If the government is concerned about these farmers and about placing them in a position so that they may be able to purchase victory bonds, the mortgage companies should be told—no, a measure should be passed by this house forbidding the collection of private farm debts now and cancelling all interest arrears. Then the farmer would be in a position to purchase victory bonds with the money which he would otherwise use to meet his debt obligations, and after the war he would be in a position to cash his bonds and pay off his contractual obligations, which seem to be so sacred to this government. That is the only way in which we can make it possible for every farmer to buy victory bonds and war saving certificates, and I commend that suggestion to the government.

I have come to the conclusion, after the three sessions that I have sat in this house, that many hon. members really do not understand conditions in the west. It is not that they are not honest or do not mean well, but they simply do not understand the conditions of the western farmer. They have perhaps never seen an elderly gentleman of sixty-five or seventy years of age weeping because he has been dispossessed of his land and home. But that is a spectacle that may be seen right across the western provinces, and among these farmers will be found the finest type of pioneers that this country has ever had, men who have been toiling for years, clearing the land and building their homes and bringing up their families, men who in reality have been the builders of this nation and who should be entitled to some reward instead of being turned out of their homes. But what do they get? The heartless mortgage company walks in and tells the farmer to get out or the consequences will be worse for him—they will put him in gaol if he does not. After living among these people for many years and travelling throughout the country, I know that these are not men who squandered their incomes on things they did not need. They have not lived a

life that does not entitle them to save something at least from their labours. They have done their very best. In this connection I should like to quote a few figures taken from *Farm Forum Facts*, a non-political publication published in Toronto. It quotes figures from the bureau of statistics for 1931 and 1936 showing that the tenancy of land in Canada is gradually passing from private individual owners to mortgage companies. Mark you, Mr. Speaker, the census of 1941 was taken two years ago, and we have not as yet been given the figures showing the trend in more recent years. I ask why? The figures may be so appalling, so frightening to the people of Canada that no government would be able to justify itself in permitting such conditions to continue or for allowing them to come about. The figures for 1931 show that Nova Scotia had the highest number of owned, mortgage-free farms, with about 85 per cent of her farms being in that group; New Brunswick had 77 per cent mortgage-free; Quebec, 63 per cent; Prince Edward Island, 62 per cent; British Columbia, 60 per cent; Ontario 48 per cent; Alberta, 44 per cent; Manitoba, 42 per cent; and Saskatchewan, about 36 per cent. Will anyone suggest to me that these farmers have not done their best to meet their debt obligations out of the meagre income they have received from their produce, and that is the only income they have because they have no side-line of any kind? Will any one say that this is a happy state of affairs? The hon. member for Waterloo-South said in his address this afternoon that he would like to see this a land of happy homes. Every honest Canadian would like to see Canada a land of happy homes. We cannot, however, have happy homes while mortgages cover the properties of our pioneers right across the country. Let me quote further from this publication:

> The trend away from farm ownership continued in the years following 1931. No statistics will be available to show this trend for the whole of Canada, until the 1941 census has been compiled. But the trend, as revealed by the 1936 prairie census, is marked.
>
> There the number of fully owned, mortgage-free farms had declined, by 1936, to 24 per cent of the total; the number of owned, mortgaged farms had risen to 40 per cent; the number of farmers renting rose to 19 per cent, and the number of partly owned, partly rented farms rose to about 17 per cent.

Here is another quotation from the same article:

> Fall in Value
>
> The value of the farm property actually owned by the farmers fell from 56 per cent to 40 per cent, while the value held by landlords rose from 28 to 34 per cent, and that held by mortgagees from 16 to 26 per cent.

The point I wish to make here, and with which I am sure there will be a general agreement, is that when the returns from the 1941 census are available it will be shown that fewer than half the farmers of western Canada own their homes. Fewer than half have any say as to the wealth they produce. Where are we going? Whither are we drifting? It will be seen that within the next five to ten years, mortgage companies and other financial institutions will operate farms in large units and will be in competition with the farmers of western Canada in regard to the price on wheat and other products which are raised by the farmers. Then an individual farmer will not be able to exist, because it will not be possible for him to compete. This is a trend which has been permitted to continue now for more than twelve years, and it should be stopped. If our farmers are dispossessed of their properties and are allowed to work only as tenants, the consequences to Canada would be really terrible. We would lose the creative genius which has characterized the country's pioneers.

Let me for a moment draw attention to the incomes of our farmers. I have here a publication of the Canadian federation of agriculture showing farm incomes in percentages compared with those of other groups. Remember that one-third of the total population in Canada is engaged in agriculture, so that it would be logical to expect that the farmers would receive one-third of the total national income, and that would mean parity prices, and that is how it should be. But here are the facts:

Year	Percentage of national income
1926	17·8*
1927	16·4
1928	17·6
1929	14·6
1930	9·6
1931	6·3
1932	5·0
1933	6·6

* Instead of 33·33 per cent.

And so down the line until 1940, in which year the percentage, instead of being 33·3 per cent was 11·0 per cent. I have not the figures for 1941 and 1942, but it is certain that the percentage will not be one-third; indeed, I am certain that it will be less than half that figure.

How then can the farmer meet his obligations? How can he be expected to pay his debts, buy victory bonds, clothe and feed his children and send them to school, and pay his hospital and doctor bills? I do not care what sort of picture is painted about the prices the farmers are getting for their hogs, honey and other commodities; so long as the farmers are not receiving one-third of the national income, someone else is getting it.

I will now turn to the subject of grading of live stock and point out what seems to me to be a ridiculous situation. I have here a clipping which was sent to me by one of my constituents, who asks, "Will you ask the government to explain why a situation of this sort exists?" This clipping is taken, I believe, from the Edmonton *Journal,* and states:

Note: new cuts on heavies, $3 per carcass discount; extra heavies $2 per cwt. discount; redglings $5 each discount.

Here is a letter to the editor of the same newspaper and on the same subject:

Inconsistency

Sir—Have just finished listening to a radio announcer exhorting the housewives of Canada to save fats, and he wound up his plea with the statement that "10 pounds of fat would provide explosive for 29 anti-aircraft shells." A commendable plea, doubtless instigated by the federal government, but the government's plea to save fats, badly needed for explosives, and the statement of my hog returns which I have in my pocket do not make sense. These returns for hogs for the week of Jan. 12, 1943, state: "One heavy, 188 pounds (two pounds overweight, deduction or penalty $1.88). Return for Jan. 19, one heavy, 192 pounds (six pounds overweight, deduction $2.88)." Therefore, I was penalized $4.76 for producing eight pounds of fat too much. Will the consumer receive the benefit of this $4.76 deduction? . . .

We know the old argument that "our standards must be maintained to retain the British market after the war", but haven't we been told there is an emergency and to increase pork production? And also that the meat ration per person for the civilian population of England is four ounces per week? Methinks the British consumer would be pleased to get a litle extra fat.

If the federal government allowed the Canadian farmer to put another twenty pounds on each hog we farmers would produce more fat for explosives in a month than the housewives of this country could save in six years.

There may be something rotten in the state of Denmark, but we hog producers are convinced there is something definitely rotten in the hog grading system in the state of Canada. The inconsistency of the government's pleas and their actions in this regard rouses a strong feeling of disgust.—Yours, H. R. Boutillier.

Mr. WOOD: Will the hon. member permit a question? Does he know that the farmers are producing hogs of such quality that 80 per cent of them qualify for Wiltshire sides, equal to those of Denmark at any time? His friend has a poor quality of hogs.

Mr. HLYNKA: The hon. member is in the habit of cross-questioning this side of the house when some of these problems are brought before the government. If he ever decided to take a trip across my constituency, I am afraid there would be a by-election in his. I like the hon. member and like his nerve.

Mr. WOOD: Is that the way in which the hon. member answers that argument?

[Mr. Hlynka.]

Mr. HLYNKA: The hon. member at all times wants to paint a picture before this house showing the enviable position of the farmer. He may be one of the prosperous farmers, but he must remember that he has a sideline, being a member of this house. Thousands of farmers in my constituency have no income other than the farm income. I am trying to point out the conditions under which they exist. I should be glad to discuss with the hon. member his point of view, but I think we can do so somewhere else and not take up my time here.

The income of the farmer is only one phase of the problem. We may point out that the farmer is getting a little more for his hogs, for his cream and for other commodities, but we must take into consideration other things such as the freight the farmer of western Canada must pay on everything he buys from Ontario and Quebec, and on everything he sells as well, and has to ship east of Edmonton or Saskatoon or Winnipeg. He must pay the freight both ways. The farmer is the only person in Canada who has to do that. Why should it be permitted? Why should not the manufacturer in the east say, all right, I will pay the freight on my binder because I am selling it to the farmer in Alberta, and the farmer in Alberta will pay freight on his wheat. But no, the farmer has to bear the cost both ways. It is ridiculous. Candidates of the government party have been campaigning for years in western Canada promising the farmer that the freight rate structure will be overhauled. But there has not been a move made in that direction.

Mr. GARDINER: You are complaining that they did overhaul it.

Mr. HLYNKA: They overhauled it in such a way that farmers in the west are now being foreclosed by the thousands. They cannot meet their debts.

Mr. HANSELL: They still have to pay the freight both ways.

Mr. HLYNKA: Let us consider another problem that faces the farmer. At the present time the implement companies have closed the little shops they had in the outlying towns for the sale of farm machinery parts. If today the farmer needs something for his tractor or binder, he has to get out his car, use rubber and gas that should be saved, and go fifteen or twenty or more miles, and every farmer has to do the same. That is a mistake. The government should make it possible for the farmers to have these parts available within walking distance or a horseback ride. I know farmers sixty or seventy miles from Edmonton who have to make a trip to get a little gadget

for the binder. In the same connection there may be some small part broken that might cost only 25 cents, but the machine company says, You cannot get that little part; you must buy the whole thing, and you must pay $5 for it. The farmer has nothing to say; he must hand in the old piece of machinery to get the new piece. Who gets the benefit? All the company has to do is to adjust the piece handed in and sell it again for five dollars. That is absolutely unfair.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLEMENTARY ESTIMATES, 1942-43

A message from His Excellency the Governor General transmitting further supplementary estimates for the financial year ending March 31, 1943, was presented by Hon. J. L. Ilsley (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

Mr. ILSLEY: Perhaps I may be permitted to add that if it is at all possible I hope to take up these estimates to-morrow afternoon, together with interim supply both for war and for non-war appropriations.

Mr. HANSON (York-Sunbury): For how much are you asking in interim supply?

Mr. ILSLEY: One-sixth.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Coldwell.

Mr. ANTHONY HLYNKA (Vegreville): In the five minutes left at my disposal, Mr. Speaker, I should like to touch on the shortage of farm labour. In the first place, agriculture must definitely be considered an essential war industry; then, that being so, postponements should be granted more readily to farmers and farmers' sons. In practice the onus of proof rests upon the applicant. I know many young men in my constituency who were called up and who applied for postponements, but were either refused or granted postponements too short to enable them to get rid of their stock. So that many of these young men left everything standing as it was and went into the service. The country loses a great deal by hurried decisions of that kind. I suggest that many men in the service to-day should be granted leave for two weeks, six weeks or whatever time may be necessary in order that they may get rid of their stock and settle their affairs.

That is the first thing that must be done. Then I believe it is essential that we standardize the form of these applications for postponement. I know many young men have had legitimate cases for postponement; but because they were not able to word their applications as well as some others, their requests were refused. Another chap may be a bit shrewder; his application may perhaps be more attractive or his request presented in a better form, so that while his case may not be as worthy of consideration as that of the other chap, his application may be granted.

There are two other points I should like to mention in this connection. The first is with regard to private debts of soldiers. I have a number of letters in my office from young men who tell me that mortgage companies are threatening to foreclose upon their land while they are away at war. That is unfair. There should not be a single foreclosure on the property of any man who happens to be defending this country, as well as the mortgage companies. I wish to bring that point to the attention of this house as forcibly as I can. In addition, the interest is accumulating on the debts of these men. That should not be the case. No one should expect interest on a debt owed by a soldier while he is away in the service of his country.

My time is slipping away rapidly, but my last point is that many of these young men were given only eight days in which to apply for a postponement, and if they failed to have their applications before the board within that time, their cases were not even heard or reviewed. Even to-day these cases should be reviewed, and they should be given an opportunity to apply for a leave to enable them to go home, dispose of their stock and make any arrangements necessary. I have received from my constituency many appeals which I have referred to the Department of National Defence. Most of them are hurriedly brushed aside, the answer I usually get being that the application has been refused, and that is the end of it. A board of appeal under the Department of National Defence should be set up in order that these cases may have a fair hearing when they are brought up.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, it was not my intention to speak in this debate, since I felt that anything I had to say on the budget could be said during the discussion of the resolutions. However, so much has been said during this debate in regard to the programme, the aims, the policies and the social philosophy of this group that at times I was not sure whether the budget had been introduced by the Minister of Finance or by some member from this corner of the house. I will try to reply to some of the statements that have been made and to bring some light into dark corners. Perhaps it is a waste of time. I hear the Minister of Pensions and National Health (Mr. Mackenzie) laughing; I imagine he realizes the futility of what I intend to try to do. However, I shall try to do it, regardless of the fact that I am aware that none are so blind as those who will not see or so deaf as those who will not hear.

I shall deal first with the former leader of the opposition, the hon. member for York-Sunbury (Mr. Hanson). In the course of his speech the other day he said that this group, this party, was spreading the gospel of hate throughout the country. Well, if I talked with such venom when I spoke about the Tory party as he does when he talks about the Co-operative Commonwealth Federation, I should be inclined to agree with him. Speaking on March 18, he is reported at page 1358 of *Hansard* as follows:

> The system of free enterprise may have been exploited and abused, if you will. I admit that. But with all its abuses it is a far better system than government regimentation and national socialism. What does it mean? What is the ultimate aim of national socialism? Well, it is fascism.
>
> Mr. Douglas (Weyburn): There is no national socialism in this country.
>
> Mr. Hanson (York-Sunbury): They can deny it, but I can see as far through a stone wall as anybody.

I do not doubt the ability of my hon. friend to see through a stone wall as far as anybody. But his difficulty is that when he is playing politics, as he usually is in the house, he can see just as far through a stone wall as he can through a telescope.

Mr. HANSON (York-Sunbury): Now, isn't that clever?

Mr. MacINNIS: When my hon. friend applies the appellation of national socialism to the Cooperative Commonwealth Federation he is doing what he knows to be incorrect, or he does not know the difference between national socialism and democratic socialism.

I would draw the attention of the house to the fact that Hitler's national socialism did not seem so abhorrent to my hon. friends a few years ago. May I read to the house the eulogy of the leader of national socialism in Germany made in this house by a former leader of the Conservative party, Doctor R. J. Manion. This is what he said on September 8, 1939, as reported at page 14 of *Hansard* for the special war session:

> But, sir, Germany is controlled at the present time by an unscrupulous egoist. It is true he served Germany well, and had he stopped at a certain point he might well have gone down into history as a great German hero. He raised the German people from discouragement, gave them back their pride after a just but humiliating defeat. Had he stopped there he would have been accepted perhaps by all the world as a German hero. But he did not stop there.

Yes, he would have been accepted by people with minds like my hon. friend; but he would not have been accepted by socialists anywhere in the world as a German hero. He would have been accepted as the gangster that he is.

Mr. HANSON (York-Sunbury): You are a little late in your denunciation.

Mr. MacINNIS: If my hon. friend wants to read the record he will find my denunciation of nazism clear and sound from the very beginning.

What I have quoted represents the attitude of all Conservative-minded people. I have in my hand another statement by another Conservative—not in this country. This was the man sent from Great Britain in a last effort to appease Hitler. I refer to the late Sir Nevile Henderson, ambassador to Germany from 1937 to the beginning of the war. Upon his return to Great Britain he wrote a book entitled "Failure of a Mission." One would think that he and Doctor Manion had agreed between them as to what they wished to say. Sir Nevile Henderson said:

> Nor are all dictatorships, even if prolonged, reprehensible.

Only communist dictatorships are reprehensible to Conservatives.

> One cannot, just because he is a dictator, refuse to admit the great services which Signor Mussolini has rendered to Italy—

This is the man Churchill called a jackal.

> —nor would the world have failed to acclaim Hitler as a great German if he had known when and where to stop—

If he had known enough to stop before he began to attack us, or before he became dangerous to our interests, he would have been a great man. But he did not stop there. I quote further:

> . . . if for instance after Munich and the Nuremberg decrees for the Jews.

Doctor Manion and Sir Nevile Henderson were still willing to acclaim Hitler a great hero, despite the fact that he had ground a large section of the German population into the dust, and subjected the rest to the worst dictatorship the world had ever known.

An hon. MEMBER: And what about trade unions?

Mr. MacINNIS: And he destroyed trade unionism; I am coming to that.

So long as Hitler was suppressing trade unions, destroying cooperatives, and imprisoning and shooting socialists, no fault was found with him by my Conservative friends. This is what they used to say when they were among themselves—"Great Fellow, this Hitler —a little crude, maybe; but he certainly knows how to handle those dirty trade unionists. I wish we had someone here who had the guts to deal with our agitators in the same way." That was their attitude, and that is why we are fighting a war.

Where is the man in this house, either on the Conservative or the Liberal side, who protested or raised his voice when Hitler and Mussolini joined to force fascism on the Spanish people? There is no such man. We placed an embargo on Spain to prevent her from defending herself, and we shipped all the materials of war Hitler and Mussolini required.

Not only does the hon. member for York-Sunbury speak in the house about the Cooperative Commonwealth Federation, but outside the house we are the theme of his every speech. He cannot get us off his mind. I feel somewhat encouraged by that fact. There is another thing that encourages me, also, that is that the more he talks the more our position improves.

Mr. HANSON (York-Sunbury): We are both happy, then; let us leave it at that.

Mr. MacINNIS: No, I am not going to leave it at that. This is what the hon. member said when he spoke at the Progressive Conservative association dinner on March 13, according to a report in the Ottawa *Citizen:*

> Mr. Hanson in his address said post-war plans were necessary, but the greatest struggle for survival was raging, and to win it should be the first consideration. "We have a long way to go yet and the people of Canada have many sacrifices to make," he said.
>
> Mr. Hanson said the trouble with Canada's war effort was lack of national leadership. The prime purpose and objective of Prime Minister Mackenzie King was to maintain the solidarity and power of the Liberal party. The Prime Minister had entered the war with a policy of "moderate" participation, said Mr. Hanson, and the Cooperative Commonwealth Federation had declared against sending an expeditionary force overseas.
>
> The Cooperative Commonwealth Federation party was striving not to win the war "but to win the next general election" and was "holding out the bribe" of nationalization of big industries.

I wonder what my hon. friend was doing when he made that speech? Was he trying to win the next general election? I think that is the purpose of most of his speeches. But do hon. members note the superiority?—everyone is out of step but our Dick. I hate to put a stain on the lily-white record he thinks he has, but I must say that if there is any one man in or out of the house who has consistently played politics since May 16, 1940, that man is the hon. member for York-Sunbury.

Mr. HANSON (York-Sunbury): I should like to page the Prime Minister on that point.

Mr. MacINNIS: You can share the honours between you. I will go on a little further and show what my hon. friends have been doing for the last year and a half. I had not intended to speak of this because there is more important work at hand. But I wonder why the Conservative party is doing these things. Is it to win the next general election, or to lose it? Some of their actions seem to indicate that the purpose is to lose it.

About November, 1941, the National Conservatives held a conference in Ottawa, the purpose of which was to select a leader. Rightly or wrongly, of all the prominent public men in this country they selected the man most detested by labour. Writing to friends in Toronto when it became evident that this man was to be the new leader and saying that the action of the party in selecting Mr. Meighen seemed to me like the action of an organism that wanted to die but shrank from sudden death. It took the York South by-election to convince them of their mistake. Remember, they were not sorry because of the type of man they had selected; they were merely sorry because they had made a mistake. It took another little affair to really put the—I was just about to say something that would not be parliamentary—fear into them. On July 25, 1942, an informal labour conference took place in Toronto. This conference passed the following resolution.

> Be it resolved that we believe and affirm that organized labour will be doing itself a great service and hastening the realization of its aims by entering into affiliation for political action with the Cooperative Commonwealth Federation at the earliest possible moment, and that until such affiliation is an accomplished

fact, this conference calls upon all unions to endorse the Cooperative Commonwealth Federation as the official political arm of the trade union movement in Canada.

I wish to tell this house as a man who has been connected with organized labour for more than thirty years that that is the best day's work that organized labour did for itself during that time.

Some hon. MEMBERS: Oh, oh.

Mr. MacINNIS: Just a moment, now. The results were swift and they were impressive. Organized labour had been asking the province of Ontario for a trade union bill for years. Two weeks after that resolution was passed, Peter Heenan, the minister of labour in the government of Ontario, said that there would be a trade union bill. Mr. Conant said a little later that a special session would be called to put through a trade union bill. That was before they had heard from Ontario employers. The resolution also had quite an effect upon a gentleman known as Mitchell Hepburn, one-time premier of Ontario, one-time friend of the Prime Minister of Canada, an all-time hater of organized labour. Overnight Mitchell Hepburn became the champion of civil liberties. In fact, one could see Mitch standing on the steps of Toronto gaols embracing communists or alleged communists as the Minister of Justice (Mr. St. Laurent) released them.

Shortly after that labour conference the Conservatives decided to hold an informal conference and with due regard for the general fitness of things, they decided to hold it at Port Hope. Another thing they did, the first glimmering of intelligence I have noted in the Conservative party for the past thirteen years, was to exclude Conservative members of parliament from the conference. They did another thing that indicated growing intelligence. One of the members of their brain trust—I shall not mention his name, but there are not so many—borrowed from a friend of mine a book entitled "Social Planning for Canada" and took it to Port Hope to see if they could not get some ideas or inspiration out of it.

Mr. MARTIN: What about the book "Liberal Way"?

Mr. MacINNIS: The party who had the book "Liberal Way" were not going the Liberal way. Therefore the Conservatives decided that book would not do and they got something else. To come back for a moment to the conference held in Ottawa in 1941: As I said, they selected a leader who was to be the pillar of fire that would lead them into the promised land of political power. But the pillar of fire of 1941 became the incubus of 1942, so that when they met at Winnipeg he was thrown out the window. They then proceeded to select a new leader and a new name. However, it should be noted that the new name depended upon the new leader. If N was to be the new leader, the name would be national Conservative party; if P was to be the new leader, the name would be Progressive Conservative party. That is how they came by the new name.

May I remind the members of this house that the aims and policies and even the social philosophy of the Cooperative Commonwealth Federation and of this group are not something that is particularly and peculiarly ours. Our policies are similar to those of labour parties in the other parts of the British commonwealth, such as Great Britain, Australia and New Zealand, and they are the same as the policies of democratic socialists no matter where they are found throughout the world. Therefore, when my hon. friends cast aspersions on the members of this group they are casting aspersions not only on this group but on men like Walter Nash, former minister of finance in the Labour government in New Zealand; they are casting aspersions on men like Herbert Morrison, member of the British war cabinet; they are casting aspersions on men like John Curtin, Prime Minister of Australia; they are casting aspersions on men like Sir Stafford Cripps, a member of the British war cabinet. In fact, Mr. Speaker, they are casting aspersions on scores of statesmen throughout the British empire, men without whom the world would be very much the poorer and its hope for the future very much darker.

I wish to say to this house that the Cooperative Commonwealth Federation is closely associated with the British Labour party and with the Labour party of Australia and New Zealand. I have in my hand a copy of a letter which was considered at an executive meeting of the Cooperative Commonwealth Federation on September 19, 1942. The letter is dated from London, August 25, and is addressed to the hon. member for Rosetown-Biggar. It reads:

My dear Coldwell,

In the course of his address to our annual conference at Whitsuntide, the Rt. Hon. Dr. Evatt, a member of the Australian Commonwealth government said:

"If we are to progress together one thing is plain, and I ask you to consider it. The present relations between the labour organizations of

the British commonwealth of nations must become more intimate. It is only right and proper that the labour movements in all British countries should plan for the future together. I hope that steps to establish a closer liaison will be taken by you and taken soon."

Our national executive committee have expressed their agreement with the principle of holding a British commonwealth labour conference of the political labour parties in the British commonwealth and would welcome any proposals from your executive committee with regard to the time, place, composition and agenda of such a conference, and any other relevant observations or material, before taking any decisions in detail. We hope that your executive committee will give this matter their earnest consideration.

Yours sincerely,

William Gillies,
Secretary,
International Department, of the
British Labour Party.

I wish to say a few words now about a matter which was raised by the hon. member for Temiscouata (Mr. Pouliot) on Tuesday evening in this house. If talking to my friends to my right is a waste of time, I presume that talking for the benefit of the hon. member for Temiscouata is doubly so. In any event the hon. member for Temiscouata issued a challenge to this group to define profit and to tell the house how we could get along if no one made a profit. Then he gave his own definition of profit. He said:

When a man works hard for a few dollars a day, lives within his means and succeeds in saving perhaps a dollar or two each day, and then puts it in a bank or buys insurance with it, that is a profit, and it is a legitimate profit.

The hon. member for Temiscouata may have his own ideas of what is profit and what is legitimate profit. But the instance he gave is not profit. The man received a wage for a commodity sold—his labour power. When we talk about profit or profits I imagine we are using those words in their economic sense. I heard the hon. member for Queens-Lunenburg (Mr. Kinley), I think it was, say the other day that the flowers of the field made a profit. My understanding is that the lilies of the field toil not, neither do they spin, and consequently they do not make a profit for themselves or for anybody else. But for the benefit of the hon. member for Temiscouata I should like to give a definition of profit from "Webster's New International Dictionary," which defines profit as:

The share of the employing classes in the distribution of the product of industry, as distinct from wages which constitute the share of the labouring classes, and rent which constitutes the share of the landlord classes.

That is a proper definition of profit in political-economic terms. But if the hon. member for Témiscouata desires to get a clearer understanding of what profit really is, I would suggest that he read the report of the royal commission on price spreads in 1935. At page 115 of that report he will find the question of wages and profits in the tobacco industry dealt with. I quote from page 115:

The most striking fact revealed by our evidence on the tobacco industry is the combination of low wages and high profits.

In 1930, the average annual earnings of the workers in this industry, $662, were the third lowest in the forty industries for which the dominion bureau of statistics published data. Since that date, they have declined to as low as $555, which can be attributed to a 17 per cent decrease in the volume of employment and to a decrease in basic wage rates.

I quote again:

Certain figures for the Imperial Tobacco Company, which is by far the largest single unit in this industry, are of special interest. In 1931, net profits were $5,914,079 and factory payrolls were $3,430,952, or 58 per cent of net profits; in 1933, factory payrolls totalled only 52 per cent of net profits.

In the Macdonald Tobacco Company, undivided profits at the end of 1933 stood at $594,432, notwithstanding the withdrawal of $260,000 annually by the president since 1930.

May I point out that at the rate of wages prevailing in 1933, $555, an employee of that company would have to work for 468 years before he would take out as much in wages as the president took out in one year. So that, if my hon. friend the member for Témiscouata cannot now understand the difference between wages and profits, the fault is not mine.

That was the condition found in 1935, and there have been no curbs applied and no changes made since, except for what may have happened since the war began. That is the condition which will prevail as soon as normal times return unless we find some way of curbing it. That is the profit system. That is free enterprise. It is what we object to, and I am satisfied that it is what an increasing number of people in this country are beginning to object to, as well.

I should like to develop that a little further because it is an interesting point; however, my time will not allow. But further information is very easily obtainable.

I said that I did not want to take part in this sort of debate, but I want my hon. friends to know that if they desire a fight of this kind they can have it at any time they like.

I am sure that no man who has any understanding of the tremendous problems—military, social, political, racial, and a hundred

and one others—which confront the world today, and will very likely confront it in an intensified way after the war, can deal lightly or carelessly with such issues.

Just a closing word. The Cooperative Commonwealth Federation is the result of the social and economic developments in this country so far. Its roots are deep in the soil of Canada. Its growth cannot be stopped by railing or misrepresentation. The only way in which it can be stopped is if some other party does the things we are advocating. Our aims and our policies are in tune with the times, and they will prevail.

Mr. WILFRID LaCROIX (Quebec-Montmorency) (Translation): Mr. Speaker, everyone admits, I believe, that we shall come out of this war with a public debt of at least $15,000,000,000, for the interest on which we shall have to pay every year about $400,000,000. After the war we shall be unable to balance our budget without a deficit, without new loans or, still, without levying heavy taxes at a time when the national income will be considerably reduced. In fact, we shall then have to enforce a new social security legislation, and in the estimation of Professor Marsh, the cost of that social security plan,—which will necessarily have to be carried out,—will alone amount to about $900,000,000.

Everyone admits that the ceiling has been reached as regards taxes, at least in the case of wage-earners, because the tax which the latter have to pay at the source is higher in Canada than in the United States or England. Some will say "Why should we pay $400,000,000 a year for interest on a debt which will amount to about $15,000,000,000?" In reply I may say that I sincerely believe it is possible to eliminate those huge interest payments and lighten by a like amount the tax levied from wage-earners, especially those in the lower and medium brackets, who form the mass of our population and whose burden will necessarily have to be lightened if most of them are not to become, after the war, an even greater charge upon the government.

Why not put to greater use our Bank of Canada, instead of borrowing from the chartered banks and the public? The honourable the Minister of Finance (Mr. Ilsley) has stated in his budget speech that he had borrowed from the chartered banks only inasmuch as such loans were essential to meet our war expenditures. I blame the Minister of Finance for having overlooked the government's sovereignty in currency matters when he applied to chartered banks and the public instead of dealing solely with the Bank of Canada.

It may be objected that loans from the Bank of Canada would be more harmful than loans from the chartered banks. What difference is there between a Bank of Canada note and a dominion bond?

A Bank of Canada note is a promise on the part of the government or of its bank,—which means the same thing—to pay to the bearer on demand, a certain sum of money. It is therefore an interest-free promissory note payable on demand, which does not mean much since the government has, some years ago, taken the precaution to free itself from any obligation by establishing forced currency (Chapter 45, 3 George VI, of the Dominion statutes). Under that act, Bank of Canada notes are now legal tender for all, and in any private or public contract gold clauses or gold values are null and void.

I may add that since Canada's entry in the war and the appointment of a foreign exchange control board, the government even reserves the right to accept or refuse its own notes (that is to say its own pledges) in return for the American funds it holds. That is a security measure, but it nevertheless shows that the words "Pay to the bearer" have no longer any meaning.

A dominion bond is a promise on the part of the government to pay to the bearer, on demand, after the lapse of a certain period, that is on such a date, such a sum. Like the bank note, the dominion bond is a promise to pay, but a promise that is deferred and bears interest. A promise to pay what? Merely interest-free notes issued by the Bank of Canada. After all, the only difference between a bank note and a dominion bond is that the latter bears interest while the former does not. As the money so obtained from chartered banks and individuals is used by the government, the currency circulation in this country does not decrease, but neither does it increase. Such a situation obtains as long as individuals do not get rid of their bonds. If they do, the dam breaks; the government loses the benefit of the delay granted for the redemption of its bonds, and it fails to achieve one of the aims of the loan, which is to reduce temporarily or for the duration of the war the purchasing power of the people and to prevent them from spending.

It can thus be positively stated that while bearer-bonds issued to the public do not, in themselves, entail currency expansion to such a degree, they nevertheless open the way for it. This has been exemplified after the last war, in European countries where the people who held government bonds in France or those who in other countries held government

bonds bearing interest at a low rate, started almost at the same time to put them on the market, within twelve months after the war, thereby causing a fantastic fall in the value of those bonds, a fall which also affected the currency of those countries. That is easy to understand because while individuals cannot, in war time purchase anything or participate in the establishment of any industry and they are compelled to purchase government bonds, the reverse happens after the war, when they try to get rid of their government bonds as quickly as possible in order to invest their money in industrial or business firms from which they can obtain a higher rate of interest. Although the war is not yet over, we can already notice such a trend. The figures published in connection with the second victory loan show that since their issue in February, 1942, no less than 339,000 bonds of $50 to $100 have been cashed by their original holders. In October last, they were coming back to Ottawa at the rate of 78,000 a month, or nearly 3,000 a day. Out of this total 339,000 bonds so cashed, 268,000 were fifty-dollar and 71,000 one hundred-dollar bonds. To date, they have been cashed at the chartered banks in a proportion of 24 per cent. As regards war savings certificates, they are being redeemed in a proportion of 34 per cent, subscribers investing each month $6,000,000 in them and the government having to redeem them at the rate of $2,000,000 a month.

We have therefore every reason to wonder what will be done after the war by banks and insurance companies which at the present time pay no dividends on premiums. They will be looking for a rapid increase in their income by getting rid of their dominion bonds so as to improve their assets and obtain a 6 or 7 per cent return.

The same question may be asked about the chartered banks, because if they cannot at this time lend money to industrial or business firms and must be satisfied with a profit made up of the difference between what they pay to their depositors and what the government pays them for interest, we can ask ourselves whether they will not endeavour to lend money to industrial or business firms which will be reorganized after the war, in order to obtain a six per cent return, thus unloading upon the market, within twelve months after the end of hostilities, a supply of government bonds which will not be offset by a corresponding demand and which may cause a tremendous fall in the value of those bonds. The problem could easily be solved were all those bonds held by the Bank of Canada—that is to say, the government—which would be careful in using them thereby ensuring the market stability that is essential if our currency is to remain sound.

The advantage of dealing solely with the Bank of Canada would eliminate from our budget that yearly $400,000,000 interest payment which we shall have to make to chartered banks or individuals; it would stabilize our currency and prevent the sudden appearance of inflation after victory has been achieved.

Besides, such a policy would lighten the tax burden on wage-earners, by this amount of $400 million subtracted from our budget.

I understand the policy followed by the government so far has placed an increased amount of money in the hands of the public, for the bank deposits from all sources, governmental, public and foreign, have soared from $3,144,000,000 in 1939, to $4,209,000,000 at the present time, an increase of over a billion dollars. This monetary expansion policy might have an extremely nefarious effect on the value of the Canadian dollar, if we allow the public and the chartered banks to keep too large an amount of government bonds. I sincerely believe that this practice of the dominion government of borrowing from the chartered banks is fraught with dangers; indeed, if, to-day, the chartered banks, in order to lend money, must not only use up their excess reserve of legal tender, but also find persons willing to go into debt, the situation will be reversed after the war, for a considerable number of people will then certainly be willing to borrow money from the banks in order to engage in business ventures.

On the other hand, most of the industries presently financed by dominion government funds and which, after the war, will own all developments paid for by the state, will endeavour to use their increased facilities by placing them on a peace-time footing. To attain this end they will no doubt throw on the market bonds and shares bearing a higher rate of interest than government bonds do at present and we shall then experience the strange situation of business enterprises fully financed by the government competing with the state in the financial field.

I sincerely regret that it has not been thought advisable to nationalize the banking system so as to make possible the full utilization of the Bank of Canada for the financing of the war. I have no liking whatever for the chartered banks, especially in our province, where the salary they pay or have paid their employees is but a mere pittance. Moreover, the nationalization of these banks would not affect an institution which is indispensable in our province, the "caisses populaires" which are

authorized to do business with their members exclusively and are not allowed to extend loans beyond their actual capital. On the contrary, the nationalization of banking would be favourable to the expansion of "caisses populaires" which afford a more readily accessible means of accumulating savings, for the deposits they would place with the Bank of Canada would be more secure; as it must not be forgotten that these institutions at the present time deposit their funds with the chartered banks. Besides, "caisses populaires" operate under a provincial statute entitled an act concerning cooperative syndicates (Chapter 290, Revised Statues of Quebec) and their loans are subject to prescription at the end of 30 years only, instead of 5 years.

Until now, the chartered banks have endeavoured to organize extremely powerful trusts, such as those formed when Mr. Holt became president of the Royal Bank. These trusts have caused economic disturbances heavily felt in the province of Quebec, especially in the fields of electric power and public utilities.

An hon. member has claimed, in this house, that we should oppose the nationalization of banks because some directors of the Bank of Canada did not satisfy him. In answer, I should like to point out that no man is immortal, that any man may be replaced and that this does not in any way diminish the advantages nor does it alter the principle underlying the nationalization of our banking institutions.

I also wish, Mr. Speaker, to point out that the budget gives no consideration whatever to the fact that the upkeep of adolescents of convent or college age costs more to their parents than that of very young children. In their case, the least that should have been done was to allow for a greater proportion of the income tax to be refundable.

The budget submitted by the Minister of Finance does not afford sufficient protection to large families.

I also favour an increase in the amounts paid to old age and blind pensioners, for the sums they now receive, if the cost of living is taken into account, is not even sufficient to cover the mere necessities of life.

I also regret that the control of our industries and businesses has been handed over to dollar a year men who, in most cases, are representatives of monopolistic industries and financial organizations already established in our midst and that, in the drafting of regulations for the control of the various industrial activities, they evidently follow the dictates of the trusts, thereby contributing to the elimination of small industrial and business enterprises, especially in the province of Quebec. Indeed, it is hard to believe how many small concerns have been run out of business since these controllers, representing high finance, have taken charge of our national economy.

Those are the reasons, Mr. Speaker, why I shall vote for the subamendment proposed by the hon. member for Rosetown-Biggar (Mr. Coldwell), which reads as follows:

That all the words after "That" in the amendment be struck out and the following substituted therefor:

"this house regrets the failure of the government to provide for the nationalization of the banking system so as to make possible the full utilization of the Bank of Canada for the financing of the war;

And further this house regrets the failure of the government to provide for increases in the amounts paid to old age and blind pensioners, or to make adequate provisions for veterans of the last or the present war, or their wives and dependents;

And further this house regrets the extent to which the government has vested the control of the Canadian economy in monopolistic industry and finance."

However, I want to state that even if I support this amendment, to which I fully agree, it must not be construed that I adhere to all the theories expounded by the Co-operative Commonwealth Federation, for I feel that an hon. member of this house should consider it his duty to judge an amendment on its text, rather than on considerations as to what political group sponsors it.

In concluding, allow me to hope that, at least in connection with the problems of post-war reconstruction and reestablishment, the French Canadians will be represented on the committee organized under the chairmanship of Mr. Cyril James, principal of McGill university. Since Mr. Edouard Montpetit handed in his resignation, we have no representative on this committee. If the recommendations of the James committee are to be imbued with ideas of sound ethnical duality, it is extremely important and urgent that a successor be appointed to Mr. Montpetit. This would give us an opportunity to make our influence felt in the drafting of post-war economic and social legislation. At present the James committee comprises seven English-speaking Canadians; it is therefore absolutely necessary that at least two Canadians of French extraction take part in future deliberations.

You will allow me, Mr. Speaker, to suggest to the government the names of two persons who rank among our best economists by virtue of their studies and achievements in the economic and social fields of our country; they

are Mr. Esdras Minville, of the Ecole des Hautes Etudes, of Montreal and Reverend Father Bouvier, a Jesuit. The works of these two men of striking personality on the matters that should arrest our attention in the post-war period are worthy of our best consideration.

A last suggestion and I am through. As Doctor James has but one secretary, Mr. J. E. MacKay, a French Canadian assistant should be appointed. Similarly, the executive committee on reconstruction has one secretary only. Mr. Robert Engranl. Why should we not give him a French-speaking assistant? Thus the French element of this country would be better able to take a larger part in parliamentary activities related to the organization of our post-war economy. Besides, it would thus be easier to give the members of parliament and the public reports written and published simultaneously in both official national languages.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, the other day we were pleased to learn of the forthcoming visit of Mr. Anthony Eden to Canada. When the Prime Minister (Mr. Mackenzie King) made his statement to the house it will be recalled that I ventured to ask whether or not Mr. Eden could be called before the committee on post-war reconstruction and also before the committee on external affairs. The Prime Minister was quite gentlemanly in his answer and said that he would draw the request to the attention of Mr. Eden, but that of course Mr. Eden would be a very busy man. When I asked the question I thought I detected a bit of a murmur in some sections of this house, particularly that section directly opposite the Prime Minister; in fact one hon. member afterwards met me in the lobby and asked if it was my intention to have Mr. Eden subpoenaed. Well, of course he was not fooling me at all; I knew what was behind that remark. I am well aware that men of such distinction should be treated with the courtesy which their high diplomatic position deserves. I am not by any manner of means suggesting that Mr. Eden be subpoenaed before any committee, but I believe he has appeared before one or two very important congressional committees in the United States, as well as the senate committee on post-war reconstruction, and I maintain it is not unreasonable to expect that such a distinguished gentleman, holding such a particular and unique position in connection with world affairs and post-war design, should be called before the appropriate committees of this parliament whose responsibility it is to deal with these matters.

Some of us, Mr. Speaker, are particularly anxious in regard to what may be going on behind the scenes in respect of possible post-war problems. As soon as post-war problems are mentioned, someone is almost bound to rise and say, "Let us get on with the war." I think the hon. member for York-Sunbury (Mr. Hanson) is perhaps the worst offender along this line; but let me tell him that if the particular kind of peace we are to have is not settled, and settled right, before this war is over, he will be saying the same thing, "Let us get on with the war," some time about 1975, but it will be in respect of world war number three.

Post-war talks and conferences, to be of a permanent and effective nature, must deal with the problem of a new world order after the cessation of hostilities. The people themselves, therefore, have a right to know what sort of new world order is to be. The people have only one voice in these affairs, namely, the voice of their representatives in parliament. I am well aware of the fact that talks must be carried on by high diplomatic officials. I know that these negotiations must take place from time to time. I am not suggesting for one moment that all the details of these negotiations should be publicized north, south, east and west. But I do say that the representatives of the people assembling from time to time in parliament have a right to know what is going on behind the scenes.

I do not think I am the only one who deplores the fact that sometimes Canada seems to have to take the hindermost, that we seem to be on the tail end of everything. Certain conferences are held; diplomatic officials meet, and we wonder why Canada is not more distinctly represented. We wonder if certain things are being done, if certain things will be prepared and laid at the doorstep of the Canadian people for their acceptance, whether they like it or not. I say that is not just good enough for a nation like Canada, in view of the magnificent effort she is now making in order to attain complete victory, and in a world which hopes to move on to a new order.

Mr. Eden arrived in America. No one seemed to know he was coming. Of course it may not be best for the world to know, but the fact is that he arrived for these post-war talks. We wonder why our Prime Minister, who resides a flight of only an hour or two from Washington, could not be there, or send an appropriate representative. Mr. Churchill and Mr. Roosevelt met somewhere in the Atlantic, off the coast of Newfoundland. Of course we know that Mr. Churchill repre-

sents the British commonwealth of nations, despite the fact that Canada is a separate nation, with all the powers of a nation, and that Mr. Roosevelt represents the great democracy to the south of us. But the Prime Minister of Canada does not reside so very far from where that Atlantic charter was signed; yet he was not on the ship when the agreements were made and the understandings arrived at. I do not know why he could not have been there. I think there were other very distinguished gentlemen there. I do not suppose for a moment that Mr. Churchill and Mr. Roosevelt were surrounded by their office boys. I am suggesting to the house that there were some very distinguished gentlemen at that meeting. I feel tempted to name some of those distinguished gentlemen. However, one thing is very obvious, namely, that the distinguished Prime Minister of Canada was not there.

I say I am not satisfied, when it comes to planning something which should be the result of this terrible conflict, to have Canada put in the back seat, to do a little back-seat driving. Canada's part in this war is no mean one. I believe it is highly commendable. Before the war is over, the hearts of our people will be wrung as never before. We may have to pay an extremely bitter price for victory. And let me say that the people who will pay that bitter price will be the Canadian people. It will be the mother whose heart bleeds as she hears the news of the death of her son. It will be the mothers and fathers who hear that their sons are missing, and that they will never hear from them again. It will be the sweethearts, perhaps the sisters who are giving those most dear to them to fight the battles, to spill their blood and die. We ask, and the people have a right to ask: What are they fighting for? What are they dying for? The people have a right to know. The only voice they have in our affairs is the voice of their representative in parliament.

That is why I say that the men who now hold the reins of power, the men who now hold the reins of post-war development, should be called before the people's representatives. The appropriate channel through which this is done is of course through the various parliamentary committees set up to look after these matters. The appropriate parliamentary committee should deal with these matters by calling the very best advisers, regardless of who or what they are, or how far they have to be brought. These parliamentary committees should formulate their conclusions, and the people's representatives in parliament should approve by popular vote, not by party vote. The Prime Minister, or those who sit at these conferences, could then be there with instructions from the people. They should be able to say to that conference, now, gentlemen, here is the voice of the Canadian people; this is what the Canadian people want; this is what the Canadian people are looking for; these are our instructions from the Canadian people; these are their proposals; these are the things that must be done.

What do we find happening most of the time? How do things usually work out? These matters are carried on without reference to parliament; they are settled before they are ever brought before the people's representatives. In the end it simply means that members of parliament, the people's representatives, are told by those higher up what the Canadian people can have. That is the way in which it usually works.

The men who carry on these post-war talks behind the scenes have a tremendous responsibility. I am aware of that; I am not deprecating that fact. But their responsibility is toward the people. There is a parliamentary committee set up to deal with post-war reconstruction and reestablishment. I am not a member of that committee, but sometimes when I have a few minutes to spare I drop in to hear what it is all about. I do not wish to criticize harshly the personnel of that committee or their work, but they are not making the progress they should. By that I do not mean simply covering the ground; I mean covering the proper ground. If that progress is not made, their work will be futile. One of my colleagues handed me a little clipping called "The Letter Review." I do not know much about it, but apparently it reviews certain things that are happening. This is dated October 26, 1942, and I should like to read one small paragraph. Referring to the chairman of this committee on post-war reconstruction, it states:

Mr. J. G. Turgeon, M.P., French Canadian who sits for a B.C. seat, is chairman of the House of Commons committee on reconstruction. Watch this man.

Mr. MARTIN: He is perfectly harmless.

Mr. HANSELL: I agree with that.

He is clever, realistic, and seriously interested in his work. During the next session the work of his committee will take a step forward.

It will take a step forward. Watch this man. A few weeks ago my son passed through Ottawa on his way to Halifax. The youngster is only nineteen years of age, but he has his air gunner's wings and his sergeant's stripes.

He wanted to get over to England, but he stopped off to spend a few days with his dad. I was sitting in the gallery with him and he found things very interesting. Naturally I am concerned about his welfare, especially when he returns. I told him that there were committees working on post-war reconstruction and I read this little piece to him. When sitting in the gallery one day he wanted to know where this particular hon. gentleman was sitting. I pointed him out, and my son looked at him and said, "Watch this man? What is the use of watching him, dad, he is no bigger than you are?"

Mr. MacNICOL: He weighs a little more.

Mr. HANSELL: I do not know about that. I trust the hon. member is speaking about physical weight.

Mr. MacNICOL: Exactly; he has broader proportions.

Mr. HANSELL: I will give him the benefit of the doubt as to being weightier in other matters. I have sat in on the post-war reconstruction committee several times, and I am convinced that they are just not dealing with the problem.

Mr. MACKENZIE (Vancouver Centre): I rise to a point of order. I refer Your Honour to paragraph 665 of standing order 66 which reads:

> Until the report and evidence have been laid upon the table, it is irregular to refer to them in debate, or to put questions in reference to the proceedings of the committee.

Mr. SPEAKER: I was just deliberating whether to call the hon. gentleman's attention to the words already cited by the Minister of Pensions and National Health. It is not permissible at this time to criticize the work of a committee when its report is not before the house.

Mr. HANSELL: I trust that does not mean that we cannot discuss post-war problems.

Mr. SPEAKER: I am not objecting to the hon. member discussing post-war problems. What I am objecting to is the hon. member referring to a committee whose report is not yet before the house.

Mr. HANSELL: I am glad that that point is clear. Since it is clear, I promise you, sir, that when the committee does report I shall have something to say about it. There are certain individuals whom I would like to have called before the appropriate parliamentary committee. I should like to see Mr. Eden, not only meet here and speak to us on the floor of this house but meet with them. I would not object to that meeting being in camera if necessary, but let Mr. Eden put his cards on the table and tell the post-war reconstruction committee just what is being done. Vice-President Wallace seems to be the spokesman in the United States for post-war planning, and I suggest that he or at least one of his representatives be called. The governor of the Bank of Canada and the deputy minister of finance should be called. A number of the big industrialists and perhaps the president of the bankers' association should also be called. These men could give valuable information in respect of what we may expect in the post-war world.

I should like to ask these men through the avenue of parliament a few pertinent questions. I should like to ask some of them why it is that they could not solve our pre-war depression. There is one thing that never happens in a discussion of these matters. They never try to discover the fundamental error of our present economic arrangements under which we are now living in comparative prosperity but under which, a few years ago, we went through one of the worst depressions the world has ever seen. They never try to discover that fundamental ill, and until that fundamental wrong is discovered, how on earth can we prescribe for the patient? It reminds me of the young doctor with very little experience who had a patient die on him. The doctor was very much surprised and said, "I do not understand why the man died. I gave him every sort of medicine I could think of." Of course, that was just the trouble. Similarly, the powers that prescribe this, that, and the other remedy without first discovering what the fundamental wrong is. I should like to ask those men who have been sitting in the saddle for so many years why it is that they could not cure the pre-war depression? I would ask them this very pertinent question: Why is it that they can find money enough to feed Hitler with bombs, but cannot find money enough to feed our aged parents with bread? If we need a battleship —it might cost five million dollars—five million dollars spring into existence. If the people cannot lend the money, the credit institutions of the country create it. It is simply a matter of mathematics. The whole monetary system is only a matter of figures; make no mistake about that. If we want a battleship, I say, a few million dollars at once spring into existence. If we want two battleships, then more million dollars spring into existence. If we want a dozen battleships—all right; there is the money. It does not matter where the battleships go. We hope, of course, that they will remain on top of the ocean and destroy

the fleets of the axis powers, but they may go to the bottom of the ocean. Still, the money is of no consequence. Yet somehow or another these supermen, with the superminds, cannot get a few extra dollars, not even the cost of living bonus, to give to our aged parents.

I said, Mr. Speaker, that there was nothing mysterious about the monetary system. It is simply that not until the last few years, when pressure has been exercised by groups, has the subject been brought out into the light of day. The hon. member for Northumberland (Mr. Fraser), when he was speaking in the house the other night, held up an Alberta prosperity certificate, and those who were in the chamber at the time know what happened. That prosperity certificate was a dollar prosperity certificate. Oh, yes, this was "funny money," the hon. member said and went on, I will take a cent for it; I will take two cents. The hon. member for Lethbridge (Mr. Blackmore) offered him two dollars. I have since asked the hon. member for Lethbridge if he was able to buy it, but he told me that he had not been able to buy it.

Mr. FRASER (Northumberland, Ont.): The two dollars was only a second thought.

Mr. HANSELL: Oh, I see the hon. member is sitting right opposite me now.

Mr. FRASER (Northumberland, Ont.): I am right here.

Mr. HANSELL: Well, I will pick up quite a different type of dollar bill. I see the hon. member is getting his money out. Here is a $5 bill. Of course, this is not funny money; at least, my hon. friend would not regard it as funny money. I will tell a little story. I wonder how many members have read what it says on this bill.

Mr. REID: I will give you two dollars for it.

Mr. HANSELL: I trust, Mr. Speaker, you are taking note of the interruptions because my time is running on. On this bill I read these words: "Bank of Canada will pay to the bearer on demand five dollars." I went into a bank one day with a $1 bill. I pushed it across the counter to the teller and said, "Here is a $1 bill, and I would like to get a dollar for it." He looked at me and said, "Why, this is a dollar." "Well," I said, "it says here, 'will pay to the bearer on demand one dollar,' and I am giving you this and demanding one dollar." He looked at me again and then called the bank manager over. The bank manager said, "How do you do, Mr. Hansell? Having some trouble?" "I do not know if you would call it trouble," I said, "but I read on this $1 bill that I would be paid one dollar on demand and I just asked the teller to give me the dollar that I demanded in exchange for this." The bank manager said to me, "Don't be funny." I said, "I am not funny, I just want the dollar." Then he put my $1 bill into the till and picked out another $1 bill and gave it to me, and I said, "Thank you, but I should like to know who is being funny."

Mr. FRASER (Northumberland, Ont): Have you not found out yet?

Mr. HANSELL: Yes; I found out that this $1 bill I had was somehow or another very funny. I might go further in that explanation. But let me say this, that the prosperity certificate which my hon. friend displayed in the house the other evening bought something which a $1 bill sometimes will not buy to-day.

Mr. MacNICOL: That is experience.

Mr. HANSELL: That prosperity certificate built roads in Alberta, and it passed over the counters of the grocery stores, shoe stores and clothing stores and bought things for the people who did work on those roads.

Mr. HLYNKA: And they did not have to go into debt.

Mr. HANSELL: They did not have to go into debt to get it. Unless we recognize the fundamental wrong of the old order, we shall never be able to plan for the new. I am alarmed. I will use Mr. Churchill's phrase of last Sunday, "I will end my speech where I began." If I did not tell you, Mr. Speaker, that Mr. Churchill said that, you might think I was attempting to be funny. But I will close where I started. Surely we are looking forward to a new world. When it will come I do not know; I trust it will come soon. But if we are to have a world in which there is any security we must plan now; we must know where we are going; we must find out what is fundamentally wrong and correct those fundamental errors. If we fail here, we shall fail those who are sacrificing so much; we shall fail them as we failed those who gave their blood on the battlefields of world war number one. Let us not permit these things to happen behind the scenes and find ourselves saddled with a system which eventually will take us into a slavery even worse than that of the dark ages.

In conclusion, I would say a word with respect to the amendment upon which, perhaps, we shall soon vote. I refer to the sub-amendment moved by the Cooperative Commonwealth Federation group. I am dis-

appointed with the wording of this subamendment. I believe that our Cooperative Commonwealth Federation friends, while wording it as they did, could have added to our amendment instead of deleting it. They call for the nationalization of the chartered banks. Personally it does not matter to me a particle whether the chartered banks are nationalized or not. I could vote for this subamendment and be happy about it; and perhaps I will; I may so decide during the last second or two; but I know that if I do, I am placed in the position of voting to strike out our amendment. I say in all kindness to my hon. friends that amendments of that kind do not tend to draw these two progressive groups any closer together. I think we should be able to come to an understanding with regard to some of these matters.

May I, in conclusion, place on the record a brief statement with respect to the nationalization of banks? It is an extract from a speech by Major C. H. Douglas at Oslo, Norway, in 1935:

> The institution and keeping of the national credit account does not require any nationalization of the banks. As a matter of fact, such nationalization would be a great mistake. I am not myself, for instance, an advocate of the nationalization of banks. I believe this again to be one of those misapprehensions so common in regard to these matters, for the nationalization of banks is merely an administrative change: it does not mean a change in policy, and a mere administrative change cannot be expected to produce any result whatever in regard to this matter. A change in monetary policy can be made without interfering with the administration or ownership of a single bank in the world.

I see, Mr. Speaker, that you are agitated because my time is gone. Thank you very much for your indulgence: and once more I promise the post-war reconstruction committee that I will talk a little about them when they bring down their next report.

Mr. A. R. ADAMSON (York West): This budget debate has been like a long, cold, hard winter; many of us have wondered when it was going to be over. No doubt the last speeches are like the April blizzards which we occasionally get. But I assure you, Mr. Speaker, that mine will be short—the thaw will soon come.

About this time in a budget debate there is a sort of open season on banks. I, too, have unpleasant memories of my banker. I frequently have distressing experiences; my bank manager calls me and says unkind things to me, using a lot of long words which I do not rightly understand. Therefore if there is to be an open season on banks, I should like to be armed with the tommy gun of my hon. friends on the left and let loose, because I could have a great deal of fun.

But before we do that, let us see what we are to do if we should nationalize the banks. Let us see what these much abused chartered banks have done for us.

I do not pretend to be an expert on money. But I think I understand a little about what the Minister of Finance (Mr. Ilsley) said in his budget speech. In 1942 the new financing in Canada amounted to the colossal sum of $4,290,000,000, of which the two war loans came to approximately $1,978,000,000, leaving $2,312,000,000 in short-term government money, which was financed very largely by the chartered banks. There was a certain amount of municipal financing, but it was small compared with what was obtained by the government from the chartered banks.

All of us know about the income tax. For the coming year the income tax is expected to raise $568,000,000; the corporation tax, $805,000,000, and the excise tax, $477,000,000, or a total of $1,850,000,000 as against the 1941 total of $1,261,000,000.

Let us look at what the banks did. The government admitted that it borrowed from the chartered banks $790,000,000, and from the Bank of Canada $443,000,000, or a total of $1,233,000,000, almost as great a sum as was raised by all the principal methods of direct taxation. There, it seems to me, we have an asset capable of producing these sums of money in this very distressing financial year. Therefore, before we do anything with the banks I should like to have explained to me, and I think the majority of simple-minded persons like myself would be glad of that explanation, what we are to put in their place that can lend this money or can fulfil the functions that the banks have fulfilled during this year. We should know these things before we start nationalizing or socializing the chartered banks. I do not know where we should have been without the chartered banks this last year.

As to the war loans, in the fiscal year 1942 there were two war loans totalling nearly $2 billion. I should like to know what happened to those bonds. It was currently said in Toronto and other financial centres that people bought the bonds, kept them for a short time and then sold them back on the market. In fact it is commonly said that the big corporations bought millions of dollars worth of bonds, held them for a few weeks and then turned them back on the market, which presumably had to be supported by the government. Who bought

those bonds from the big interests, and where are they now? Were they taken by the chartered banks; were they taken by the finance department, or what happened to them? I know many instances of people buying bonds, holding them a short time and then turning them back on the market. Who supported that market? The government has supported the market. But was it not helped by the chartered banks, and were not individual subscribers helped by the chartered banks? If we start to destroy these institutions, who is going to fulfil that function?

An hon. MEMBER: The national bank.

Mr. ADAMSON: I do not think so. The national bank is the government.

I notice that private bond issues are beginning to come out again. I see that the Imperial Tobacco company has put out a bond issue of $10 million ten-year bonds, and the credit of the company is so good that they pay only one-quarter of one per cent more than the government pays. They issued these ten-year bonds at three and a quarter per cent, and bonds for a somewhat longer term bear three and three-eighths per cent. But it seems to me that in war time every dollar raised from the people should go to support the war. I know that in England private financing was virtually prohibited, except for very special purposes, for the entire duration of the war.

These Imperial Tobacco company bonds have already been sold. What did the company want that money for? Surely tobacco is not a war necessity. But they got the money, got it very easily; the bonds were sold before the advertisement appeared, showing the excellent credit of the company and showing how much money there must be in the country.

The Minister of Finance did not like having to borrow the amount of money that he borrowed from the banks on short-term notes at one half and three-quarters of one per cent; I think three-quarters of one per cent was the most he paid. I notice that some treasury notes were sold to-day at one-half of one per cent. It seems to me that without those financial institutions that are capable of lending the government this money, the government would find itself in greater difficulty than it does now. I do not profess to be a financier or to know a great deal about banking, but to my mind that is a problem which has to be explained before we can entertain any idea of nationalization of those institutions.

There is one small matter I wish to take up with the Minister of National Revenue (Mr. Gibson). It concerns propaganda. As a member of this house I receive a great deal of propaganda; we all do. We receive propaganda from many countries. I even received some from Germany—not recently. I received it from the Free French, from Chile, and from many other countries. The other day I asked the British minister of information in New York to send me some pamphlets to distribute. The invoice came to me marked "No commercial value, property of the British government, not salable." But when I tried to clear it through the customs the customs put an arbitrary value of $15 on it and charged me 30 per cent duty. The impression that gave me was that it is an effort on the part of the government to stop British propaganda. Every other type of propaganda comes in free, but British propaganda is charged 30 per cent. I think we should have some explanation of that.

We had a debate in this house concerning the aluminum corporation, taking a great part of one afternoon. I should like to mention the production of the four other main non-ferrous metals, and to show what has been done in their production in Canada by private enterprise. These four main non-ferrous metals are lead, zinc, copper and nickel. In 1942 our production of non-ferrous metals was 1,100,000 tons, which proportionately was four times as great as the production of the United States. The additional aluminum production probably represents a great increase even over that. This was all done by four or five of the largest mining corporations in the world; I need not name them. It may be said that no doubt these corporations made colossal profits on the sale of these non-ferrous metals. Well, at the beginning of the war an agreement was made with the British government under which the prices of copper, zinc and lead were stabilized at a level a great deal lower than the then market price. Let us look at the prices these great corporations are now getting for their metals. To-day copper is being sold to Great Britain at 25 per cent less than the domestic United States price, zinc at one-third of the United States price and lead at one-half that price. In my opinion it was a very patriotic and thoroughly fine gesture on the part of these great corporations to obligate themselves to sell these metals at these prices from the beginning of the war.

Let us look now at what happened in the United States and elsewhere in regard to other necessary metals such as chromite, manganese, tungsten and mercury, all essential metals practically not produced at all in Canada.

They are selling at two and a half times the pre-war price. Consequently I think these large mining corporations in Canada, in selling non-ferrous metals at from one-half to one-third the former price, have demonstrated a commendable and praiseworthy attitude.

In connection with these metals, for years we have been greatly worried in regard to the wastage or what one might call the high-grading of our major metal deposits, because there has been no major discovery of base metals in the last ten or fifteen years. Perhaps the last major deposit of base metal in Canada was made at Noranda some fifteen or seventeen years ago. Well, Mr. Speaker, you cannot expect a mining industry to continue unless new discoveries are made. The point I wish to make to-night is that we have seen how vital these metals are both in peace and in war, and yet no major discoveries have been made, certainly for the last ten years. Why is that? I think the reason is that the taxation policy of the government has not encouraged prospecting parties to go out looking for discoveries in order to develop the country. The policy has been to penalize in every way anyone who showed the pioneer spirit. Mind you, to-day it takes millions to bring in a mine; it is not small business any more. If an individual goes out and discovers a property, at every step from the raw prospect right up to the producing mine the government tax-gatherer sits in and taxes every move. You cannot treat mines like that; you cannot tax a mine until it is making a profit, that is if you wish to have a healthy mining industry. The first sign we have had in this country that this principle has been realized is in the present budget, but it should have been put into effect years ago.

The mines belong to the people who discover and develop them, but people who discover and develop mines have a great responsibility to the state, quite apart from seeing that the mine is properly run, that labour is properly looked after, that the mine is kept safe, and so on. They have a responsibility to develop the country, and I believe our taxation should be so arranged that mines now in production may be encouraged to continue in order that the country may be developed. Otherwise we will find ourselves with a steadily diminishing production of metals, and there is nothing so vital to us in Canada as a large production of metals. In this connection we are probably changing over from the production of lead, zinc and copper metallurgy to the production of lighter metals such as aluminum and magnesium; and if there are deposits of magnesium the government should give every encouragement to their development.

72537—100½

The other evening I was interested to hear the principal of Queen's university say that he hoped we would return to a gold standard. I thought perhaps the roof would fall off; it did not, but sometime it may. But I thoroughly agree with that gentleman. There must be a metallic coverage; our paper currency has never been satisfactory for long terms and for international trade without a metallic coverage or conversion for our famous dollar bills that go into and out of the banker's window. What will be the price of gold or how it will be arranged no one can tell at this moment, but I think it goes without saying that we shall have to get back to some form of gold as a monetary standard. I hear criticism of this suggestion. Well, we shall be able to do without the gold standard the day my hon. friends and I are in a poker game, my hon. friend holding a full house of aces up on kings, and I with a busted straight. I lay my cards face down, and say I have four aces, and the pot is mine. The day he pushes the money over to me, without expecting me to turn my cards face up, that day we shall not need the gold standard. But until we get international goodwill and international trust to such a high degree, we must have some means of international currency. Human nature is like that.

With reference to the pioneer spirit I should like to refer briefly to the Steep Rock situation. Here we have a development which has been known about for a number of years, one of the greatest iron ore deposits ever discovered on this continent in the last fifty years. Certainly it is the greatest discovery since that of the Mesaba iron range. It is extremely rich, and an extremely valuable deposit of ore. But on account of lack of the pioneer spirit, where did we have to go to have the development financed? We had to go to Washington. Not only did we have to go to Washington, but we had to go to the reconstruction finance corporation, an organization of the United States government. That organization lent $5,000,000 at four per cent, and another $2,025,000 was lent by Otis and Company of Cleveland at 5½ per cent. So long as the development is financed, and it goes into production, it makes no difference to me. But why could we not have done the financing in Canada? Are we so pigeon-hearted about this magnificent deposit that there was nobody in Canada who would risk a sum as small as $5,000,000 to develop that iron ore deposit? I am sure $10,000,000 could easily be raised by a tobacco company. But when it comes to the development of one of our greatest resources, we cannot raise the money, and we have to go to the United States government.

The facts about Steep Rock are well known. They were in the press and in the trade papers. I mention them here for only one purpose and with one idea, namely, to show the opportunities we as Canadians are passing up every day in the week, simply because we are not awake to the possibilities in our own country. We are not alive to developments. We have lost the pioneering spirit. The men who pioneered in the old days did not permit their work to be lessened by the whims of government, or by budgets. They took chances on their country, and developed it. Those men are not in the field to-day, and the country is suffering. They are not there because this and previous governments have not encouraged the pioneer spirit. Men have been almost forced to put their money in the safety of savings accounts and life insurance policies, so that it could be safe from taxation. What we must do, and do almost immediately, is to see to it that this country is developed by the courageous foresight of individuals. When they do have success let us show that we are proud of them, instead of treating them almost as criminals.

Some hon. MEMBERS: Question.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker—

Some hon. MEMBERS: Oh, oh.

Mr. BLACKMORE: An hon. member should be able to enjoy his rights in the house without a demonstration of that sort.

Before the vote is taken on the two amendments I believe I should say a word or two, inasmuch as the question at issue is largely between the two so-called progressive, smaller groups in the house, namely, the Social Credit and Cooperative Commonwealth Federation groups. On March 9, I moved this amendment to the budget, as it appears at page 1092 of *Hansard:*

> This house regrets that the government still disregards the possible uses of government-created national money to the end that in so far as taxation and the borrowing of the people's savings fail to meet government expenditures the government might employ national money:
>
> (a) To relieve the debt situation which threatens the ownership and control of a great many private businesses, factories, farms and other means of production.
>
> (b) To pay farmers and other primary producers fair prices thereby stimulating the production of food.
>
> (c) To provide workers with adequate purchasing power.
>
> (d) To alleviate the distress of the aged and others in needy circumstances.
>
> (e) To prevent inflation by the subsidizing of industry where costs are uncontrollable, adopting where necessary a more aggressive and consistent rationing policy.

On the same day the hon. member for Rosetown-Biggar (Mr. Coldwell) moved a subamendemnt in which he proposed to strike out completely the amendment of the Social Credit group. I wish to spend a few minutes on the significance of the fact that the Social Credit amendment was to be struck out completely. It will be noticed that there was to be no addition to it, but that it was to be struck out, the implication apparently being that the Cooperative Commonwealth Federation are opposed not only to all the objects the Social Credit group proposed to attain, but also to the method by which this group proposed to attain them.

Mr. COLDWELL: There is no suggested method in the amendment.

Mr. BLACKMORE: If that be the case, then quite clearly these two groups are diametrically opposed. There may, however, be some means of arriving at cooperation by the two groups. The amendment moved by the hon. member for Rosetown-Biggar (Mr. Coldwell) reads as follows:

> That all the words after "that" in the amendment be struck out and the following substituted therefor:
>
> "this house regrets the failure of the government to provide for the nationalization of the banking system so as to make possible the full utilization of the Bank of Canada for the financing of the war;
>
> and further this house regrets the failure of the government to provide for increases in the amounts paid to old age and blind pensioners, or to make adequate provisions for veterans of the last or the present war, or their widows and dependents;
>
> and further this house regrets the extent to which the government has vested the control of the Canadian economy in monopolistic industry and finance."

In the first place, I desire to point out that all the Cooperative Commonwealth Federation need to do is to add about five or six more paragraphs to this amendment and they will have covered the whole gospel from Genesis to Revelations. Then, if anyone voted against their amendment he could be accused of voting against some good thing, no matter what good thing was being considered. I maintain that an amendment of that sort, whether or not it is designed to accomplish the end, results in confusing the issue. What I believe is essential at the present time is to keep the issue clear. All we need to do is to listen to the remarks of the hon. member (Mr. Adamson) who has just resumed his seat and those of

the hon. member for Vancouver-Burrard (Mr. McGeer) uttered in the chamber this very day to see how widely the opinions of people in this dominion can differ. Surely we ought to try to keep the issue clear.

As far as the Social Credit group is concerned, the issue is simply this: Is there any means whereby the state can obtain money other than by taxation or by incurring debt? If there is, then there is some hope for the nation; if there is not, then there is apparently no hope for Canada anywhere. The Social Credit movement has aimed constantly ever since coming to this house to keep before the house this one issue: Is there any source of money without taxation and without debt?

The Cooperative Commonwealth Federation has proposed the nationalization of the banking system. What do they believe they can achieve by nationalizing the banking system? Do they believe that money can be obtained from a nationalized banking system without capital debt and without interest? If they believe that, then the only difference between the Social Credit and the Cooperative Commonwealth Federation groups on that particular point is whether or not you can derive this debt-free money, this money freed from capital debt and interest more successfully from a national bank, or from an individually owned bank, or from no bank at all. Social Credit contends that the state does not necessarily have to have a bank in order to issue national money, any more than the Dominion of Canada had to have a bank in order to issue the $26,000,000 to which I have previously referred and which was issued during the last war. They used that money to help finance their war expenditures between 1914 and 1917, and no bank was used. The treasury board issued the money under the Finance Act of 1914, and that money was free of debt and free of interest. The question is whether the principle established by the issuing of that money is a sound principle which could be used to-day to greatly relieve the distress which we are now suffering in conducting the war and to minimize the dangers which we shall have to face at the conclusion of the war and which were forecast so well by the hon. member for Vancouver-Burrard.

If it is possible to create money without the use of a bank, then why bother about nationalizing the banks? That is the natural question the Social Credit group would ask. If you nationalize the banks, are you not in danger of complicating the situation for years? That is the consideration which should be in our minds. The passage from Major C. H. Douglas which was read by the hon. member for Macleod (Mr. Hansell) earlier in the evening indicates quite clearly the attitude of that great leader upon that question. Major C. H. Douglas is the originator of the Social Credit movement; he is the teacher, and his opinion respecting the ownership of banks and what effect it would have upon financing the national concern is of importance.

What has been the effect of nationalizing the banks in days gone by? Let us refer to our own Bank of Canada. When it was proposed that we should have a Bank of Canada, government owned, I am sure the general opinion throughout the west was that Canada would be able to draw money from that bank to finance her going concern. I am sure it never dawned on the people of the west that after the government of Canada had a central bank we would have to borrow from that bank just as though it were the Bank of England or some other private owner of money and then pay back the money borrowed and with interest. That concept would be a most astounding one to any person in the west who looked upon the national ownership of banks as a desirable thing.

If the Cooperative Commonwealth Federation believe that by nationalizing the banks we shall be able to get money free from debt and free from interest; if they are completely convinced that it is necessary to nationalize the banks, then probably we should grant them a certain amount of consideration. Personally I do not believe that that is necessary. I feel we have gone as far in nationalizing the banks as is necessary when we have nationalized the Bank of Canada. I am inclined to agree with the hon. member for Vancouver-Burrard who said this afternoon that the chartered banks should remain in private hands and should be used as a part of the productive system of the country. It is a fundamental stand of the Social Credit movement that the productive system of the country in every respect should be in private hands, that by maintaining it in private hands the greatest degree of motivation will be obtained. We favour the individual ownership of the means of production. If the chartered banks, which loan money for commercial purposes, are to be looked upon as part of the productive system, then in order to be logical we must have the commercial banks in private hands.

Mr. MacINNIS: When the hon. member says that he believes in individual ownership, does he exclude corporate ownership, or does he believe in corporations and trusts as well as in individual ownership?

Mr. BLACKMORE: A corporation is just what the name implies. The word "corporation" comes from the Latin "corpus", which means body. The body acts as an individual; consequently a corporation is an individual in the eyes of the law. It is embodied in one body. The trust or the monopoly is an abuse of individual ownership. It is something that has gone too far, and the fact that it exists is evidence that there has been mismanagement or that there is weakness in the system under which it has developed. The Social Credit attitude is that you would not destroy the corporation; you would simply rearrange the set of rules under which it acts in order to prevent abuses from developing.

We feel that the question of motivation is all important. Let us remember that if we change the system under which we are working to-day, we change it perhaps for a hundred years; we change it for our children and our grandchildren to grow up under. Therefore we want to build a system which will motivate to the highest possible degree activities of the finest kind. We want the people to get out and work and develop themselves while they produce. While they produce we want them also to have a higher degree of the abundance of life. We as a Social Credit group believe that we can obtain these objects through individual ownership better than by state or social ownership. We are granting at the same time, judging from anything which has been said by the Cooperative Commonwealth Federation since I have been in this house, that they do not indicate very clearly just what is meant by social ownership or social control. As I said the other day, the stand of the party seems to be a bit shifty on this matter, and it is very difficult to tell just what is meant by social ownership. For example, they do not favour, if I understand them aright, having farms all taken over and controlled socially. They favour individual ownership to that degree. I am wondering if they favour taking over the small town stores and managing them socially. I imagine not.

Mr. COLDWELL: Certainly not.

Mr. BLACKMORE: Then what do they mean by social ownership? Where does it commence? Is it when there is one thousand dollars invested in an enterprise, or a hundred thousand dollars, or a million dollars invested? Or does it commence when the concern begins to go outside the community in which it was established or when it goes outside the province?

[Mr. MacInnis.]

Mr. COLDWELL: You ask where we begin. We begin with the monopolies.

Mr. BLACKMORE: When you are advocating social ownership the meaning of your expressions is not very clear unless you define them.

Mr. COLDWELL: They have been defined a number of times.

Mr. BLACKMORE: Then I am sorry I have not heard it.

Mr. COLDWELL: None so blind as those who will not see.

Mr. BLACKMORE: I have had my eyes open and I shall show that they have been opened much wider than the hon. member's have been, judging by some of the things he has said on the floor of this house very recently.

Between these two amendments, Mr. Speaker, it is the desire of the Social Credit movement to keep the issue clear. I do not believe that my hon. friend and his party favour allowing great concerns with power to dictate to the government with respect to the economic affairs of this country. We Social Crediters would not agree to allowing great concerns to run at large with unrestricted competition any more than would the members of the Liberal party or of the Progressive Conservative party. I do not suppose you could find one-tenth of the members of this house who would be in favour of unrestricted competition, unrestricted development of monopolies and trusts. Every one would favour some regulation of them, just as the hon. Minister of Pensions and National Health (Mr. Mackenzie) indicated the other day. I am not sure that I would go as far as he was prepared to go, but perhaps that was because I was not absolutely clear as to what he meant by the words he used. So much depends upon the words you use and what you mean by them. There are words of large connotation and words of very indefinite connotation, the use of which tends to confuse an issue.

As I said a moment ago, we want to keep the issue clear. In this vote which we are going to take on the two amendments we Social Crediters shall endeavour to keep the issue clear. We do not propose to be mixed up with any question of old age pensions or anything of that sort. We realize fully that if we vote against the Cooperative Commonwealth Federation amendment, immediately their propaganda machine will spread all over the dominion that this group voted against old age pensions.

Mr. COLDWELL: No, no.

Mr. BLACKMORE: We are glad to have that assurance, but our past experience makes us suspicious.

I wish to refer now to some false conceptions of the Social Credit stand which have been manifest in the addresses of some hon. members in this debate, false conceptions which it is impossible for me to comprehend. I turn first of all to the words of the hon. member for Rosetown-Biggar (Mr. Coldwell), who according to his own words has been very, very careful to observe just what has been said and draw his own conclusions. At page 1106 of *Hansard* he said:

> We cannot regard money as anything but a rough and ready measure and medium of circulation for goods. It seems to me that my hon. friends to my left mistake money for wealth. In other words, they mistake the shadow for the substance. In my view sound money is money that is related to goods and services.

May I just make a comment here, Mr. Speaker. I have not the time to review all the speeches which I have delivered in this house, but in the first speech I delivered in 1936, to which any hon. member may refer if he desires to check up what I say, I specifically pointed out that in a certain year in United States economic history the people of the United States produced $60,000,000,000 worth of goods, yet all the money which was distributed in the United States with which those goods might have been bought amounted to only $45 billion, and of that $45 billion $5 billion were put away in life insurance and in other kinds of savings, leaving a net of only $40 billion with which to buy $60 billion worth of goods. That indicated that there was a scarcity of purchasing power in the hands of the people of the United States in that particular year, and the shortage of purchasing power had to be made up. I argued that the way in which that could be made up was by monetizing the $20 billion worth of goods and distributing that money in the hands of the people, thereby enabling them to buy the $20 billion worth of goods, or the goods from abroad for which they might exchange those goods. If that was not clear and unmistakable I do not know how illustrations and words could make a matter clear. The hon. member for Rosetown-Biggar was here when I made that speech and he has been here when I have made every other speech since, or at all events *Hansard* has been available if he really wanted to know what Social Credit's attitude was on money as related to goods. So that it has been certainly easy for him to find out.

May I refer to one further speech I made. On March 8, 1938, I moved a vote of want of confidence in the government and delivered a speech which lasted something like two hours. My object was to make unequivocally clear just this very point which the hon. member for Rosetown-Biggar professes to be in doubt about. I laid down there this fundamental principle, that the amount of money which a country can have depends upon the goods-and-services-producing-and-consuming power of the country.

Let me say one more thing. I have never yet referred to a booklet which I took the trouble to write just for the sake of men like the hon. member for Rosetown-Biggar who could not gather the meaning of what I had to say from my speeches in the house. It is called "Money the Master Key."

Mr. COLDWELL: I have read it.

Mr. BLACKMORE: If my hon. friend has read it, he will find that time and time again reference is made in it to that very point, the statement being repeated that the amount of money which a community can have depends upon the goods-and-services-producing-power of the community. So there should be no doubt at all regarding that matter.

Now I quote a passage from Major Douglas to indicate his stand. These are his words:

> It must be obvious that the real limit of the rate at which something representing purchasing power could be issued to the public is equal to the maximum rate at which goods can be produced.

I hope that disposes of that matter.

Now I turn to the words of the hon. member for Moose Jaw (Mr. Ross). The hon. member in his speech, as recorded at page 1329 of *Hansard* of March 17, made this remark:

> My hon. friends of the Social Credit group would wreck the whole thing by issuing worthless paper money.

The hon. member for Macleod very properly called out, "It is a lie." The hon. member for Moose Jaw had no vestige of excuse for making any such absurd remark as that after having sat here in the presence of social crediters and having conversed in private with social crediters so that he could obtain a correct conception of their views. As long as members persist in misconceptions of this kind deliberately held, apparently, I fail utterly to see how we are going to get anywhere at all in this country.

May I refer now to what the hon. member for Fraser Valley (Mr. Cruickshank) said the other evening. He made this remark:

> I will not attempt to speak on monetary reform, for the good and simple reason that I do not understand it.

He made it quite clear that he did not understand it. He did not need to tell us that, because he illustrated it clearly. He proceeded to say:

I think, however, I understand enough to know that the monetary reform offered by our friends from Alberta is neither sound nor sensible, that is as they expound it here and as they are supposed to expound it in the press, although frankly I do not hold them responsible for all that is said about them in the press.

The hon. member for Fraser Valley is ordinarily a careful man, and I have gathered from what he has said in the past that he is endeavouring to get things straight. The amazing thing is why, if he was not able to gather from what social crediters said in the House of Commons the truth about their theory, he did not come and ask one of us to explain it to him or study a book from which he could learn this important theory.

He indicated that it is very hard to tell what social crediters believe from what is said in the House of Commons. I ask the hon. member what chance he would have of learning what Liberals believe from what they state in the House of Commons, or how he would get an accurate conception of what Conservatives believe by hearing what they say in the house. What chance has any hon. member of expounding here in any kind of satisfying detail the whole philosophy and technique of the beliefs that he maintains?

I contend that the solution of our troubles lies in money, in the ability of the state to obtain money which can be spent into circulation rather than lent into circulation, and can be acquired by the state without increasing debt and without increasing interest charges.

Just before I leave this question of the two amendments, may I point out that the Social Credit group, in order to clarify the issue, and to prevent any possibility of misrepresentation in this country concerning their stand, intend to refrain from holding sternly to their attitude on the banking system, and will vote for the Cooperative Commonwealth Federation amendment. We shall have an interesting time seeing what the Cooperative Commonwealth Federation will do with respect to the Social Credit amendment.

I should like to refer to just one or two other things which are involved in the Co-operative Commonwealth Federation amendment. I think we can accept all they say about old age pensions, and all they say regarding giving veterans more pay. Surely everyone in the house agrees with these things; certainly we do. As to what they say about too great monopolistic industrial and financial control, we all agree with that. So that we can accept quite easily those parts of their amendment.

I should like to show some hon. members, who have had so much to say in derision of monetary proposals for the solution of our difficulty, just how foolish they are, or at least how much out of step they are with some of the very best thinking in the world to-day. In order to do so, I will refer again to little pamphlets which have been mentioned several times in this house, in particular the report of the London chamber of commerce issued on May 12, 1942. I read from the first page the following statement:

The chamber submits that constantly raised tariffs, the imposition of quotas and prohibitions, and other signs of growing economic belligerency between the nations in the inter-war period, were not the result of stupidity nor ill-will but were, on the contrary, imposed for most compelling reasons. They represented attempts by the nations to defend themselves against very real and pressing dangers. The chamber is convinced that until those dangers are recognized and removed, a direct attack upon trade barriers can serve no useful purpose but will, on the contrary, merely increase fear. In short, trade barriers are not themselves the disease but merely the symptoms of the disease.

The important question is, what is the disease? What is the cause of it? May I read another excerpt?

It was palpably absurd that nations should be desperately anxious to export more of their real wealth to other nations than they received in return. It was equally absurd that men in want of the necessaries of life should be denied the money with which to buy them because there was a superabundance of those necessaries and therefore their services were not required to make more.

With that, I believe, all hon. members will agree. I read from page 4:

The limiting factor in the production of real wealth has, however, been the failure to distribute to would-be consumers enough money to buy the potential output, and goods are not for long produced if there are no buyers.

That is an extremely important point. May I read another:

The system of distributing purchasing power was evolved during an age of scarcity, i.e., an age in which there were not enough goods to go round. This system aimed, therefore, at ensuring maximum production with minimum consumption.

A few moments ago hon. members heard the hon. member for Macleod (Mr. Hansell) raise the question, why do we not examine the present financial system with the object of discovering wherein lies the flaw; and then, why do we not concentrate our attention on the removal of that flaw? May I

read from page 5, because the people who drafted this report have done the very thing which the hon. member for Macleod suggested:

. . . it was clearly necessary to increase the purchasing power of the masses in order to provide buyers, without which the goods would not, for long, be produced.

From page 7, I select the following:

The chamber cannot therefore support any scheme which, in the economic sphere, relies upon some supranational authority (which in practice must mean the most powerful nation or nations) to dictate to the weaker nations what their internal economic policy shall be.

On page 8:

It believes, on the contrary, that the largest measure of cooperation between nations will be realized when fear of financial and economic domination from outside is removed, and each nation is entirely free to cooperate or not as it wishes; the extent of that cooperation also being within its own control.

May I stop here to observe that to social crediters that is an extremely important point. As hon. members will have noticed, during this year we have continually urged that every care be adopted in Canada to prevent this country from being entangled in some international organization which will limit her power to manage her own affairs.

Under the system which we propose, the dominion can keep control of her affairs independent of every nation on the face of the earth, except in so far as she must exchange some of her goods for goods which she cannot produce; and the number of goods which she must bring in from outside is surprisingly small. The result is that Canada is admirably endowed for becoming an economically self-sufficient unit, and what we maintain is that Canada should become a self-sufficient unit economically. She will never do that by entangling herself in any supranational organization: she will do that by distributing purchasing power within her own bounds.

May I now read further from page 9 of this report:

What is necessary is to improve the technique for the internal provision of money, so as to convert this human demand into effective demand.

If the Cooperative Commonwealth Federation knows how to do that better than the Social Credit people do, the Cooperative Commonwealth Federation proposals are undoubtedly the best proposals for the Dominion of Canada at the present time. Otherwise Social Credit is the best. I read again on:

These surplus exports might confer a benefit on some countries if they were sent as a gift; and the recipient country had an internal financial mechanism capable of distributing enough purchasing power to its people to enable them to buy excess imports of consumers' goods in addition to, instead of in competition with, the goods already there.

Again:

The chamber submits that international trade must now be raised to its true function, that is, nothing more nor less than an exchange of goods and services of a mutually advantageous character.

A quotation from page 10:

Instead of trying to equate supply with effective demand, the chamber advocates that, in future, effective demand should be equated with supply.

Hon. members will recognize that this amounts simply to the creation of purchasing power within the country and the distribution of that purchasing power to enable the people to buy the goods which they are able to produce, or to buy the goods which they are able to trade their surplus for, which is exactly the contention that the social crediters have made before this house ever since 1936. The report states, as one of the problems which a satisfactory system must be designed to solve:

The distribution internally of the purchasing power necessary to enable the nations to consume the whole of their own production: if this were done they could equally consume the goods of other nations which they might exchange for their own production.

And again on page 11:

The chamber, having considered whether there is any system which would achieve, wholly or partially, the solution of all the above problems, generally accepts the principles laid down in "A Twentieth Century Economic System" especially in respect of blocked credits for the payment of international obligations.

May I now read four short excerpts from this same "A Twentieth Century Economic System". This is from page 15:

How to distribute purchasing power to the mass of the people is therefore the most pressing and urgent internal problem of every advanced nation.

On page 17:

No excuse is made for having considered at some length under-consumption, which is synonomous with unemployment, since it is submitted that this is a root problem which must be solved, unless all hope of the survival of our civilization is to be abandoned.

BUSINESS OF THE HOUSE

SUSPENSION OF ELEVEN O'CLOCK RULE

Mr. MACKENZIE KING: Will the hon. member permit me to interrupt for a moment? I think it is the desire of the house to have the division this evening on the subamendment, and to conclude the debate on the budget this evening if possible—not on the

resolutions of course. I was going to move, if the house would be agreeable, that we do not adjourn at eleven o'clock to-night. I understand from the whips—I may be wrongly informed—that there are not more than one or two who wish to speak on the amendment. Unless there is an intention on the part of some hon. members to continue the discussion on the motion longer than another hour or so we might conclude this evening.

Mr. COLDWELL: If the present speech is the last I think we should try to take the vote to-night, but if there are to be other speeches I do not think we should go on. I do not think we should sit all night.

Mr. MACKENZIE KING: If there are other speakers they might prefer to make short speeches on some of the resolutions which would cover the same ground. I move that the house do not adjourn at eleven o'clock to-day.

Mr. GRAYDON: My feelings are very similar to those of the leader of the Cooperative Commonwealth Federation. If such a motion is to be passed I think it must be definitely with the understanding that it is only for the purpose of finishing the present speaker's speech and taking the vote. If there are more speeches to come after that of the hon. member for Lethbridge I do not think our party is prepared to give its consent.

Mr. MACKENZIE KING: Of course I am not in a position to say whether anyone is going to rise at the end of the present speech. But I think we might hope that when it is concluded no one else is to follow.

Mr. ROY: As long as I am permitted to speak for about ten or fifteen minutes after the subamendment has been disposed of, I am ready to agree to the proposal of the Prime Minister.

Motion (Mr. Mackenzie King) agreed to.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Coldwell.

Mr. BLACKMORE: Another quotation from "A Twentieth Century Economic System," found on page 35, is as follows:

If, therefore, it is desired to maintain a stable price level, there should be an annual increase in the total amount of purchasing media corresponding to the total annual increase in the amount of real wealth to be distributed. This issue of brand new purchasing media should, it is submitted, be spent into existence by the state, involving therefore no capital debt and no interest charge, instead of being lent into existence at interest by the private banking system, the state often being the borrower.

That statement is the key to the whole problem. I read one more, this time from page 37:

This proposal would not, therefore, interfere with the normal lending functions of the joint stock banks. It merely ensures that when the national economy demands an expansion in the total amount of purchasing media, whether cheque money or paper notes, it shall come into existence, in the first place, by being spent into existence by the state without capital debt or interest charge, instead of being lent into existence by the banks, at interest.

Finally on page 45:

In a progressive society there is an annual increase in the total output of goods and services, which necessitates a corresponding increase in the total issue of purchasing media unless prices are to fall. It is this annual increase in the total of purchasing media which, it is submitted, should be spent into existence by the state without any capital debt or interest charge, instead of being lent into existence by the private banking system.

I think I have made our position as clear as it can be made in the time at my disposal.

As I said before, my group propose to vote for the amendment to our own amendment, with the reservation that we intend to vote for our own amendment, confident that our own amendment contains the germ of the solution of the difficulty that now confronts this nation not only in prosecuting the war but in the winning of the peace thereafter.

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

YEAS

Messrs:

Blackmore	LaCroix (Quebec-Montmorency)
Castleden	MacInnis
Coldwell	Nicholson
d'Anjou	Nielsen, Mrs.
Dorion	Quelch
Douglas (Weyburn)	Roy
Gillis	Wright—16.
Hansell	
Kuhl	

NAYS

Messrs:

Abbott	Bertrand (Prescott)
Adamson	Black (Chateauguay-Huntingdon)
Anderson	Black (Cumberland)
Authier	Black (Yukon)
Aylesworth	Blair
Bence	Blanchette
Bertrand (Laurier)	

Bonnier
Boucher
Bradette
Brunelle
Cardiff
Casselman, Mrs. (Edmonton East)
Casselman (Grenville-Dundas)
Chevrier
Clark
Claxton
Cleaver
Cloutier
Corman
Coté
Cruickshank
Dechene
Denis
Diefenbaker
Donnelly
Durocher
Edwards
Emmerson
Eudes
Evans
Farquhar
Fauteux
Ferland
Ferron
Fontaine
Fournier (Hull)
Fraser (Northumberland, Ont.)
Fraser (Peterborough West)
Fulford
Furniss
Gauthier
Gershaw
Gibson
Gingues
Gladstone
Golding
Goulet
Graham
Grant
Graydon
Hanson (Skeena)
Hanson (York-Sunbury)
Hatfield
Hazen
Healy
Henderson
Hill
Homuth
Howden
Howe
Hurtubise
Ilsley
Isnor
Jackman
Jean
King, Mackenzie
Kinley
Kirk
Lacroix (Beauce)
Laflamme
LaFlèche
Lafontaine
Lalonde
Leader
Leduc
Leger
Little
Lizotte
Lockhart
McCann
McCubbin
McCulloch
MacDiarmid
Macdonald (Brantford City)
Macdonald (Halifax)
Macdonald (Kingston City)
McDonald (Pontiac)
McGarry
McGeer
McGibbon
McIvor
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McKinnon (Kenora-Rainy River)
MacKinnon (Kootenay East)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Simcoe East)
Macmillan
McNiven (Regina City)
MacNicol
Marier
Martin
Matthews
Maybank
Mayhew
Michaud
Mitchell
Mullins
Mulock
Neill
Nixon
O'Brien
O'Neill
Perley
Picard
Pinard
Poirier
Pottier
Purdy
Ralston
Reid
Rennie
Rhéaume
Rickard
Ross (Calgary East)
Ross (St. Paul's)
Ross (Souris)
Ryan
St. Laurent
Sanderson
Senn
Sissons
Soper
Stirling
Taylor
Telford
Thauvette
Tripp
Turgeon
Tustin
Ward
Warren
Weir
Whitman
Winkler
Wood—155.

Mr. MARSHALL: I was paired with the hon. member for Victoria, Ont. (Mr. McNevin). Had I voted I would have voted for the amendment to the amendment.

Mr. FAIR: I was paired with the hon. member for Melville (Mr. Gardiner). Had I voted I would have voted for the amendment to the amendment.

Mr. ROSS (Moose Jaw): I was paired with the hon. member for Bow River (Mr. Johnston). Had I voted I would have voted against the amendment to the amendment.

Mr. HOMUTH: Why?

Mr. SPEAKER: The question is on the amendment. Those in favour will please rise.

Mr. CASSELMAN: That is not enough for a vote.

Mr. HOMUTH: I rise to a point of order. There are only four votes. That is not enough for a vote.

Mr. SPEAKER: The vote is being taken; there can be no point of order.

Mr. HOMUTH: There are only four votes.

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

YEAS

Messrs:

Blackmore
Hansell
Kuhl
Quelch—4.

NAYS

Messrs:

Abbott
Adamson
Anderson
Authier
Aylesworth
Bence
Bertrand (Laurier)
Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Black (Cumberland)
Black (Yukon)
Blair
Blanchette
Bonnier
Boucher
Bradette
Brunelle
Cardin
Casselman, Mrs. (Edmonton East)
Casselman (Grenville-Dundas)
Chevrier
Clark
Claxton
Cleaver
Cloutier
Coldwell
Corman
Coté
Cruickshank
d'Anjou
Dechene
Denis
Diefenbaker
Donnelly
Dorion
Durocher
Edwards
Emmerson
Eudes
Evans
Farquhar
Fauteux
Ferland
Ferron
Fontaine
Fournier (Hull)
Fraser (Northumberland, Ont.)
Fraser (Peterborough West)
Fulford
Furniss
Gauthier
Gershaw
Gibson

Gillis
Gingues
Gladstone
Golding
Goulet
Graham
Grant
Graydon
Hanson (Skeena)
Hazen
Healy
Henderson
Hill
Homuth
Howden
Howe
Hurtubise
Ilsley
Isnor
Jackman
Jean
King, Mackenzie
Kinley
Kirk
Lacroix (Beauce)
LaCroix (Quebec-Montmorency)
Laflamme
LaFleche
Lafontaine
Lalonde
Leader
Leduc
Leger
Little
Lizotte
Lockhart
McCann
McCubbin
McCulloch
MacDiarmid
Macdonald (Halifax)
Macdonald (Kingston City)
McDonald (Pontiac)
McGarry
McGeer
McGibbon
MacInnis
McIvor
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McKinnon (Kenora-Rainy River)
MacKinnon (Kootenay East)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Simcoe East)
Macmillan
McNiven (Regina City)
MacNicol
Marier
Martin
Matthews
Maybank
Mayhew
Michaud
Mitchell
Mullins
Mulock
Neill
Nicholson
Nixon
O'Brien
O'Neill
Perley
Picard
Pinard
Poirier
Pottier
Purdy
Ralston
Reid
Rennie
Rhéaume
Rickard
Ross (Calgary East)
Ross (St. Paul's)
Ross (Souris)
Roy
Ryan
St. Laurent
Sanderson
Senn
Sissons
Soper
Stirling
Taylor
Telford
Thauvette
Tripp
Turgeon
Tustin
Ward
Warren
Weir
Whitman
Winkler
Wood—160.

Mr. MARSHALL: I was paired with the hon. member for Victoria, Ont. (Mr. McNevin). Had I voted, I would have voted for the amendment.

Mr. FAIR: I was paired with the hon. member for Melville (Mr. Gardiner). Had I voted, I would have voted for the amendment.

Mr. ROSS (Moose Jaw): I was paired with the hon. member for Bow River (Mr. Johnston). Had I voted, I would have voted against the amendment.

Mr. SPEAKER: The question is on the main motion.

[Mr. Homuth.]

Mr. J. SASSEVILLE ROY (Gaspe): Mr. Speaker, the statement I wish to make is rather short and it could be made as a question of privilege. Yesterday I sent you a copy of this, but in view of the strong desire of all hon. members to conclude this debate immediately, if the house will allow me to make that statement to-morrow as a question of privilege I shall be glad to postpone it until that time.

Mr. SPEAKER: I cannot give any ruling on a question of privilege unless I know what it is. If the hon. member wishes to raise this question of privilege to-morrow, he will have to put that question according to the rules of the house. I cannot make any promise as to how I shall view a question of privilege made by the hon. member.

Mr. ROY: I wished also to make a few remarks on the budget in connection with the rationing of sugar and butter which I contend is causing some injustice to certain classes of people, but in view of the fact that everyone seems to be in a hurry I will postpone these observations until later. Following my declaration in the house that since the beginning of the war the protection accorded the St. Lawrence has not been adequate, the Minister of National Defence for Naval Services (Mr. Macdonald) made a statement on March 17, as reported at page 1345 of *Hansard*. He said:

> I say my friend would have pursued a more loyal course to his own constituents and to this country if he had investigated these rumours and endeavoured to allay the fears of his people.

The minister's allegations found an echo in some of the newspapers, especially in the Ottawa *Journal* of March 19 which published an editorial which was altogether wrong. The minister's statement which I have just quoted was at the conclusion of a narration of facts which he made as an answer to a speech I delivered in the house on March 15. I consider it a duty toward myself as well as toward my constituents to show that if one takes into consideration the minister's allegations in regard to those I made myself, he must come to the conclusion that before making such an accusation the minister should have ascertained that he had succeeded in denying all my contentions or at least the most important ones. One of the important charges I made is contained in a statement to be found at page 1269 of *Hansard*. This statement is:

> **The people down there know that our planes have never participated in any battle in the course of which ships have been sunk by enemy submarines.**

I cannot find any answer to that statement in the minister's speech. The only reference is to be found at page 1342 of *Hansard*, where he is reported as saying:

But I have it from the air staff that their aircraft have carried out eight attacks on submarines in the St. Lawrence area, during each of which depth charges were dropped.

As everyone can see, that is neither an answer nor a denial.

Another important declaration which I made is found at page 1269 of *Hansard*. I quote:

On September 15 one submarine was seen only one mile from the lighthouse at Cap des Rosiers, at exactly eleven o'clock in the morning. The keeper of the lighthouse, Mr. Joseph Ferguson, telephoned right away to Captain Coté, who is in charge of what we call the A.D.C., and also in charge of the telephone exchange at Cap des Rosiers. He is also manager of the telephone exchange at that point. The same Mr. Ferguson telephoned to Fox River, to another man of the A.D.C., Mr. Walter Lequesne. He said he had seen a submarine exactly one mile northeast of the lighthouse, and had placed a board to indicate the right spot where he had noticed the submarine. That was exactly eleven o'clock in the morning. A few minutes later from the lighthouse a convoy could be seen coming up from the southeast, toward that very spot. It was evident that something was going to happen to the convoy when it would reach there. There is about ten miles as the bird would fly from Fox River to the place where the submarine had been seen and where two boats were sunk a few minutes later.

The young ladies of Mr. Walter Lequesne, through the call from Mr. Walter Ferguson of Cap des Rosiers, had been informed of the fact that the convoy was coming up, and that the submarine was there. These young ladies, and the young ladies of Mr. Albert Morris of Fox River, climbed up inside the church steeple to watch what was going to happen down there. A few minutes later the convoy was coming up, right on top of the submarine. The torpedoes started to run on the waves, and two ships went down. The first one was struck at 12.21 p.m. and the second one at 12.22 p.m. The first one went down at 12.28 p.m. and the second at 12.32 p.m. No aeroplane showed around there to help the corvettes.

I went on to explain that the people of Fox River were watching to see what would happen. Again I quote from *Hansard*, at page 1269:

There were some corvettes and destroyers in the convoy. But why is it that the naval officers of the Gaspé base and all the men who could have taken care of the situation, and who are supposed to have the necessary powers to act by themselves, without being obliged to call for orders from Halifax or Quebec, did not give the proper orders to change the course of that convoy? They had plenty of time to do it. The civilian population knew what was about to happen. They were watching the events. It was only the navy and the air force which did not seem to be aware of those facts. There surely was a lack of organization.

Surely there was a lack of organization, and the minister, in dealing with this statement of mine, could not deny it. In fact he tried to give some sort of explanation which is rather a confirmation. We find the minister's explanation at page 1343 of *Hansard*, where he said:

In this case on September 15 the naval officer at Quebec did not receive any word about the submarine until after the submarine had launched its torpedoes. I do not know whose fault that was, if it was anybody's fault. I can understand that on a long stretch of coast where people may have to go some little distance to a telephone and make a call to someone else, who in turn perhaps has to relay the communication to some other person, some time might be lost. But I do know the time at which the naval officer at Quebec received the information, and unfortunately it was then too late to do anything about the matter. Submarines strike very quickly and they can submerge very quickly.

I do not know definitely. I assume there would be a telephone in the lighthouse, but I do not know how far the man who saw the submarine had to go to reach the lighthouse; I do not know how long it took him to get there, nor do I know how long it took to get the call through to Quebec. All I am telling this house is that the naval officer at Quebec did not get the information until it was too late to do anything about it.

I shall now mention another statement which I made on that occasion, a statement which has been improperly represented by the minister of naval affairs, and which has brought forth an editorial in the Ottawa *Journal* which I shall presently quote. The statement I made appears in *Hansard* at page 1269, as follows:

After the house was adjourned early in August I went back to my constituency and kept silent, but I did witness what was going on. For example, in the latter part of July, shortly before I reached home, on a sunny day exactly at noon, at Griffon cove which is right opposite my home, a battle was engaged between a submarine and two corvettes. As the battle was starting Mr. Laurent Giroux, a building contractor, rushed to a telephone and called the Gaspé operator, telling her to pass the word to Gaspé military base, where we were supposed to have some bombers.

Here is what I find in the minister's answer as reported at page 1342 of *Hansard*, in the last paragraph of the first column:

He referred to an important battle which had taken place near his home, off Griffon cove.

He was referring to me. He continued:

I must tell him that he has not had the privilege of witnessing a battle at all, and that all he heard was gun practice between two corvettes which were going up the river.

The minister misinterpreted my statement, because I had not said I had heard or seen anything myself on that occasion. It is likely on account of that statement of the minister that the Ottawa *Journal* of March 19 published an ediorial entitled "Mr. Roy didn't see a Battle." The editorial states:

Standing on his Gaspé cliffs one day last summer, Mr. J. S. Roy, who is Gaspé's M.P., saw two corvettes two miles out at sea racing about like mad and firing their guns, decided he was having a grandstand view of a naval battle. Mr. Roy was disturbed, he could not see any enemy craft, but this surely was a struggle between two of Canada's corvettes and one or more of Mr. Hitler's U-boats, so why on earth were there no aircraft about to help the corvettes.

The article goes on at more length. I wish to say that it is unfair to me because I had never said that I had witnessed that battle myself.

In conclusion, Mr. Speaker, I respectfully submit that I have the right to protest against this accusation. I am not afraid to state that my loyalty to my country cannot be questioned when I honestly endeavoured to bring about a better protection of the St. Lawrence water route.

If I took this stand before the house, it was after having tried to get the ministers to understand the perilous situation in which our ships were when travelling on the St. Lawrence. In fact, after the two first sinkings I wrote a private letter to the three ministers of national defence. Two of them answered me that everything was O.K., and the third one that the area of the St. Lawrence could be given maximum protection at minimum effort on account of the closeness of the shore bases. Then, as more sinkings happened, I realized that the state of mind which was existing at our national defence headquarters was one of false security of the most dangerous type.

That is the reason why when a short while later, three more ships were sunk opposite Cap Chat, I made the announcement to the house with the purpose of arousing public opinion in order to bring about a change of mind in government officials. Yet I was bitterly rebuked by the Minister of National Defence for Naval Services, from whose speech I quote this one sentence as reported at page 2126 of *Hansard* of the 1942 session:

> I am not ready to change the disposition of one ship of the Canadian navy for him or for all the questions he may ask from now till doomsday.

Doomsday should be translated in French by "judgement dernier" or "fin des temps." Thus doors of collaboration were closed to me. But in view of the importance of these events which occurred in the St. Lawrence, and considering further my attitude in this matter, I do not hesitate to leave it to public opinion whether I was disloyal in taking this matter up before the house as I did.

[Mr. Roy.]

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

YEAS

Messrs:

Abbott
Anderson
Authier
Bence
Bertrand (Laurier)
Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Black (Cumberland)
Black (Yukon)
Blair
Blanchette
Bonnier
Bradette
Brunelle
Casselman, Mrs. (Edmonton East)
Casselman (Grenville-Dundas)
Chevrier
Clark
Claxton
Cleaver
Cloutier
Corman
Coté
Cruickshank
Dechene
Denis
Donnelly
Durocher
Edwards
Emmerson
Eudes
Evans
Farquhar
Fauteux
Ferland
Ferron
Fontaine
Fournier (Hull)
Fraser (Northumberland, Ont.)
Fraser (Peterborough West)
Fulford
Furniss
Gershaw
Gibson
Gingues
Gladstone
Golding
Goulet
Graham
Grant
Graydon
Hanson (Skeena)
Hazen
Healy
Henderson
Hill
Homuth
Howden
Howe
Hurtubise
Ilsley
Isnor
Jackman
Jean
King, Mackenzie
Kinley
Kirk
Laflamme
LaFlèche
Lafontaine
Lalonde
Leduc
Leger
Little
Lizotte
McCann
McCubbin
McCulloch
MacDiarmid
Macdonald (Halifax)
Macdonald (Kingston City)
McDonald (Pontiac)
McGarry
McGeer
McGibbon
McIvor
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McKinnon (Kenora-Rainy River)
MacKinnon (Kootenay East)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Simcoe East)
Macmillan
McNiven (Regina City)
MacNicol
Marier
Martin
Matthews
Maybank
Mayhew
Michaud
Mitchell
Mullins
Mulock
Neill
Nixon
O'Brien
O'Neill
Perley
Picard
Pinard
Poirier
Pottier
Purdy
Ralston
Reid
Rennie
Rhéaume
Rickard
Ross (Calgary East)
Ross (St. Paul's)
Ross (Souris)
Ryan
St. Laurent
Sanderson
Senn

Sissons	Turgeon
Soper	Ward
Stirling	Warren
Taylor	Weir
Telford	Whitman
Thauvette	Winkler
Tripp	Wood—142.

NAYS

Messrs:

Blackmore	Hansell
Castleden	Kuhl
Coldwell	Lacroix (Beauce)
d'Anjou	LaCroix (Quebec-Montmorency)
Dorion	MacInnis
Douglas (Weyburn)	Roy—14.
Gauthier	
Gillis	

Mr. MARSHALL: I was paired with the hon. member for Victoria, Ont. (Mr. McNevin). Had I voted I would have voted against the motion.

Mr. FAIR: I was paired with the hon. member for Melville (Mr. Gardiner). Had I voted I would have voted against the motion.

Mr. ROSS (Moose Jaw): I was paired with the hon. member for Bow River (Mr. Johnston). Had I voted I would have voted for the motion.

WAYS AND MEANS

The house in committee of ways and means, Mr. Bradette in the chair.

EXCISE ACT, 1934

Resolved, that it is expedient to introduce a measure to amend the schedule to the Excise Act, 1934, and to provide:

1. That the duty of excise on spirits distilled in Canada be increased from nine dollars to eleven dollars per proof gallon, provided that duty paid spirits owned by any distiller at the close of business on the second day of March, one thousand nine hundred and forty-three shall be subject to the following additional duty of excise on every gallon of the strength of proof two dollars and so in proportion for any greater or less strength than the strength of proof and for any less quantity than a gallon.

2. That the duty of excise on Canadian brandy be increased from seven dollars to nine dollars per proof gallon, provided that duty paid Canadian brandy owned by any distiller at the close of business on the second day of March, one thousand nine hundred and forty-three, shall be subject to the following additional duty of excise on every gallon of the strength of proof two dollars and so in proportion for any greater or less strength than the strength of proof and for any less quantity than a gallon.

3. That any enactment founded upon the foregoing resolution shall come into force on the third day of March, one thousand nine hundred and forty-three.

Progress reported.

On motion of Mr. Mackenzie King the house adjourned at twelve o'clock midnight.

Friday, March 26, 1943

The house met at three o'clock.

GOVERNOR GENERAL'S SPEECH

ACKNOWLEDGMENT OF ADDRESS IN REPLY

Mr. SPEAKER: I have the honour to inform the house that I have received a message from His Excellency the Governor General, signed by his own hand, reading as follows:

I have received with great pleasure the address you have voted in reply to my speech at the opening of parliament and thank you for it sincerely.

Athlone

Government House, Ottawa
March 24, 1943.

FUEL SHORTAGE

STATEMENT AS TO APPLICATION OF SUBSIDY ON FUEL WOOD

Hon. C. D. HOWE (Minister of Munitions and Supply): Mr. Speaker, on March 16 at the conclusion of the debate which followed the motion of the hon. member for Vancouver South (Mr. Green) I told the house of various policies which were being adopted in an effort to stimulate the production of fuel. As there appears to be some confusion as to the application of the subsidy on fuel wood I should like to elaborate on my previous statement, particularly to define clearly what is meant by a dealer. I think it possible that my reply to a question from the hon. member for Souris (Mr. Ross) which appears at page 1317 of *Hansard* may have given rise to some misunderstanding.

A subsidy of $1 per standard cord of 128 stacked cubic feet will be paid to wood fuel dealers on all commercial wood fuel contracted for and cut on or before June 30, 1943, and held to dealers' account on that date. In recommending dealers, the office of the fuel controller will be guided by the following definition of the persons and fuel eligible for the bonus:

1. The coal controller will have authority in his discretion to recognize as a dealer any person who was a dealer in wood fuel and who held a wartime prices and trade board licence as of March 5, 1943.

2. The coal controller will have authority to recognize as dealers those holding licences granted since March 5, 1943, in special cases where, because of a real contribution to increased wood fuel supply, it would be in the public interest to take such action. All such special cases will require approval from the controller's office at Ottawa.

Replying to a question by the hon. member for Souris, I said this:

If the man in question cuts one hundred cords of wood and sells it himself, he is a dealer and would be entitled to the bonus as a dealer.

The special circumstances of a transaction of that kind would be inquired into by the coal controller. The coal controller would of course eliminate cross-transactions between farmers, and any transactions outside of those by bona fide dealers in wood fuel.

Mr. HOMUTH: The other day when the fuel problem was being discussed in the house I referred to circumstances under which wood fuel was cut by community effort. The farmer allowed the people to come in to cut fuel, and for every cord they cut he received one cord for himself; thus the people who did the cutting were able to get sufficient fuel for themselves. They paid all the costs of the saw, and so forth. This meant of course that the farmer's wood bush was depreciated; would he not be entitled to the dollar subsidy on the quantity which went to the village? He is actually not a dealer; it is a community effort.

Mr. HOWE: The transaction in question would be one of those the regulations are planned to prevent. The man neither cut the wood nor delivered it as a dealer. He sold standing wood and was paid in wood. He must be a bona fide dealer; his effort must be different from the ordinary effort of settlers who ordinarily cut wood for their own use.

Mr. BLACK (Cumberland): Will this apply to wood cut by mills more or less as a by-product? The minister is reported on page 1315 of *Hansard* as follows:

It is to pay a bonus of $1 a cord for wood cut before June 1 and in the hands of dealers on that date.

There appears to be a conflict as to the date; in another place it is given as June 30.

Mr. HOWE: June 1 is the date. It does not matter who cuts the wood; if it is in a dealer's hands on the first day of June and offered for sale to the public, the dealer will get the bonus of $1 per cord.

Mr. BLACK (Cumberland): Does it apply to wood cut by mills as a by-product and sold as fuel?

Mr. HOWE: Yes.

Mr. GRAYDON: If there is a cooperative enterprise by which a number of persons gather together, purchase a wood lot and cut wood for their own particular town or village, would the dollar a cord subsidy apply in that case?

[Mr. Howe.]

Mr. HOWE: Only if the wood is delivered to a dealer for sale to the public at large, not for sale back to the people who cut it. A man who cuts wood for his own use is not entitled to the bonus.

Mr. HATFIELD: In my constituency probably sixty per cent of the wood is cut by farmers and sold direct to the users. Would the farmers get the bonus?

Mr. HOWE: A farmer selling direct to a user gets the ceiling price for his wood, whereas a farmer selling to a dealer gets the dealer's price, and the dealer makes his profit. A man who cuts wood and sells direct to a user would not be entitled to the $1 per cord, unless he stocks it and sells it to the public.

Mr. CRUICKSHANK: Would a farmer cutting 100 to 200 cords of wood get the subsidy?

Mr. HOWE: The subsidy is paid to dealers. If a farmer can qualify as a dealer to the satisfaction of the fuel controller he will get the subsidy. If he simply sells to one customer or two customers, he will not get it. He must be a dealer stocking wood and offering it for sale to the public. If he is simply cutting a supply for a customer, he does not qualify.

Mr. HATFIELD: I understand the idea of the bonus or the subsidy is to obtain greater production. If the producer does not get the bonus, how will you get more production?

Mr. HOWE: I think I have explained that.

RIGHT HON. ANTHONY EDEN

INQUIRY AS TO VISIT TO OTTAWA OF THE BRITISH FOREIGN SECRETARY

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, in the absence of the Prime Minister (Mr. Mackenzie King), to whom I had directed notice of this question, perhaps the minister who is leading the government for the moment will answer me. I understand that in another place the visit of the Right Hon. Anthony Eden, the British Foreign Secretary, has been given some consideration and an announcement has been made. I understand that he is coming here soon. I should like the acting leader of the government to give the house some indication of the plans which are afoot with respect to this visit. We are now almost at the week-end, and if Mr. Eden is coming at the first of the week an announcement to the House of Commons at this time would be most appropriate.

Hon. J. L. RALSTON (Minister of National Defence): As a matter of fact the council adjourned at about a quarter to three o'clock. This matter was not taken up, but I shall endeavour to give the house some information before six o'clock.

[*Later:*]

Hon. J. L. RALSTON (Minister of National Defence): Mr. Speaker, I should like to make a statement with respect to the visit of Mr. Eden. The statement in fact did get to the Prime Minister's office, and was intended to have been announced by him, at the opening of the house, had he been here.

The announcement is that the Right Hon. Mr. Eden, British Foreign Secretary, will speak to members of both houses on Thursday, April 1, at 3 o'clock in the afternoon. May I add that special gallery arrangements and other details are being worked out. It is believed that full particulars of the visit will be communicated to members of the house on Monday.

PRIVILEGE—Mr. DIEFENBAKER

MOBILIZATION ACT—REFERENCE TO INCOMPLETENESS OF RETURN

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): On March 1 a motion for papers was passed, as reported on page 777 of *Hansard*. This motion reads:

> For a copy of all letters, telegrams, correspondence, and other documents received by the Minister of Labour or by Mr. MacNamara, in answer to mobilization act interpretative letter No. 1, dated February, 1943.

Discussion then followed, and in reference to the question whether or not certain documents would be privileged, the hon. member for York-Sunbury (Mr. Hanson) said:

> What would they be? What privilege could possibly attach to answers to that letter? The minister placed the original letter on record. I happen to have seen a copy of one of the replies, which was most constructive, and I cannot see that there is any privilege attaching to this at all.

The return was brought down yesterday, but it is not complete. It fails to disclose replies from various boards in Canada. It refers to only three boards that have replied, and the reply of the one referred to by the hon. member for York-Sunbury is not included. As a matter of fact, there are four or five replies which do not appear in this return. I bring this to the attention of the house because it is a serious matter that a department of government should refuse or fail to bring down a complete return. If members of this house are to be denied full and complete information, if they are to be given only that portion of the information sought which suits the minister or the person compiling the return, there will be a serious derogation of parliamentary government. One reply by a board that I know to exist is not brought down. I protest against this action as being a patent denial of the rights of the members of this house to full information.

Hon. HUMPHREY MITCHELL (Minister of Labour): Apparently the hon. member knows more about these things than I do myself. Let me say to him that I have never and do not intend to mislead this house. I will say to him further that if there has been any slip-up—there may have been a slip-up; we cannot all be as perfect as my hon. friend—he can rest assured that I will see to it that any documents left out of the return are brought down. I think he could have approached the problem in a more, shall I say, gentlemanly fashion—

Mr. GRAYDON: Mr. Speaker—

Mr. MITCHELL: Let me put it, in a friendly way.

Mr. DIEFENBAKER: Mr. Speaker, I ask the withdrawal of that suggestion. I have a right as a member of this house to full information without being lectured by the minister.

Mr. MITCHELL: I should have said, in a friendly way. I might add that I do not think my hon. friend has a right to impute motives.

BEEF AND PORK

REQUEST FOR TABLING OF NEW PRICE CEILING ORDERS

On the orders of the day:

Mr. MARK C. SENN (Haldimand): Mr. Speaker, I should like to make a request of the Minister of Finance. According to the newspapers certain changes have been made in the wholesale and retail price ceilings on beef and pork which are to come into effect, I understand, immediately. I would request the minister to make these orders available to members of parliament, either by laying them on the table at the earliest possible moment or by sending them to us through the mail or in any other convenient way.

Hon. J. L. ILSLEY (Minister of Finance): I think perhaps the best way would be to lay the orders on the table. I shall make inquiries and see if I cannot do that on Monday.

MILITARY SERVICE

CALLING UP OF MEN ALREADY ENLISTED

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I want to direct a question to the Minister of Labour, if I may—

Mr. HOMUTH: Be careful!

Mr. GRAYDON: I shall do it in as gentlemanly a way as possible. In the debate a couple of weeks ago the attention of the minister was directed to the calling up of men who were already on active service, some of whom were overseas, and some of whom had unfortunately lost their lives in the war. The minister at that time said he was taking every precaution to avoid the recurrence of such cases. I bring the matter to his attention and that of the house again because of a recent instance. What actually is being done to prevent a recurrence of these incidents? What actual machinery is the minister putting into operation to make sure that such cases do not occur? I hope he will not merely tell us that the matter is being attended to. I bring this before the house without any apologies because it is so important. Here is the report with respect to a young man in Toronto who has been invalided home—

An hon. MEMBER: In what paper?

Mr. GRAYDON: In your favourite journal, the Toronto *Telegram*. This young man had been overseas for some considerable time. Yet twice, since he was injured in commando manœuvres overseas, which cut short his army career, he or his family have received call-up notices, one last October and one two weeks ago. I shall not read the article, but I would ask the minister to assure the house, and not in any general way, that steps are being taken to prevent a recurrence of these incidents. I do not know of any single thing which is causing more concern at the moment to the families of the men on active service than to be receiving call-ups for men already overseas. I appreciate the difficulties, but surely there is some means of going through the files of those who have enlisted to make sure that no calls are sent out to men who are already on active service.

Hon. HUMPHREY MITCHELL (Minister of Labour): May I say to my hon. friend that every precaution is being taken. I am sure that he will appreciate the difficulties. A man may have registered in Vancouver, say, and joined up in Toronto. At the time of registration a mistake may have been made—and often happens—in his Christian name, or something of the kind. In the very nature of things these circumstances make a compilation of the lists difficult. My hon. friend can rest assured that everything that is humanly possible is being done from day to day in cross-checking our records with those of the armed services and in every other way to see that these incidents are brought to what I may call the irreducible minimum. I cannot guarantee that they will be entirely eliminated, but our staff is constantly working to see that incidents of the kind are reduced almost to zero.

SUPPLY

On the order:

House again in committee of supply (the message of His Excellency with estimates, and further supplementary estimates, referred).—The Minister of Finance.

Mr. GORDON GRAYDON (Leader of the Opposition): Before you leave the Chair, Mr. Speaker, I think perhaps the minister may have some remarks to make with respect to the programme which is to be followed this afternoon. I understand that first we are to go into interim supply on non-war estimates, and having that in mind I should like to draw the attention of the minister—

Mr. MACKENZIE (Vancouver Centre): On a point of order, Mr. Speaker, I understand that the order was called for the house to go into committee of supply, and there is no motion before us on which a debate can arise.

Mr. GRAYDON: I could make my remarks in committee of supply, but I would ask the hon. member for Vancouver Centre not to be so technical this afternoon.

Mr. MACKENZIE (Vancouver Centre): He is just following the rules, which I hope my hon. friend will do.

Mr. GRAYDON: If my hon. friend always followed the rules of the house we might take his remarks with a little better grace. If I may be permitted to make one or two remarks, Mr. Speaker, before you leave the Chair, hon. members will remember what happened during the last session of parliament so far as the estimates are concerned. Without attaching any responsibility to the government or to any member of the house or anyone else, I do not think that we as a House of Commons can afford to allow a situation to arise such as occurred at the end of the last session in regard to estimates. I suggest to the Minister of Finance and the government and those who have under their supervision and control the bringing of estimates before this house that an effort be made to have the

business of dealing with estimates of the various departments more evenly distributed throughout the session. I have called from time to time for some revision of the rules of the house, and members here and there on both sides have supported me, at this session and in other sessions, in this suggestion. But if we are to have no changes in the rules at the moment, as the Prime Minister said, we must try under the present rules to meet the demands of public opinion and see to it that the estimates of many departments are not left for consideration to the last few days of the session but that they be presented to the house in an organized way and distributed evenly over the session so far as that possibly can be done. The responsibility is on the government, and I would ask the government to discharge it by so organizing the business of the house in relation to consideration of the estimates that hereafter we shall not be subjected to the criticism which I think was quite justifiably made last year, when millions and millions of dollars were voted in the dying hours of the session.

Mr. ROSS (Moose Jaw): I rise to a point of order, Mr. Speaker. This is all out of order. I do not think there can be any further discussion.

Mr. COLDWELL: May I add one word? I understand that a proposal has been made with regard to referring some of the estimates to a committee.

Mr. ROSS (Moose Jaw): I rise to a point of order.

Mr. COLDWELL: Does the minister know how that proposal has been received?

Hon. J. L. ILSLEY (Minister of Finance): No, Mr. Speaker, I do not know what decision has been made about that. There was some discussion some time ago as to the desirability of setting up a committee. I do not think there has been any decision on it.

I am entirely dependent upon the unanimous consent of the house for anything I do this afternoon, and therefore I do not want to raise any rules of order or the like, but I should be glad to give consideration to the request made by the leader of the opposition (Mr. Graydon). It is not as easy as it might appear to deal with estimates all through the session, and it is a question how much is gained by it, because there are always half a dozen matters which are extremely urgent, and it is just a question what is the most urgent matter to be brought before the house. However I will give consideration to the hon. gentleman's request.

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

INTERIM SUPPLY BILL

Mr. ILSLEY moved:

Resolved, that a sum not exceeding $40,314,665.57, being one-sixth of the amount of each of the several items to be voted, as set forth in the estimates for the fiscal year ending 31st March, 1944, laid before the House of Commons at the present session of parliament, be granted to His Majesty, on account, for the fiscal year ending 31st March, 1943.

Mr. GRAYDON: Prefacing my question with the remark that it is a happy position to be in, as described by the minister a few moments ago, that one in the opposition assumes such tremendous control over the house, even for one afternoon, I should like a little information from the minister.

This interim supply, as I understand it, is a matter of providing before the main estimates have been passed for contingencies which arise in connection with the government services for a short time. I should like to know why, in view of the fact that in all probability we shall be in session for some considerable time, the minister would not ask for one-twelfth of the amount, rather than one-sixth, as has been suggested by the chairman.

Mr. ILSLEY: Well, Mr. Chairman, it is a matter of saving the time of the house. If I remember correctly, last year I estimated for one-sixth and was granted one-twelfth only. "Granted" is the correct word, because this is an occasion on which I simply have to ask the opposition for what they will let me have. But all that happens in a case of the kind is that about a month later we have to go over it again, and I do not see any advantage in doing that; it means that at some time there will be two or three hours' discussion without anything being accomplished. The supply is always granted. It does give an opportunity for a little cross-argument which otherwise would not take place. But I am sure there is no possibility of getting all the main estimates passed before the end of two months; and I suggest that if we want to economize the time of the house, the granting of one-sixth supply would be more desirable than the granting of one-twelfth.

Mr. GRAYDON: Is there any special reason why we should depart this session from the plan and the procedure which we adopted on a prior occasion?

Mr. ILSLEY: It has been done both ways in the past. At times two months' supply

is granted, and sometimes one month's. I believe that in the war appropriation last year one-fourth was granted; it was some $500 millions out of $2,000 millions. That is my recollection, at any rate.

Mr. GRAYDON: I think the minister asked for it, but I am not sure that he got it.

Mr. ILSLEY: I think I did. There were two bills, one for $500 million and a later one for $1,500 million.

Mr. ROSS (Moose Jaw): One month later what will the date be?

Mr. ILSLEY: It will take us to the end of April.

Mr. ROSS (Moose Jaw): Then it will be near, or during the Easter recess.

Mr. ILSLEY: Yes. That is a far better argument than the one I used.

Mr. GRAYDON: The minister has received some excellent assistance. I do not know whether the hon. member for Moose Jaw will be his parliamentary assistant in the days to come; at any rate he provided at least one argument for him this afternoon, namely that at the end of April we shall be in the Easter recess. My understanding, however, is that the minister will not require before the end of May the money which would be voted in this way. I should like to be informed about that. He now has his payments until the end of March; his April payments would have to be made out of this appropriation only at the end of April, and at the end of May he would find himself in the position of having to ask for one-twelfth. Is not that so?

Mr. ILSLEY: No. The debts of the government incurred before the end of March may be paid in April out of the appropriation for the current fiscal year ending March 31, but any accounts incurred in April must be paid out of the appropriation for the next year, and it may very well be that they will have to be paid at once, that there will be no period of credit. It might be necessary to make some purchase early in April which would have to be paid for at once.

Mr. GRAYDON: In May.

Mr. ILSLEY: No, that had to be paid for in April. That could not be paid for out of the appropriation for the present fiscal year.

Mr. GRAYDON: It could be paid out of the one-twelfth.

Mr. ILSLEY: It could be paid out of the one-twelfth or the one-sixth that was voted.

[Mr. Ilsley.]

Motion agreed to.

Resolution reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

The house in committee of ways and means, Mr. Bradette in the chair.

Mr. ILSLEY moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1944, the sum of $40,314,665.57 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, before second reading is given I would ask the minister to indicate to the house, if he has the information before him, the increases in the general non-war estimates for the year 1943-44. On another occasion during a previous debate in this house the minister made some reference to those estimates, but before this supply is granted I think we should have from the minister a statement giving the information in greater detail. There is a feeling which I think is widespread throughout the dominion that while loans and taxation to raise funds for war purposes should receive every support, sometimes the money raised by such loans or taxation does not all go into actual war expenditures, and the public are not inclined to regard the ordinary peace-time estimates in the way they regard expenditures which are closely connected with the war effort.

There is a responsibility upon the minister and the government to indicate to the people that so far as lies within their power strict economy shall be practised, particularly in regard to the non-war groups which from time to time appear in the estimates. This does not mean that there should be any let-up in the economy that is applied to war expenditures, but there is a disposition on the part of the public to be even more careful about what the government is doing, to make sure that expenditures which have to do with matters not directly connected with the war are not being increased. I am not so sure that the statement made by the minister on a previous occasion sufficiently explained the stand of the government in that regard, because large numbers of our people to-day are exerting every effort to cooperate with and help the government in every possible way, by giving

them all the money possible with which to carry on this great war for our treasured way of life. But hon. members of this house who are closely in touch with the people will corroborate my statement that they are watching the government very closely, particularly in regard to what has been done in the way of economy with respect to peace-time estimates. Time after time, eloquently and to the best of his ability and capacity, the minister has told the people of Canada that they must forgo many of the things they would be enjoying if we were in the midst of peace. The minister has taken that stand, no doubt with the full support of the government of the day. In effect he asked the people to tighten their belts during this period of war; to use the words of the hon. member for Danforth (Mr. Harris), the people have been asked to end this carnival spirit, to cease all unnecessary expenditures, to direct all their energies to the winning of the war, and to give where they can and to the last cent. Once that policy was announced by the Minister of Finance the responsibility of the government became even greater to see that the government itself should do the same thing, because nothing is more necessary than that governments as well as individuals should practise what they preach. I have given some indication of what the government has been preaching from one end of Canada to the other, and now I ask the minister to give us some indication of what the government is practising.

I realize that this year the non-war estimates are considerably higher than they have been in previous years. I listened to the minister's explanation of a portion of that increase, but I suggest to him that indications have come to light here and there of a lack of economy throughout the administration. It is not always possible for members of parliament, in the limited time at their disposal, no matter how conscientious they may be, or how anxious they may be to do so, to find out whether or not war economies are being practised. Now, however, we have before us the non-war estimates, and in view of the little information that has come to light from time to time with respect to lack of economy in these departments, the minister ought to make a statement this afternoon, and I ask him to do so, to indicate just what has been done since the close of the last session of parliament to effect economies in peace-time operations of the various departments of government. I do not suggest that these should be ordinary economies, because the minister has not asked the people of Canada to exercise just ordinary economy; he has asked the people to go much farther; he has asked them to go the limit. I do not think we are asking too much when we suggest the minister should give a statement in regard to these non-war expenditures. We will deal with the war-time expenditures when the time comes; for it would not be proper to deal with them now. But the Minister of Finance must satisfy this house, and the country, on this the first occasion on which the estimates for the ensuing year are before us, that the government is exercising not an ordinary but an extraordinary economy, and that not a dollar is being wasted in these departments.

Mr. ILSLEY: I am not sure whether the leader of the opposition expects me to reply while you are in the Chair, Mr. Speaker, or in committee. I have no objection to replying now.

Mr. COLDWELL: Is the minister closing the debate?

Mr. SPEAKER: I allowed the leader of the opposition to continue, but it will be recognized that on Thursdays and Fridays the Speaker leaves the Chair without debate. At present the bill following the resolution which has been before the house has not even been introduced, and really the debate should take place on the second reading of the bill.

Mr. ILSLEY thereupon moved for leave to introduce bill No. 9, for granting to his majesty certain sums of money for the public service of the financial year ending March 31, 1943.

Motion agreed to and bill read the first time.

Mr. ILSLEY moved the second reading of the bill.

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to say a word following the leader of the opposition (Mr. Graydon) in this regard. I know the country does look to the government and to this house to see that there are no wasteful expenditures. But to my mind economy is of two kinds. There is wasteful expenditure, and there is the economy which comes sometimes from worthwhile expenditure. We have to be careful even in war-time that we do not cut down the ordinary services of the country to the extent that we penalize necessitous people and lose the benefit of services which we have built up over a period of time. While I am sympathetic with the suggestion of the leader of the opposition that the minister should lay before the house any steps that have been taken to bring about worth-while economies, I should not like it to go abroad that this house considers that in this time of war some of our services that have been instituted over a period of years should be reduced to the

extent of becoming worthless or practically so, to the people. I am thinking at the moment largely of the social services of some of the provinces, where already there have been reductions in the amounts paid to old age pensioners, and expenditures of the kind. I am thinking also of some of our own employees, who, notwithstanding the higher cost of living, are still receiving a remuneration which is entirely inadequate. I learned not long ago that at the Indian Head forestry farm, where we employ seasonal help, married men who have to maintain homes and provide themselves with work clothes and heavy gloves to handle the shrubs and trees are being paid twenty-seven cents an hour, which is altogether out of proportion to the present cost of living.

We have departments such as mines and resources, which should be going forward with their work so that we may be laying plans for the public use of our natural resources when the war ends. Indeed I think that one of the real economies—the house knows that the group with which I am associated believe the same thing—would be the public development of some of our great natural resources.

A short time ago I had the opportunity of hearing an outstanding man in the city of New York say that we have in this country undeveloped in this time of war a source of oil that would be of immeasurable benefit. He quoted from one who is an authority in the field of oil. Afterwards I secured the series of lectures delivered by Mr. Wallace E. Pratt, an outstanding geologist, formerly chief director of mines bureau of science, in the United States and now an executive director of the most powerful oil corporation in the world, Standard Oil of New Jersey. I should like to see public exploration and development carried on so that we can economize in a real way in obtaining revenue. I happen to have that series of lectures in my hand and I should like to read one paragraph, as follows:

> Challenging, also, to the oil man is the occurrence of the Athabaska tar sands, spreading over thousands of square miles of the central portion of the Williston basin.
>
> Stretching away down beyond the Dakotas.
>
> These so-called tar sands display a volume of oil greater than any other so far discovered on earth. Well considered estimates place the volume of the oil-equivalent of the Athabaska tar sands at from 100 to 250 billion barrels; yet the total discoveries of all time over all of the earth, as we have already noted, do not exceed 81 billion barrels. Moreover, the Athabaska tar sands are not a variety of oil shale as has been commonly assumed; they are literally oil-saturated sands. All the shales contain a kerogen-like compound which, like coal, can be converted into oil through retorting under appropriate pressure-temperature conditions. But the Athabaska tar sands contain oil itself. At the surface to be sure the oil is waxy and inspissated but underground, down-dip from the outcrop, the tar sands yield a heavy oil through wells. There is little doubt that as a source of oil they could be exploited commercially to-day; eventually they may well come to be looked upon as one of the important energy resources of North America.

[Mr. Coldwell.]

Those are the words of a man who has spent his lifetime in oilfield exploration. A real economy at this time might be the expenditure of public money for the exploration and prospecting of natural resources that we might put to good use now in wartime. Let me caution the house that if we give away these great natural resources as we have been doing and are doing to-day under war conditions we shall rue it. It is not only the lending of money to the Aluminum Corporation to which I particularly object, but the alienation in perpetuity of one of the greatest waterpower resources of the world.

Every attempt should be made to economize where economy is possible. Hon. members know that there are places where expenditures could be cut to some extent—advertising, for example. I saw an advertisement the other day with regard to hogs; it was meant entirely for slaugther-houses, but it was published in papers all across the country instead of in the trade papers where the three or four hundred operators of abbatoirs would see it. There is also the quantity of literature, both mimeographed and printed, that comes to our offices from government departments. Certainly there are places where there can be economies. But what I am particularly interested in is that we shall not practise false economy. Sometimes expenditures of money on projects such as I have outlined, and particularly at this time when we are preparing for the aftermath of this great war, are justified and might be productive of great good in the future.

So that while I support what the leader of the opposition (Mr. Graydon) has said, I wanted also to place before the house what I might term a word of caution in respect of economies. Economies of the right kind are beneficial, but economies of the wrong sort may do harm to services we have built up, and to extensions of our public endeavours that ought to be made both now and in the period which follows the war.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I do not know that I can add a great deal to what the leader of the opposition (Mr. Graydon) and the hon. member for Rosetown-Biggar (Mr. Coldwell) have said. The hon. member for Rosetown-Biggar,

in his recognition that economies of one sort and another should be made, has given to us a wise piece of philosophy. Getting down to rock bottom, the philosophy of this group is one of spending rather than of saving. It is the philosophy of spending something into existence, rather than that of saving and putting it into existence by way of debt.

There is a difference, however, between the economy of money and the economy of materials. Of course in war time the whole country is called upon to make sacrifices. We must make sacrifices in war time; we recognize that. Our whole national economy must be brought into line with the best possible war effort, and that means sacrifice. But it is a wrong principle to have an economy under which our people must sacrifice miserably; they can make sacrifices, and still do it happily. We can bear our burdens, but the people are not going to bear unnecessary burdens.

Let me say a word or two with reference to the psychology of waste. It is one thing to waste our money by excessive expenditures. It is another thing entirely to waste the materials we must have for an effective war effort. This psychology in the minds of the people can either be a tremendous help to our war effort or a tremendous hindrance to it. We call upon our people to save, to cut to the bone. But when they see waste they are not going to make sacrifices happily.

In the past I have had amazing things brought to my attention. Some of them I should not care to bring to the attention of the government from the floor of the house, because I should not want to embarrass the government to that extent. The conditions I have in mind may not be entirely their fault. Some of them are of local application, and it may be best that they remain so. But these are conditions which do not help the public to make sacrifices happily for the war effort.

For instance in some respects there is a wastage of gasoline. The waste may not be great, but I approach the subject from the point of view of its psychological effect on the thinking of our people. Men have told me that when the spout of a gasoline tank is transferred from one aeroplane to another it is sometimes not shut off, with the result that gallons of gasoline are sprinkled on the ground. While it may be a small wastage, and while it may be said that one should not take up the time of the house in discussing it the fact remains that people see these things happening.

I was told of a farmer on whose field an aeroplane had crashed. When he went to the scene of the crash he saw oil dropping on the ground. He asked permission to buy the oil, and the reply was, "Oh, no, we cannot sell you that oil; we have no authority to do so." I suppose there was some red tape involved. He dismissed the matter from his mind. But the next day after the wreckage had been hauled away he found that a small area of ground on which the oil had fallen was spoiled. What was the reaction in that man's mind? He said to me, "I should have liked to get it for nothing, but I offered to buy it. I could not buy it, and now it lies on the ground, wasted." A few square yards of ground were spoiled. True, it was not a very large area, but the point is that there was wastage.

That is the type of waste we do not want. Every man of us, whether he be in the services, in business, on the farm or in the street, must strive to cut down that kind of waste. We must help to bring that about through our contacts with our people.

So far as money wastage is concerned I would point out that we have two committees in parliament who are working on this matter. The duty of the committee on war expenditures is to investigate every type of war expenditure in which they believe they can discover any waste, and it is their duty to recommend to the government where expenditures can be cut. The scope of the committee is huge, including everything from salt on the soldier's table to battleships. I do not know how that committee can complete its work. It should be sitting nearly every day, deciding as to where we can best effect economies.

The public accounts committee, one of our standing committees, has had certain specific items referred to it for investigation. These committees can deal with expenditures of money, and I am satisfied to leave that work in their hands, in the belief that it will be done thoroughly. I join with the leader of the opposition and the leader of the Co-operative Commonwealth Federation in asking that unnecessary expenditures be cut down. Government waste should be looked into carefully. Let us not waste one single particle of material which can be used in our war effort.

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, speaking of national economy and wastage reminds me of a clipping which I took from a Toronto paper during the plebiscite last year. This paper, objecting to the plebiscite on the score of expense, had this to say:

In terms of war the cost of the plebiscite could buy 8,000 machine guns, or 2,000 small boats, or 40 cruiser tanks, or 40 flying boats.

It could pay for 12,000 Bren guns, or outfit 2,500 soldiers, or motorize 12 infantry battalions. It could buy 500 training planes, or seven minesweepers.

At that time I was lying in the hospital at Edmonton. I took exception to the article because I had already answered a request by an Edmonton paper to give my opinion of the plebiscite. I had said that since the government had given certain pledges when they were elected, I thought they were in honour bound to seek the consent of the people before departing from that policy. I took the opportunity to point out that in terms of war production the mining of gold wastefully used the labour of tens of thousands of skilled men as well as immense quantities of materials such as oil, steel, explosives, chemicals, rubber and so on. The value of the annual gold production is $200,000,000, which I suppose roughly represents the cost of the labour and the materials involved in the mining of the gold. I do not make the mistake of claiming that $200,000,000 would buy so many tanks and other articles. What I am saying is that $200,000,000 worth of labour and material would produce certain war munitions in these amounts:

Four hundred thousand machine guns, or 100,000 small boats, or 2,000 cruiser tanks, or 2,000 flying boats, or 600,000 Bren guns, or outfit 125,000 soldiers, or motorize 600 infantry battalions, or produce 25,000 training planes, or 350 minesweepers.

I do not know how the cost of a minesweeper compares with that of a corvette, but we are being told that submarines constitute the worst menace we have to face to-day and that thousands of our gallant merchant seamen and naval seamen have been drowned as a result of this menace. The mining of gold in this and all other allied countries during the war is directly responsible for the loss of thousands and thousands of lives. If that is an example of national economy during the war, then I say, God help the country after the war.

Mr. GRAYDON: With regard to passing one-sixth of the estimates I should like the minister to indicate that our rights with respect to discussion on the remainder of the estimates are still preserved and remain as though the one-sixth had not been passed. Will the minister give us that undertaking so that we shall have the matter on record?

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, with regard to the matter just mentioned by the leader of the opposition, I am quite prepared to give the usual undertaking. The language in which it was put last year, as reported at page 1674 of *Hansard*, is as follows:

Mr. Stirling: We are quite prepared to facilitate the passage of this interim portion of the estimates, with the understanding, of course, that we shall not be precluded in any way from discussing them, item by item, when they come up in the estimates.

Mr. Ilsley: That is the understanding, yes.

That is the understanding which always exists and which exists now with regard to interim supply.

Mr. MacNICOL: It is the same every year.

Mr. ILSLEY: Yes. The leader of the opposition, the hon. member for Rosetown-Biggar (Mr. Coldwell) and the hon. member for Macleod (Mr. Hansell) have spoken on the subject of economy, and their remarks taken as a whole illustrate the difficulty of dealing with this subject. From the beginning of the war the effort of the government has been to reduce the non-war estimates to the utmost possible degree. I give much more credit to my predecessor, the present Minister of National Defence (Mr. Ralston), for what has been done in that regard than I give to myself.

Mr. GRAYDON: Do not give him too much.

Mr. ILSLEY: I have a vivid recollection of the manner in which he slashed the non-war estimates. If anyone thinks that they were not pared to the bone, he is mistaken. I have challenged all expenditures which I thought could possibly bear reduction. A great many submissions have been altered by the Department of Finance or in the treasury board, but I do not think it is possible for us to maintain our services in any defensible shape and make much more reduction. When a reduction is suggested there are always those who argue, just as the hon. member for Rosetown-Biggar has done this afternoon, that it is false economy to make reductions. Sometimes I do not know whether it is false economy to make certain reductions that are proposed. As hon. members know, a great many members of the civil service think they are underpaid.

An hon. MEMBER: Many of them are overpaid.

Mr. HANSELL: Hear, hear.

Mr. ILSLEY: That statement will get some applause here and there, but I do not know that I would be prepared to agree to that. Generally speaking, I think the treatment of the civil service is fair enough. I know that the rigidity with which we have held down salaries in the permanent civil service has

been very great since the outbreak of the war. It is hard to give much consideration to demands for economy unless they are specific. Certain members of the house have made specific requests for economies which have not been granted; nothing has been done about them. In most instances the difficulty of doing anything has been very great. That has not been on account of a lack of courage; it is on account of a fear of dislocations and perhaps the creating of inefficiency by reduction of services, and so on. In any event the amounts have been very, very small.

The leader of the opposition asked if I would make some comparison between the estimates of last year and those of this year and state where economies have been made and what attempt had been made to effect economies. The total amount of the estimates this year is $610,880,000. The total appropriations for the current fiscal year were $565,563,000.

Mr. MacNICOL: Does that include the supplementaries?

Mr. ILSLEY: Yes. Those are the total appropriations. It does not include the supplementaries which are before us this afternoon.

Mr. GRAYDON: Only the ordinary supplementaries, not the further supplementaries?

Mr. ILSLEY: That is right. Included in the $565,563,000, as well as in the total of $610,880,000 for 1943-44 is the sum of $84,427,643.90, representing the amount provided under the Dominion-Provincial Taxation Agreement Act, 1942, as compensation to the provinces for vacating the fields of income and corporation taxes. Deducting this special statutory item from both figures leaves the comparison between a total of $526,453,000 for 1943-44 and a total of $481,136,000 for 1942-43.

The increase of $45,317,000 is far more than accounted for by various additions to expenditures which are due solely to the war or result directly or indirectly from war conditions. The more important of these are as follows:

Increase in interest on public debt and other debt charges	$63,260,000
Increase in cost of administration of income tax and excess profits tax	2,167,000
Increase in post office service expenditure	3,007,000
Increase in cost of administration and government contribution to unemployment insurance fund	3,375,000
Total	$71,809,000

In addition, an increase of $661,000 in subsidies to provinces was the result of the revision of population figures based on the recent census.

Continuance of the policy of restricting normal peace-time expenditures to the minimum required for the maintenance of essential services is found in the fact that no fewer than 166 items show some reductions. The total of these reductions amounts to over $35,000,000.

Mr. GRAYDON: In that reduction of $35,000,000, there is included $24,000,000 under the wheat acreage reduction plan.

Mr. ILSLEY: I was just coming to that. However, a substantial amount of this, namely, $23,910,000, is accounted for by a decrease in wheat acreage reduction payments for which further provision, although smaller than last year, will have to be made later. The total net decrease in the case of the Department of Agriculture is $24,244,000. Other departments showing substantial net decreases are:

Transport	$1,390,000
Trade and Commerce	539,000
Public Works	405,000
Mines and Resources	281,380

I should like to point out that of the estimates I have mentioned, namely, $610,880,000, no less than $441,511,000 are totally uncontrollable. They include:

Interest on public debt and other debt charges	$231,714,000
European war pensions (1914-18)	37,500,000
Government contribution to unemployment insurance fund	15,000,000
Old age pensions	31,246,000
Other pensions and superannuation	5,295,000
Care of returned soldiers (1914-18)	14,000,000
Subsidies and special compensation to provinces	98,856,000
Maritime Freight Rates Act	4,250,000
Sundry other items	3,650,000
Total	$441,511,000

Consequently when it is considered that the war has brought about an increase in a number of uncontrollable items in our non-war expenditure, such as interest on the public debt, increased expenditures of the Department of National Revenue and the Post Office Department, and so on, I think the net result is very good. Great care is taken to ensure that the items which belong in the non-war estimates are put into the non-war estimates. I understand that during the last war, before the end of it, there were no non-war estimates; they all went into war estimates because it was found impossible to distinguish war expenditures from non-war expenditures. But we realize that there is greater parliamentary control over non-war estimates than there is over war estimates, and the treasury board and the Department of Finance are insistent that the

items which are ordinarily regarded as non-war estimates, including such items as interest on the public debt and the greatly increased amounts required by departments like national revenue, which has doubled or trebled its staff as a result of the war, should be included in the non-war estimates.

Mr. MARTIN: Does that include interest on war bonds?

Mr. ILSLEY: Yes.

Mr. MARTIN: Is that properly classed as a domestic obligation?

Mr. ILSLEY: It can be argued. We treat it in that way. We put it before parliament; it goes out to the papers as an increase in the government's non-war expenditures, and it is asked: Why does the government not cut down these expenditures to $400,000,000 or $500,000,000? We are putting the worst foot forward continually by the process we have adopted.

Mr. GRAYDON: Yours is an exceptional department.

Mr. ILSLEY: I would not say that. I do not say that it is a line to which it is easy to adhere, because there will be some debatable items which might go into war or non-war estimates. But we put everything in here that we think we can, and put it before parliament. I rather welcome speeches such as that made by the leader of the opposition this afternoon. I like them a little better than the speech made by the hon. member for Rosetown-Biggar.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Bradette in the chair.

On section 1—Short title.

Mr. GRAYDON: We have not the bill.

Mr. ILSLEY: The bill is purely a formal document. It is just like every other interim supply bill.

Mr. COLDWELL: We should like to see the bill.

Section agreed to.

On section 2—$40,314,665.57 granted for 1943-1944.

Mr. MacNICOL: While we are reading the section—the bill has come into our hands only this minute—perhaps we may have some explanation of it.

Mr. ILSLEY: I am simply following the usual practice in not having the bill distributed. Interim supply bills are never distributed, but I will read the section:

[Mr. Ilsley.]

From and out of the consolidated revenue fund there may be paid and applied a sum not exceeding in the whole $40,314,665.57 towards defraying the several charges and expenses of the public service, from the first day of April, 1943, to the 31st day of March, 1944, not otherwise provided for, and being one-sixth of the amount of each of the several items to be voted, set forth in the main estimates for the fiscal year ending the 31st day of March, 1944, as laid before the House of Commons at the present session of parliament.

A question which may arise in the minds of some hon. members is: why is the amount so small; this is not a sixth of $610 millions; it is far less? The reason is that it is one-sixth of the items to be voted. A large part of the $610 millions is statutory and does not require to be voted.

Mr. CASSELMAN: It is covered by the words "not otherwise provided for".

Mr. COLDWELL: My understanding is that over $400 millions of the appropriations are statutory commitments over which we have virtually no control so far as economy is concerned?

Mr. ILSLEY: That is correct.

Mr. COLDWELL: In that event, of course, the point made by the hon. member for Essex East should be brought out very clearly, namely, that these statutory commitments are bound to increase every year as our debt increases.

Mr. ILSLEY: Some of our statutory commitments are constant; they do not increase at all; it may be possible that some may decrease. But the debt is increasing; the interest on the debt is increasing fairly rapidly, as well as a number of other items. Over $440 million are completely uncontrollable.

Mr. COLDWELL: I think the house should know that.

Section agreed to.

Section 3 agreed to.

On the preamble.

Mr. HANSELL: I have not a copy of the bill, and evidently no copies are available. But before the preamble carries, I should like to know what rule is followed in determining what is war expenditure and what might be an expenditure for domestic or other purposes. We talked a little while ago about cutting expenditures to the bone and yet not economizing to a point where it would hurt the country or injure our war effort. There must be some things of a domestic nature, some public works, for instance, which might ap-

pear at the moment to be of a domestic nature, and which, if carried out, would form a permanent feature of our national life, yet would aid tremendously our war effort. What rule is followed in determining whether money for such projects is to come out of the war appropriation or out of public funds by way of the estimates?

I might give a concrete example. Last year the town of High River was flooded. Some years ago the federal government put some money into a public works scheme for diverting the flow of that river, thus preventing floods from entering the town. Last year some of that work was washed out and the town was flooded. Adjacent to the town is an air training school, which was in danger. I am not sure whether it was flooded, but it was in the flood area and certainly it would not have taken very much to flood that school. Public works should be done on that river to prevent any more floods. Any such work might be more or less of a permanent nature, and would be an asset to that part of the country; the town of High River would no longer be flooded; it would also prevent damage to the air training school.

Mr. ILSLEY: Non-war, I would say.

Mr. HANSELL: The minister would say that a project like that is not war expenditure?

Mr. ILSLEY: I would say so.

Mr. HANSELL: I thank the minister for the information, but I wish he could have answered the other way, because I wish to get some work done on that river—

Mr. ILSLEY: That is just the point.

Mr. HANSELL: —so that no flooding will occur there again. I fancy the minister knew what I was after. Perhaps I am not persuasive enough to change his mind; at least I failed to keep in the background the motive I had in raising this question. But the question has not been answered; the minister has answered only the specific illustration I have given. Is any rule followed in determining what should be a war expenditure and what should be a non-war expenditure?

Mr. ILSLEY: Yes. There are a number of border-line cases on which treasury board passes, and there is considerable argument on some of these cases. I do not know that, without giving it some thought, I could state the rule in unexceptionable terms; but when I have to make an immediate reaction in any case, I say "this is properly chargeable to war appropriation" and "that is not." A number of requests have come in for development projects of one kind or another which apparently would be very beneficial to communities and which might help production to some extent; but if they are mainly long-range projects and beneficial for the post-war period rather than to the war effort as such, they are ruled out. It is not an easy matter, I can assure the hon. gentleman. There are several members of this house who have pressed with great zeal their requests for grants of one kind or another, which perhaps would be beneficial, and have asked that they should be charged to the war appropriation. We have always felt that this could not be done. If an expenditure is primarily for the promotion of the war effort, or in some instances, if it is necessitated solely by the fact of the war, generally speaking those are regarded as properly chargeable to the war appropriation. But if they are primarily expenditures for the benefit of the people as a whole, or expenditures which have long-range rather than short-range benefits; if they are merely extensions of the work of departments engaged in non-war activities, and so forth ordinarily they are put in the non-war estimates. For instance, I believe the Post Office Department have some expenditures which they charge to the war appropriation, but generally speaking the greatly increased expenditures of this department, even though they are occasioned by the war, are indistinguishable from the main expenditures and have to go in with them as non-war. We do not try to strike a proportion; we do not try to say the work of the department has increased by twenty-five per cent as a result of the war and that therefore twenty-five per cent will be charged to the war.

Mr. HANSELL: I am sure the minister has very cleverly answered the question, but I still intend to ask for the money for that project.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY—INTERIM APPROPRIATION

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee to consider the following resolution:

Resolved, that it is expedient to introduce a measure to provide that a sum not exceeding $648,333,333.33 be granted to His Majesty towards defraying any expenses or making any

advances for loans that may be incurred or granted by or under the authority of the governor in council during the year ending the thirty-first day of March, 1944, for the purposes and subject to the terms, conditions and limitations set out in the resolution presently on the orders of the day, to provide that sums not exceeding $3,890,000,000 be granted to His Majesty, and being one-sixth of the said amount of $3,890,000,000.

Motion agreed to and the house went into committee, Mr. Bradette in the chair.

Mr. GRAYDON: I have only one suggestion to make in regard to this matter. On March 3 of this year the minister was good enough to table a break-down of the estimated expenditures in connection with the proposed appropriation bill, which break-down will be found in *Hansard* for that day. In addition to this break-down of the estimated expenditures I would ask the minister to have prepared, for the information and assistance of the committee when the main appropriation bill is before the house, as far as possible under the headings which appear in *Hansard* for March 3, the actual expenditures that have been made by the government each year since the war broke out, under the various appropriation bills. I believe it would be of considerable assistance to hon. members in discussing the various parts of the war appropriation bill if we could have in handy and easily accessible form the expenditures made under these various headings for the preceding war years. I would ask the minister to give consideration to this suggestion, because I think it would be of great help when the discussion takes place.

Mr. ILSLEY: I will give consideration to that request. The hon. gentleman must realize, of course, that many of the headings have not remained the same, that there is no such consistency in the war appropriations as there is in the non-war estimates. However, I will see how far I can go in meeting his wishes.

Mr. GRAYDON: I think that is all I can ask the minister to do. I realized his difficulty before I made the request, but I believe there is a solution of that problem, and I would ask him to bring down the expenditures under these headings as far as that may be done.

Mr. DOUGLAS (Weyburn): Am I right in assuming that this is one-sixth of the war appropriation provided for the coming year?

Mr. ILSLEY: Yes.

Mr. DOUGLAS (Weyburn): This one-sixth is being passed now in order to permit the minister to carry on in the meantime?

Mr. ILSLEY: Yes.

[Mr. Ilsley.]

Mr. DIEFENBAKER: I do not wish to speak at any length at this time, but I feel that in connection with the voting of an amount such as is being asked for by the Minister of Finance, we as an opposition have a tremendous responsibility to discharge in scrutinizing with care and attention the expenditures that are being made. We realize that, during war time, on occasion the necessity for speed brings about extravagance and extra cost. Our attitude as an opposition has been to cooperate with the government, but since the beginning of this war I do not know that I have ever heard any minister of the crown admit in the house that in the main the attitude of this opposition has been to criticize where necessary but to cooperate to the one end of winning the war. If that attitude were adopted by the government, it would make a great deal of difference in the expedition of the business of the house and, in particular, in the assistance which might be rendered to the government by the opposition.

Here we have a tremendous amount of money to be voted. There is not one member of this committee other than the minister who has any idea whatever how it is to be expended, except in bulk as broken down by the figures of March 3. All we have is a record of large amounts. The attitude of the government in the last year and a half has been steadily that of failing in greater and greater measure to give such details to parliament as would make possible fair and careful scrutiny and examination.

There are only two ways in which we can assist in assuring the people of Canada that expenditures are being made properly. The first is, say in connection with the Department of Munitions and Supply—I see the minister is in his place—that there should be publication of contracts let by that department. At the beginning of the war information along that line was received.

Mr. FRASER (Peterborough West): Six months late.

Mr. DIEFENBAKER: Yes, late; nevertheless, having regard to the circumstances, we at least knew to whom contracts were being awarded. That has been done away with. To-day there is not, I repeat, a private member who has any idea whatsoever as to what contracts the government has entered into during the last year as far as the Department of Munitions and Supply and other departments are concerned.

The next point is that there has been a tendency on the part of the government during the last year to rely more and more on the

answer that "it is not in the public interest." I was reading to-day excerpts from "Parliamentary Grants" by Durell, in which he sets forth the duty of an opposition as far as supply is concerned. At page 473 this very apt statement is made:

> By many individuals the possession of public money is regarded merely as a trust which they will have fully discharged when they have spent their funds on utilitarian objects, and laid them out in the manner which they consider best in the interests of the public service. This idea is prevalent even in peace time. In war the danger is enormously increased not only among those who are for the first time placed in charge of public moneys, but even among those who have had a peace training, but are inclined to think that a state of war automatically removes all financial restrictions.

Then he goes on to say that in time of war one of the most necessary safeguards, having in mind the protection of the public interest, is that the people who deal with the government must realize that the transactions they enter into are open to public scrutiny at all times. And he says:

> A reckoning will be demanded, though the recollection that this is so is likely to be swamped by the flood of money which is being poured out.
>
> The mere availability of vast sums of money, which is a necessary accompaniment of war, is no excuse for greater expenditure than is necessary for the fulfilment of military requirements.
>
> But war inculcates what Gladstone calls "the spirit of expenditure", and the availability increases the temptation to spend, and such temptation increases in proportion as the possibility of a reckoning appears to be distant or unlikely to be strict.

In time of war there should be reasonably strict accountability. How can there be that accountability when none of us knows what contracts the government has entered into?

It is true we have an opportunity to ask questions. But those questions will be merely in the nature of fishing expeditions unless we have information as to the contracts that have been awarded or entered into.

We are approaching another victory loan campaign. All of us wish to see the campaign a success. A few months ago when the minister was about to make an important announcement over the radio to the Canadian people he gave advance warning and we were all listening. No more useful piece of work could be done by the Minister of Finance to-day than to go on the radio and ask the people of Canada for their cooperation, ask them to bring to the attention of the government any instances of extravagance or waste that they know of, giving assurance that when that information is brought to the attention of the government that appropriate action will be taken—I have no doubt there would be an avalanche of it—

Mr. MacNICOL: And have copies sent to the leader of the opposition.

Mr. DIEFENBAKER: By following this suggestion you will have the people of Canada believing that an effort is being made by all of us in this house to ensure that reckless and improper expenditures shall not be condoned by this parliament. It is a very simple suggestion; but if the minister follows it, men and women from one end of Canada to the other, in village, town, city and in the country, who know of instances, or at least believe they do, in which there has been overexpenditure would feel that now the government will take the matter in hand, and that their money will be utilized so as to secure the greatest possible return in helping to win the war.

What has been the attitude of the government in recent weeks? Too frequently they are hiding behind the answer, "It is not in the public interest". Let me mention several specific instances. I have had *Hansard* examined for the purpose, and I find that, generally speaking, in 1940 and 1941 the occasions when the answer, "It is not in the public interest" was given were fair and reasonable, and that the national interest in war time was the prime consideration. There were two examples that were rather difficult to understand. On March 17, 1941, the hon. member for Red Deer (Mr. Shaw) asked for certain information in regard to incomes in Canada. His question, as reported at page 1565 of *Hansard* of that date, reads:

> How many individuals in Canada are in receipt of incomes, as shown by the income tax returns filed in 1940, (a) $10,000 to $25,000; (b) $25,000 to $50,000; (c) $50,000 to $100,000; (d) in excess of $100,000?

An answer was given in regard to the first two groups, but regarding the last two it was said that it was not deemed in the public interest to answer these separately.

There may have been some reason for that answer, but it is rather difficult to understand it.

On April 2, 1941, a perfectly reasonable question was asked the Minister of Munitions and Supply (Mr. Howe) by the hon. member for Gaspe (Mr. Roy). The question was whether or not the government had purchased, directly or indirectly, a vessel named the *Winchester*. The second part read:

> 2. If so, (a) from whom; (b) upon whose recommendation; (c) at what price; (d) where was delivery made?

Why should this information not be given? Yet the answer given was:

> It is not in the public interest to give details of this purchase.

This is the type of answer which arouses a degree of suspicion which may or may not be warranted.

In 1942, generally speaking, the occasions on which the answer "not in the public interest" was given appear understandable, with two exceptions. On April 23, 1942, the hon. member for St. John-Albert (Mr. Hazen) asked:

1. What are the names and addresses of the persons to whom cheques were issued (a) for over $10,000, (b) for $5,000 to $10,000 on wheat acreage reduction bonus?
2. How were the amounts made up?
3. How much did each receive?

The answer was that it was not in the public interest to give the information. Since when has it not been in the public interest for the people of Canada to be told how their money is being expended? Why should those of us who ask these questions be denied information which by no stretch of the imagination could be of assistance to the enemy?

In 1942 several of this kind were given, to none of which I take particular objection. But in the last few weeks the trend has been toward denying the members of the house information to which they are entitled. I point to an answer given on March 1, 1943, when the hon. member for Mackenzie (Mr. Nicholson) moved:

For a copy of specifications and plans of the proposed permanent houses to be built by Wartime Housing Limited at Hamilton, Ontario.

The plans are in the possession of the contractors when they are asked to submit tenders on work of this kind. Yet the Minister of Munitions and Supply, answering for the government, said it was not in the public interest to allow members of parliament to examine the plans. In what other way could a member ascertain whether or not a fair return is being secured from the expenditure of millions of dollars for the construction of houses by Wartime Housing Limited?

Mr. HOWE: If I may be permitted to interrupt my hon. friend for a moment, he leaves the impression that those plans and specifications had been in the hands of the contractors. The fact is they had not been; and to have tabled them in the house before tenders were called and the contractors could get the plans would be in my opinion a treatment not ordinarily accorded contractors tendering for government work.

Mr. GRAYDON: That is not the answer the minister gave that day.

[Mr. Diefenbaker.]

Mr. HOWE: Yes; I said the houses had not been built.

Mr. DIEFENBAKER: The answer given at that time was, as the minister now says, that—

Mr. JACKMAN: That it would not be fair to the architect.

Mr. DIEFENBAKER: He said:

They are the property of the federal government, prepared for the government's use.

And at another place:

These plans and specifications are documents of the department.

And he added:

The houses were not built and will not be built so far as present plans go.

Mr. HOWE: I think my hon. friend will agree there is all the difference in the world between plans which have served their purpose and plans which have not. In other words, the government prepared those plans for a purpose. They have not served that purpose. I have no objection to tabling plans in the house which have been in the hands of contractors, and certainly not if the structures have been built.

Mr. DIEFENBAKER: But those plans are identical, are they not, with plans in other war-time housing projects?

Mr. HOWE: Oh, no.

Mr. DIEFENBAKER: I think I am correct in saying that those plans are similar to the other housing plans about which there has been so much argument on the question whether or not fair value has been secured by the government in the awarding of contracts, on the basis and terms upon which they have been awarded.

Mr. HOWE: May I straighten my hon. friend out on that point?—and I do not wish to interrupt unnecessarily. I must explain, however, that the plans for the Hamilton project were for a totally different type of construction from what had been done before, in that they were permanent houses, whereas the others were temporary. They were a lay-out of houses which Wartime Housing was suggesting the government should pay for. The government has not yet decided to adopt that suggestion. It may later, but it has not yet. That is why we did not wish to bring them down.

Mr. DIEFENBAKER: The only explanation the minister can give now is that he does not know whether the plans are going to be used. The fact remains that a large sum of

money was paid for the production of those plans. When members of parliament are denied the right to see what has been done when expenditures have been made, then one of the prime reasons for the existence of parliament is being disregarded.

Furthermore, on February 8, at page 202 of *Hansard* this question was asked:

1. Since the beginning of the war has the government issued any orders to the Royal Canadian Mounted Police to investigate the activities of certain war industries or those performing subcontracts for same?

2. If so, (a) when, (b) what industries or private individuals, (c) with what results?

This was the answer given by the Minister of Munitions and Supply.

It is not in the public interest to disclose this information.

I am not going to argue seriously against that answer—

Mr. HOWE: I hope not.

Mr. DIEFENBAKER: —so long as it is not used as an answer in respect of all questions concerning prosecutions.

The minister went still further. On February 15 he was asked this question, at page 392 of *Hansard:*

1. Has the government taken any steps to prevent irregularities discovered in certain war industries since the beginning of the war?

2. Has the government employed the services of chartered accountants to inquire into the operations of such companies?

3. If so, (a) when, (b) in connection with what companies, (c) with what results?

The answer given by the minister to the first two questions was, yes, and to the third:

It is not in the public interest to give the information.

Justifiable it may have been to answer that it was not in the public interest to give the information when an investigation was in the hands of the mounted police. But the answer the minister gives to the last question will fortify those who are wrongdoers in the belief that under no circumstances may parliament secure information respecting irregularities committed by them. If there is one way to prevent irregularity it is to see to it that those who do wrong shall know that parliament will be granted every opportunity by the government to ascertain the wrongdoing and to demand that it be properly punished. When an answer is given by the government that it is not in the public interest, that is the end so far as parliament is concerned. Your Honour gave a ruling last year, as reported on page 1976 of *Hansard,* as follows:

I have pointed out already that Bourinot states that an answer to a question cannot be insisted upon if the answer be refused by a minister on the ground of the public interest, nor can the question be replaced upon the order paper after a refusal by a minister to answer, nor can the refusal of the minister to answer be raised as a question of privilege.

That shows how carefully a minister should consider the matter before giving an answer that denies information to an hon. member of this house. One thing I have noticed in travelling throughout the country is that men and women are asking us who are in parliament, "What are you doing to check wasteful expenditures?" That is why I make this plea to the Minister of Finance, whose courage I admire and whose industry merits the praise of all. If he would give the assurance I have suggested it would result in a feeling of determination on the part of the people and, what is more, a new incentive to them to give all that they have to the country at this time.

I consider it my duty as a member of this house to point out that in the last loan campaign the argument was raised all too often as an answer for not contributing that the government was not demanding the discontinuance of overexpenditure and extravagance. I realize that in the vast amounts that are being spent there will be expenditures here and there which may be extravagant, but the people should know that those who overexpend, those who take advantage of the government, if you will, those who realize larger profits than any person in time of war has a right to realize, will be proceeded against. Wherever there is a suggestion of overexpenditure the names of the wrongdoers must be brought to the light of day in parliament, and they must be made to disgorge all they have wrongfully taken from the state.

There is nothing partisan in this suggestion. It is simply an appeal to the minister, and I ask members on all sides of the house to support it. If it is acceded to it will give new hope to the Canadian people. The minister and the Prime Minister are the only two men who can do this. I am asking in all sincerity that the suggestion be not brushed aside, that it be accepted. If that is done, when the next victory loan comes around the results will be more than can otherwise be expected. If that is done, I will do what I did in the last campaign, and what I believe all hon. members did—I will give of my time and energy to the utmost. I shall then be able to go to the people and say that the rumours they have heard have been investigated and have been found to be false, or have been found to be true and the wrong-

doers have been punished. If that is done, the response to the next victory loan will be greater than ever before. Show the people that where waste and overexpenditure can be prevented, it will be prevented and punished, and we shall have done much to improve the determination and morale of the Canadian people.

Mr. ROSS (Souris): Mr. Chairman, first of all I should like to refer to the statement made the other day by the Minister of Munitions and Supply (Mr. Howe) when we were discussing the matter of capital assistance to war industries and the centralization of these industries in two provinces. The minister stated that this investment by government amounted to $1,723,827,099. It has been pointed out already that eighty per cent of these industries are located in two provinces. I just want to say to the Minister of Finance (Mr. Ilsley) that along with many other people I think that that is a very unfair expenditure of money. It does not speak well for the future of this country.

The Minister of Finance was referring the other day to the chairman of the price control board and to the price ceilings. At the conclusion of his remarks I made this statement, as reported on page 1429 of *Hansard:*

> I have expressed myself in favour of the principle of price ceilings. Can the minister tell us why parity remuneration for the agricultural producer who is producing foodstuffs and who composes one-third of our population has not been placed on the same basis as that of industry and organized labour?
>
> Mr. Ilsley: I cannot answer that question until the hon. gentleman defines "parity". If he will do that I think I can answer his question.
>
> Mr. Ross (Souris): You set a base period for industry and organized labour, but you neglected agriculture.

In an answer made to the house yesterday it was pointed out that Mr. Gordon still retains his post as deputy governor of the Bank of Canada. He is also a member of the wartime industries control board, of the Department of Munitions and Supply, and of the national war labour board. Another return shows that the board which he heads has an annual payroll of $5,000,000 and a staff of 4,600 persons.

As to this matter of parity, I am satisfied that the minister realizes that parity simply means the purchasing power our commodities have to obtain the necessities of life. In the United States they have taken the commencement of the last war as their base period in considering parity. Seeing that the chairman of the control board, Mr. Gordon, is still deputy governor of the Bank of Canada, I should like to refer to the report of that bank, particularly to page 11, section 8, of the statistical review. This review sets out the wholesale prices in Canada for farm products in the different years, going back to 1926. Taking 1926 as a base of 100, farm products now lag at 87 in Canada, whereas in the United States they are at 113·8 as compared with 1926. The Canadian government established 1926 as the base period for industry and organized labour, and they now recognize the index of 117 for the cost of living bonus for them.

Mr. ILSLEY: That is only a half-statement of the facts. I would ask hon. members not to get off into these discussions that have nothing at all to do with what is before the committee. What my hon. friend is saying appears to be a continuation of something that was started here the other day, and if we are going to get into it we can go on for any length of time.

Mr. ROSS (Souris): This is an expenditure of public money. I do not want to get into any controversy with the minister, but I should like to ask him wherein I have made only a half-statement. The cost of living bonus is approximately sixteen or seventeen per cent, is it not?

Mr. ILSLEY: Yes.

Mr. ROSS (Souris): Then I do not see where the half-statement is. These are the facts so far as I have been able to gather them from departments of government.

Mr. ILSLEY: Mr. Chairman, this little argument is just an instance of the impropriety of getting into these discussions. To answer the hon. gentleman I have to go back and refer to the order in council relating to the first cost of living bonus that was awarded to labour, and then to the alterations from that time down to this. There was no guarantee to labour of the 1926-29 level plus a cost of living bonus to cover the increase in the cost of living since August of 1939. There was a direction to conciliation boards that if the facts showed that the wages were as high as 1926-29, that would be considered a fair and reasonable level of wages. It was a direction to conciliation boards. But the way the hon. gentleman puts it, the government in some way or other put wages up to the 1926-29 level and then piled the cost of living bonus on top of that. Then he argues that we ought to do the same for the farmers, and he says that the prices for the farmers are below

parity, when the fact is that a great many of them are above parity, on the definition he has given.

Mr. ROSS (Souris): What, for instance?

Mr. ILSLEY: The Minister of Agriculture went into that very fully, but do not let us get into an argument now on the cost of living bonus, statistics and parity prices, when I am trying to get this resolution through.

Mr. ROSS (Souris): I do not intend to take very much more time. These are the facts I obtained from the departments.

The CHAIRMAN: I would ask the members of the committee to confine themselves closely to the resolution.

Mr. ROSS (Souris): I think that what I am saying is within the resolution, Mr. Chairman. I do not think the minister will dispute that agriculture is one of the most important munitions of war. It is one of the most vital undertakings on the north American continent for the welfare of the united nations. The figures given by the Minister of Agriculture, to which the Minister of Finance has referred, call for an immensely increased production over previous years. Yet the farmers have lost some 400,000 men to war industries and the armed forces, and I do not see how we can obtain the results desired by the government and the people if something is not done about it.

There is just one other matter I shall refer to, namely, coarse grains, as to which I obtained an answer the other day. These come under the price ceiling, and the exporter who exports grain to-day receives a nice profit over the price allowed to produce under our price ceiling. I think something should be done by the government to see that the producer gets this profit rather than the exporter. It is but another example of the unfairness of the present controls.

As to waste, I think there is evidence of it in many places. The other day a return was brought down showing that 100,000 men had been discharged from the armed forces. I am glad to see the Minister of National Defence in his seat, because I am satisfied that that is altogether too great a percentage, having regard to the fact that the Canadian army has not yet been in battle. To enlist and equip these 100,000 soldiers at approximately $200 apiece would cost $20,000,000. I imagine that these men would serve on the average not less than six months, and that would be another $20,000,000. There is at least $40,000,000, which in my opinion is a direct waste of public money. For the benefit of the Minister of Pensions and National Health let me say, by way of contrast that I do not think some of these men are given enough money to spend for the purpose of clothing and rehabilitating themselves upon their discharge. The Minister of National Defence should explain to the house why there is such a large percentage of discharges from the armed forces. The percentage is altogether too great, and it costs this country too much money. I want to be clear on this point. I am satisfied that no taxpayer begrudges a single dollar that is spent to see to it that our army is the finest and best equipped in the world, but the taxpayers do begrudge these wastes that are taking place.

There are many other wastes. Take for instance the wartime information board, about which a return was brought down to the house the other day. It showed that since the middle of last summer the board has cost us over half a million dollars, and that we have 134 publicity men, 25 of whom have salaries exceeding $3,000. It is interesting to note what the status of some of these people was in the newspaper business before they received these appointments and the salaries that go with them.

There has been built up in this country what I think cannot be called anything but a bureaucracy. You might term these controllers the white collared army of this country. I know that many of them are giving splendid service and are probably receiving less money than they made in their own private business. But many of them are enjoying a larger salary than they ever obtained before, and I doubt whether very many of them are returning anything in the way of war effort to the country. The Minister of Finance should assure the nation that these wastes will be eliminated. The people are prepared to lend and give all they can to the war effort because they know that everything is at stake. But the Minister of Finance, above all other members of the government, must assure the people that these wastes which are taking place under their own eyes out in their own communities will be eliminated. Then the people will be prepared to go without some of the luxuries of life and in some cases without some of the necessities to assist in putting over the loan. As was stated by the hon. member for Lake Centre (Mr. Diefenbaker), I am satisfied that every member of this group will do all he can to help in putting the coming loan over the top, as we have done in the past. But let me repeat that the Minister of Finance and the other

ministers must assure the people that these wastes that are taking place will be eliminated. Otherwise the loan may not be the success we hope for.

Mr. MacNICOL: I was going to ask the minister a question about the statement he made on March 3, but if that is not in order, Mr. Chairman, I have nothing to say.

Mr. ILSLEY: I do not know that it is not in order, but I am not in a position to answer about other departments than my own, and I am doubtful whether I am in a position to answer about many parts of my own department. I would have to have the information here. I think it would be better to take the matter up when the main resolution is reached.

Mr. MacNICOL: If the minister thinks I had better ask the question at some other time when he will have full information here, I am quite satisfied.

Mr. ROSS (Souris): May I ask a question of the Minister of Munitions and Supply as an outcome of the statement he made this afternoon? I am not clear on one point. There is a price ceiling of $4 on certain classes of wood in certain areas. Wood cut in the Interlake area in Manitoba costs another $4 to transport to my town. That would be $8 altogether. Suppose my neighbour with a small wood-lot goes out and cuts wood and then sells it in my town; is he entitled to the $4 or to the $8? That is the question I have to answer in my own community.

Mr. HOWE: He is allowed the price ceiling of the particular area. There is a price ceiling for consumers, and whatever that price ceiling is, he is allowed. I cannot say, of course. But I am sure that the wartime prices and trade board office in the hon. member's locality would give him the figures.

Mr. ROSS (Souris): It would be the dealer's price in that town or centre?

Mr. HOWE: If he delivers his wood to a dealer of course he gets the dealer's ceiling, which is a lower ceiling than the consumer's ceiling.

Mr. BOUCHER: We are dealing briefly with an appropriation of $648 millions, and in view of the fact that before long we shall be embarking upon another victory loan drive, perhaps I may be able to contribute something to the debate by suggesting to the various ministers, particularly the Minister of Finance, the Minister of Munitions and Supply, and possibly the Minister of Labour, the advisability at an early day, before the launching of the victory loan campaign, of giving a statement to the house on two or three matters which are uppermost in the minds of the people in relation to our war effort.

In the last couple of months there has been considerable criticism and discussion in the daily press and throughout the country concerning the prevalence of so much absenteeism in industry, and why it is so difficult to get men who are working in our war industries, and in our peace industries as well, to put into production the effort by way of overtime which is absolutely necessary. The situation is so serious that a statement as to what remedy the ministers in charge of the various departments have to propose would be appropriate at this time.

Now that the war is in its third or fourth year, the time has come when we should be pretty well over the period of slow-downs in industry caused by plants being converted from one type of production to another, or being tooled and set up for one particular type of production, where companies have large staffs of men but not sufficient orders, plans or material to continue in orderly production and keep their payrolls intact. The time has come when the public has reason to expect a more definite statement as to what is the actual condition in industry in regard to slow-downs by the men employed therein and the consequent reduced production which inevitably results in increased costs and causes dissatisfaction with labour.

We are approaching the Easter recess, before we get into a full discussion of munitions and supply production, and particularly before the victory loan campaign is launched, there should be given to the Canadian people a statement indicating the seriousness of the problem and the government's policy in regard to it.

Coupled with that there might be a statement from the minister as to what he is doing in regard to a serious situation in industry, as also in agriculture, under which men who have some particular knack or skill in certain types of production enlist before they are called for military service or before they are forced to leave; at any rate they leave these particular jobs, necessitating serious difficulties in replacement. New men undertaking work requiring this particular knack or expert ability have to be taught; it may be necessary to teach three or four to do one particular job in view of the possibility of future calls being made. I believe that generally across Canada for the past year or two this condition has been quite prevalent, and it is an annoying factor in war-time production. Certainly it has increased costs and lowered efficiency. I

do not intend to go into the matter now in detail, but I would urge upon the Minister of Munitions and Supply and the Minister of Labour, as well as the Minister of Finance, that they give the house at the earliest possible moment a full and complete statement of their policy with respect to that situation. It would do much to raise or restore the confidence of the people and promote subscriptions to the victory loan, as well as ensure their approval of the house passing a bill of this size, $648 millions, in so short a time as we are asked to do it this afternoon.

Mr. RALSTON: I want to say a word with regard to some observations of the hon. member for Souris (Mr. Ross). I do not propose at this time to go into the whole question of discharges from the army, because I am having a full statement prepared with regard to it; but in order that there may be no misapprehension I want the committee to understand now one or two features in connection with the matter.

Enlistments in the army, as everybody knows, have been to a considerable extent of men slightly older than the men of the last war. The younger men have gone into the air force. There has been a constant pressure on me from every direction—and that means industry, agriculture, and my colleague the Minister of Labour—to take in men who are perhaps not category A or A-1 in order to give them a trial in the army. I have endeavoured to do my best, but we have seen to it that men have not been taken in below B-1 except for certain special services. They have been put to a stiff training, some have been weeded out and these have gone back to industry.

Mr. MacNICOL: Can a B-1 man fight with a bayonet in hand-to-hand battle?

Mr. RALSTON: Certainly, and a B-2 man too. They have gone back to industry, and the result of that weed-out here has been that only six thousand out of all the tens of thousands who went overseas have been discharged overseas in this war. It may be that some men were taken into the army who should not have been admitted, but there has been this pressure of which I speak, and the charge is always made that the army is too "choosy" in connection with its men. We have met that situation as best we can. As I say, we have given them very stiff training. It must be remembered that this war will have lasted four years in September. Many of these men have been in the army a long time and have done a tremendous amount of heavy training, marching and all that sort of thing, which has had its effect on some of them.

With regard to discharges generally, I am having a return made comparing them with discharges in other countries. With regard to the curve of discharges, I believe it will be found that the curve started coming down in September, 1942, and that the trend is gradually declining. But I do not want the committee or the country to get the idea that waste is being practised in the army in connection with these men. Every possible care is being taken to conserve our manpower to utilize what we have, and to see to it at the same time that men do not go overseas unless they are qualified in every way to carry out the duties and responsibilities which they will meet there. I want it to be understood by the committee. I think it will be found that the percentage of discharges does not vary much from the percentage of discharges in other countries.

Some reference was made, and I shall deal with it further when that war appropriation is made up, to the matter of waste in camps. I am not in a position to deal with general charges or suggestions of the kind. I am in a position to deal with any charge with regard to waste in any camp in Canada at any time. I have had this up before—cases in which individuals have written me about waste taking place in camps. In one case a public-spirited lady and her associates were extremely anxious to see that waste was eliminated. They had heard most alarming rumours with regard to the waste which was going on in one of our biggest camps in Canada. I wrote to her that I would arrange that they could go to the camp, if she would just let me know what day would be convenient. She wrote back and said no, she would not let me know, because everything would be all ready for them if she did, but she asked if I would give instructions to the commandant to receive them at any time they might come to the camp, which might not be for three months. Those instructions were given; she and her associates went to the camp, where they were shown from cellar to attic, figuratively speaking. They were taken to the dumps, the incinerators, the kitchens and the messes; and I think the best testimonial I have ever received as to the administration of that branch of the department came from that lady after this visit by herself and her associates. I am not saying conditions are always so good, but I mention this case in order to indicate that we endeavoured to run down these charges of waste in connection with the camps. That goes for salvage, as it goes for swill, garbage and everything of that kind. If the hon. member for Souris has any case he cares to mention with regard to waste in

camps I invite him to do so, and I can assure him that I personally will see to it that the matter is gone into, that the facts are made known and that action is taken.

Mr. ROSS (Souris): My charge about waste was in connection with the enlistment of this great number of men who in turn are discharged. I think there is something wrong with the medical department. I do not know where it is, or what it is, but I think the minister himself will agree that this percentage is altogether too high, though I cannot point my finger at the culprit.

Mr. MacNICOL: Is the statement of the hon. member for Souris correct?

Mr. RALSTON: I am having a study made in comparison with other formations, to see if it is. Of course we cannot get relative information because the situation in the United States is not the same as it is here. The United States came into the war only on December 7, 1941. We came into the war in September, 1939, so that our men have been training much longer than those of the United States. I think I can say, however, that the record of the Canadian army with regard to discharges is fairly good, with the possible exception of the first year. I dealt with that matter before a committee of this house two years ago, when I pointed out that I believed the discharges at that time were too numerous and indicated the steps which were taken by the medical authorities to tighten up the medical examinations. I have every reason to have confidence in the medical administration at the present time, and that is not said in any complacent spirit. A good many changes have been made in that particular branch, and, as I say, I have every reason to believe that medical examinations will be conducted and are being conducted on a plan which will ensure that waste in that respect is eliminated.

Mr. MacNICOL: In regard to the changes made in the medical branch, were they made because of inefficient medical men?

Mr. RALSTON: I do not think my hon. friend should ask me that in committee. Changes were made which were regarded as in the interests of the service, and I think the changes have been fully justified.

Mr. MacNICOL: I personally have seen young men, people I knew well, taken into the army who were medically unfit. They went down and were taken in as A-1. I have often wondered how any man who knew anything at all about medicine would take some of those boys and classify them as A-1.

[Mr. Ralston.]

Mr. RALSTON: If my hon. friend will bring any cases of that kind to my attention I shall be glad to look into them and find out who were the medical officers concerned. I have insisted that where men are discharged within a comparatively short time, they have at headquarters the names of the medical officers who actually signed the board, and that action be taken.

Mr. MacINNIS: I am not going to delay the committee, but one matter just came to my attention and since the question of discharged men has been mentioned I should like to bring this matter to the attention of the minister concerned, either the Minister of Pensions and National Health or the Minister of National Defence. I have a circular which was sent out by the Salvation Army in Victoria asking for contributions to various war matters, and there is one paragraph I should like to bring to the attention of this committee. It reads:

> Also there is an increasing demand upon us for clothing to outfit discharged soldiers and to return them to civilian life.

If that statement is true it is a disgrace, and the thing should be looked into and stopped right away.

Mr. DIEFENBAKER: I would like an answer from the Minister of Munitions and Supply to the suggestion that the members of this house be provided with a list of contracts awarded, so that we may be in a position to check up on these contracts, which we have not been able to do for the last year and a half.

Mr. HOWE: Early in the war it was the practice of this department to publish such a list. We attempted to do it monthly, but the compilation required a great deal of work and, as my hon. friend will recall, we fell two or three months behind. There was objection from the services to publishing this information; we were told that for reasons of security it was not wise to do so. The British government also objected. They said it was not done in England and should not be done here, and of course some of the contracts included in the lists were for British account. There were so many objections that we finally abandoned the practice. As a matter of fact the cost of compilation was growing from day to day, and at the time we stopped it the cost was something like $65,000 a year. I have no objection to resuming that practice if hon. members think it would be money well spent; for I believe the reasons of security are different to-day from what they were at that time. It is just a question whether it is worth the effort. As my hon. friend will appreciate, it

requires quite a large staff, and it is difficult to keep the information up to date. The printing gets very much behind, particularly when parliament is sitting. My hon. friend will recall that the list became very voluminous. Perhaps one of the committees of the house could go through the list. We could make it available to a committee, which could select contracts which might be of interest to hon. members. If it is necessary to publish every contract down to $3.20 we can do so. I should be glad to have one of the committees study the question and advise the department what should be done. I assure the hon. member there is no desire to withhold information from this house.

Mr. DIEFENBAKER: It is not a question of contracts for $3.20. If members of this house had available to them, in the office of the minister or elsewhere, a list of contracts for $10,000 or over, we then would be in a position to check up and scrutinize the accounts, which we are not able to do to-day. A large amount of money has been expended in my constituency in connection with the air force. I have no idea and no information as to what were the expenditures, when they were made or who got the money. I have heard criticism, not in my own constituency but in another nearby, in regard to airport purchases. Large sums of money in the estimates or in a resolution such as that before the committee to-day are voted, but there is no real check thereof by parliament. The suggestion has been made that we might ask questions. That is impossible, having in mind the delay in answering questions dealing with the mobilization of man-power and the like, in connection with which we have to wait three or four weeks for the information. I do suggest that the minister should make available to the members of this house, not by publication if that is going to cost a great deal of money but certainly at least in his own office, a list of the contracts awarded from month to month, so that members of this house may in part at least discharge their responsibility of examining expenditures. I do ask the minister to give consideration to that suggestion; for as matters stand to-day it is impossible for us to discharge our responsibilities. We have no information as to what expenditures are being made, and without that information how can we carry out our duty to scrutinize critically the money that is spent? We are not discharging our responsibility unless the information is made available to us.

Mr. HOWE: May I remind the hon. member that there is a war expenditures committee sitting at the present time. I think it sits continuously. It has three subcommittees. It is entitled to ask for any information it wishes, and that information is furnished with the greatest possible expedition. I think it is only fair to ask that the committee consider whether the expenditure involved is justified. They could hear the officials of the department and obtain certain information about it. I can assure the hon. member that if the committee on war expenditures recommends that the preparation of those lists be continued, we shall be glad to do so. The committee may decide that the lists available in the department are sufficient.

Mr. DIEFENBAKER: Has not the minister a list, kept up to date and indexed, of the expenditures being made under contracts?

Mr. HOWE: Certainly, but I suggest that where a committee is dealing with the particular subject, has been sitting continuously, and has never asked for it—

Mr. DIEFENBAKER: It has never sat this session.

Mr. HOWE: If the committee ask any information, I can assure hon. members it will be furnished.

Mr. DIEFENBAKER: We cannot delegate our responsibilities to any committee. The responsibility rests on us individually as members of the house. We know our own constituencies; we find certain expenditures being made there. By bringing the matter to the light of day people in that district point out where apparently there has been overexpenditure, and we can then bring it to the notice of the government. As it is to-day, these contracts are hidden away, apparently unavailable, not indexed, with no record that is available to hon. members. I am not asking that a book be published, but I am saying that hon. members have a right of access to the records to ascertain what contracts are being awarded and to whom.

Mr. HOWE: Has my hon. friend ever asked for access to it?

Mr. DIEFENBAKER: Oh, yes.

Mr. HOWE: And been refused?

Mr. DIEFENBAKER: No. I asked for information in one instance and it was given to me. If members of this house have to find out to whom contracts have been awarded and then go to the minister and ask for information, that is not giving us an opportunity to do our duty. The information should show to whom contracts are

awarded, the amount, and the unit price. Then, and then only, we will be in a position to discharge the responsibility which the people of Canada have the right to ask the members of this house to perform.

Mr. RALSTON: The hon. member for Vancouver East (Mr. MacInnis) made reference to clothing allowances. That matter was already brought to my attention by the representatives of the Canadian legion and also by the hon. member for Kamloops (Mr. O'Neill) and the hon. member for Wellington South (Mr. Gladstone). I immediately gave instructions to the interservice committee which deals with pay and allowances to look into the matter, and I have referred them to that report which had apparently emanated from the salvation army.

I may say that the allowance is $35 and is supposed to cover the uniform. After six months I think men are allowed to retain their uniform as well as having this clothing allowance. In addition to that, or after a certain period they are entitled, I think, to underclothing, boots and socks and some other articles of apparel.

So far this is the only complaint I have heard and it is being looked into immediately.

Mr. MacNICOL: After the six months are positions provided; does the government try to find positions for them?

Mr. RALSTON: That is under the Department of Pensions and National Health.

Mr. BOUCHER: I would not want to see us get into a discussion of the war expenditures committee, but in the light of what the minister said, as a member of the committee last year I think I should say, first, that the war expenditures committee has not sat since November 13 last except for six or seven days early in the year to compile its report; second, that the committee, consisting of twenty-four members, sitting as it has—particularly subcommittee No. 1—in camera, and having been delegated a few of the matters, if it were charged with the responsibility of going into the war contracts as the Minister of Munitions and Supply intimates, it would take as many subcommittees as there are members to go into it thoroughly. It would be a full-time job. It would require considerably more expert or technical assistance than they have, and the job would have to be done in camera, without permission to bring their report and the particulars from which it was made, or its recommendations to the house. The suggestion that the fact that there is a war expenditures committee that might go into the matter is a reason why the contracts should not be published and brought before this house, when the situation is analysed is seen to be ridiculous.

Mr. HOWE: The war expenditures committee can bring a report to this house any day they wish, on any subject they like. I suggest it is rather difficult to incur a big departmental expenditure at the request of an individual member. If it is a general request, with an understanding of what is involved, that is a different matter.

Mr. BOUCHER: If the committee, having sat in camera, did bring a report to the house, what a ridiculous position it would be in. It could not give particulars in such a way as to satisfy hon. members that the committee had done its work well and that the recommendations it saw fit to make were well founded.

Another point is that last year a great deal of work was done by subcommittee No. 1, a great many contracts being inspected. We held many meetings, discussed many subjects of some importance, and actually we were not even allowed a transcript of the evidence taken from day to day.

Mr. FOURNIER (Hull): You had men to look at it.

Mr. BOUCHER: But we have to trust to our memory as to the evidence given. Dealing with a number of contracts under such a system would be preposterous.

Mr. FOURNIER (Hull): I wish to correct a statement made by the hon. member. He knows members of the committee have the right to go to the clerk of the committee and have access to the evidence. And the clerk never refused to show that evidence. You can spend your time and get all the details needed as to the proceedings.

This is the second time we have had discussion of the war expenditures committee. There is a resolution on the order paper, we have not reached that order yet. It is understood that we shall have a full discussion of this matter when that order is reached. It comes up every once in a while out of order and we have no opportunity to reply to these —I will not say charges, but allegations.

Mr. ILSLEY: Might not the resolution be carried, and the discussion on war expenditure take place under the proper resolution?

Mr. BOUCHER: Perhaps that is right, but I rose by reason of what the Minister of Munitions and Supply said, and following what the Minister of Public Works said I

think further explanations should be given. But I do not want to delay the committee with that at this time.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 10, for granting to his majesty aid for national defence and security.

Motion agreed to and bill read the first time.

Mr. Ilsley moved the second reading of the bill.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, may I say to the minister that with respect to the one-sixth which is being granted by consent and with the concurrence of hon. members, we shall expect that the same protection and the same reservations will be made as in connection with the previous legislation.

Mr. ILSLEY: I am prepared to give that undertaking.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Bradette in the chair.

On section 1—Short title.

Mr. GRAYDON: Mr. Chairman, we have not been given a copy of the bill, and I say it is important that we conform to the usual procedure in these matters.

Mr. ILSLEY: The quickest way to deal with the matter would be to read the sections, the first of which states:

1. This act may be cited as the War Appropriation Act, No. 1, 1943.

Section agreed to.

On section 2—$648,333,333.33 granted for 1943-44.

The CHAIRMAN: Section 2 reads as follows:

2. From and out of the consolidated revenue fund, there may be paid a sum not exceeding six hundred and forty-eight million three hundred and thirty-three thousand three hundred and thirty-three dollars and thirty-three cents ($648,333,333.33) subject to allotment by treasury board, towards defraying any expenses or making any advances or loans that may be incurred or granted by or under the authority of the governor in council during the year ending the thirty-first day of March, 1944, for the purpose and subject to the terms, conditions and limitations set out in the resolution presently on the orders of the day to provide that sums not exceeding three billion eight hundred and ninety million dollars ($3,890,000,000) be granted to His Majesty, and being one-sixth of the said amount of three billion eight hundred and ninety million dollars ($3,890,000,000).

Mr. ILSLEY: This is the same as last year's bill; it is in the conventional form.

Section agreed to.

Bill reported, read the third time and passed.

On motion of Mr. Ralston the house adjourned at 6.09 p.m.

Monday, March 29, 1943

The house met at three o'clock.

RAILWAYS AND SHIPPING

MOTION FOR CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. J. P. HOWDEN (St. Boniface) presented the first report of the standing committee on railways and shipping, owned, operated and controlled by the government, and moved that the report be concurred in.

Hon. R. B. HANSON (York-Sunbury): I regret that I cannot give consent to this motion, for the reason which I indicated in the committee itself when this question of sitting and having the report concurred in this afternoon was discussed. It would not be convenient for certain members of this committee to attend sittings of the committee when the budget resolutions and supplementary estimates are in the offing for discussion in the house. I desire to make some observations on both, and, if possible, to follow through with the budget resolutions. Therefore, I do not agree to this motion for concurrence. We should be given at least another afternoon in the house, I object to it.

Mr. HOWDEN: The purpose of the motion for concurrence is to permit the printing of the proceedings. An understanding was arrived at that there would be no attempt to convene the committee without agreement with the opposition. We cannot proceed with the printing unless this report is adopted.

Mr. HANSON (York-Sunbury): Concurrence can be moved to-morrow. If the second part of the report is dropped, I should be agreeable to the printing being proceeded with, but I am not going to be hurried in this committee if I can help it.

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

Mr. HANSON (York-Sunbury): No. Under the rules it has to have unanimous consent.

Motion stands.

CANADIAN NATIONAL RAILWAYS

REFERENCE OF BUDGET, ANNUAL REPORTS, AND CERTAIN ESTIMATES TO RAILWAYS AND SHIPPING COMMITTEE

Hon. J. E. MICHAUD (Minister of Transport): Mr. Speaker, I wish to lay on the table the annual report of the Canadian National Railway System for the year ended December 31, 1942; the annual report of the Canadian National (West Indies) Steamships Limited for the year ended December 31, 1942; report of the Canadian National Securities Trust for the year ended December 31, 1942; report to parliament of George A. Touche and Company, auditors of the Canadian National Railway System, for the year ended December 31, 1942, and financial budget of the Canadian National Railways and Canadian National (West Indies) Steamships Limited for the calendar year 1943.

I move:

That the above reports and financial budget be referred to the standing committee on railways and shipping, owned, operated and controlled by the government, together with the following items of the estimates for the year 1943-44:

385. Maritime Freight Rates Act, Canadian National Railways;

386. Maritime Freight Rates Act, railways other than Canadian National;

405. Canadian National (West Indies) Steamships Limited, capital advances;

406. Prince Edward Island car ferry and terminals, deficit, 1943.

And that the resolution passed by the house on the 25th of February, 1943, referring certain items to committee of supply be rescinded in so far as the said resolution relates to votes 385, 386, 405 and 406.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WARTIME PRICES AND TRADE BOARD—PROSECUTIONS

Mr. DIEFENBAKER:

1. How many prosecutions by provinces have been launched by the wartime prices and trade board?

2. What is the total amount of fines that have been imposed?

3. What is the total amount of the legal accounts rendered by counsel for the crown in the said prosecutions?

Mr. ILSLEY:

1. Number of completed prosecutions, by provinces and by persons, instituted by the wartime prices and trade board respecting regulations of that board and regulations of Controllers of the Department of Munitions and Supply to February 28, 1943:

[Mr. R. B. Hanson.]

Nova Scotia, 119; New Brunswick, 54; Prince Edward Island, 11; Quebec, 707; Ontario, 705, Manitoba, 133, Saskatchewan, 248; Alberta, 76; British Columbia, 115.

2. Total amount of fines imposed in these cases, $137,830.59.

3. Total amount of legal accounts paid to counsel for the prosecution respecting these cases, $50,415.02.

UNEMPLOYMENT—SASKATCHEWAN

Mr. DOUGLAS (Weyburn):

1. What is the total number of persons registered for employment in the province of Saskatchewan and in each of the cities of Regina, Saskatoon and Moose Jaw?

2. What is the number of persons who are receiving unemployment benefits in the province of Saskatchewan and in each of the cities of Regina, Saskatoon and Moose Jaw?

Mr. MITCHELL:

1. Number of persons registered for employment: Regina, 905; Saskatoon, 862; Moose Jaw, 324—Total for province of Saskatchewan, 2,769.

2. Number of persons receiving benefit as on March 15, 1943: Regina, 107; Saskatoon, 34; Moose Jaw, 13—Total for province of Saskatchewan, 187.

UNEMPLOYMENT INSURANCE COMMISSION

Mr. POULIOT:

1. How many unemployed are there in the country?

2. On what date was the unemployment insurance commission established?

3. Since then, (a) what is the total number of the personnel of the said commission, and (b) what is the total number of unemployed who have received a contribution in virtue of the Unemployment Insurance Act?

4. From the date above referred to, (a) what was the total amount paid for the salaries and travelling expenses of all officers and other employees of the said commission, and (b) what was the total amount paid in virtue of the Unemployment Insurance Act for contributions to the unemployed?

5. How many of those presently unemployed do not receive any contribution from the Unemployment Insurance Commission?

Mr. MITCHELL:

1. 4,079 persons were unemployed and receiving insurance benefits. There were 171,182 positions vacant in the Dominion and 78,343 applicants for these positions on March 18, 1943.

2. August 7th, 1940.

3. (a) 4,483 as at January 31, 1943, of whom approximately 2,000 are employed on the administration of national selective service

regulations. (b) Up to February 28, 1943, 14,222 persons had received unemployment insurance benefit. An additional 8,746 persons who claimed benefit were placed in employment before becoming entitled to receive their first payment.

4. (a) Up to February 28, 1943, the salaries and travelling expenses of the employment service and unemployment insurance branch of the Department of Labour which administers unemployment insurance, employment service and national selective service totalled $5,591,845.57; (b) Benefits $548,620.19.

5. Answered by No. 1 above.

SUBSIDIES ON BEEF SHIPPED INTO TORONTO

Mr. DIEFENBAKER:

What subsidies or allowances, if any, in the form of freight rates or otherwise, have been paid or made on beef shipped into the city of Toronto since the first of December, 1942?

Mr. ISLEY: None to date.

QU'APPELLE RIVER VALLEY SURVEY PARTIES

Mr. PERLEY:

1. What has been the total cost of the survey parties working under the Department of Agriculture in the Qu'Appelle river valley during each of the years 1941 and 1942?

2. What amounts were paid to L. D. McMillan and H. G. Riesen in salary and expenses during each of these years?

3. What number of persons were employed in this work?

4. What amount was paid to each individual so employed during each of the above years, by way of salary and expenses?

Mr. GARDINER:

1. 1941, $33,927.93; 1942, $22,490.64.

2. 1941, L. D. McMillan, salary, $2,220; expenses, $1,764.29. H. G. Riesen, salary, $2,700; *expenses, $1,195.85. 1942, L. D. McMillan, salary, $2,220; expenses, $1,348.27. H. G. Riesen, salary, $2,700; *expenses, $1,143.55.

*This includes payments for other work besides the Qu'Appelle river valley survey.

3. Fifty-three.

4.

Name	Classification	1941 Salary	1941 Expenses	1942 Salary	1942 Expenses
*L. D. McMillan	Asst. Eng.	$2220 00	$1764 29	$2220 00	$1348 27
*H. G. Riesen	Dist. Eng.	1620 00	717 51	1620 00	686 13
*Patterson, D. A.	Jr. Eng.	485 73	361 22		
*Wood, E. O.	Inst'man	932 73	643 17	1291 47	716 73
*Nixon, E.	Draft'n	648 82	396 42	852 69	648 12
Ruecker, O.	Rodman	548 32	467 15		
Peace, M.	Rodman	381 82	322 65	436 35	396 34
*Krug, N.	Inst'man	523 82	411 37		
Mapes, Carl	Rodman	333 00	295 95		
King, H.	Rodman	255 06	237 85	248 62	230 25
Monteith, J.	Rodman	291 80	254 50		
Moller, R.	Rodman	197 08	193 12		
Moller F.	Rodman	171 95	172 00	239 00	179 97
Norman, B. V.	Rodman	163 08	161 50		
Wiens, G.	Inst'man	410 73	238 49		
Pugh, R.	Rodman	183 40	164 46	158 02	156 59
Mohr, C.	Rodman	850 00	534 50	1195 47	577 84
Farquharson, T.	Rodman	580 32	607 00	1015 80	455 36
Armbruster, W.	Rodman	74 29	87 50		
Lacina, C.	Rodman	74 29	87 50		
Yeo, L.	Rodman	72 50	87 50		
Kocher, W. J.	Inst'man	520 00	160 99		
*Browne, H.	Rodman	125 00	178 37		
*Shienfield, I.	Inst'man	986 97	749 90	207 58	90 22
*Ormiston, A. W.	Jr. Eng.	959 55	895 74		
*Lamb, J. A.	Jr. Eng.	321 77	291 77		
Slobodian, P.	Rodman	312 63	288 50		
Nargang, J.	Rodman	285 90	332 00		
Ludwar, A.	Rodman	459 20	476 00		
Pattison, K.	Draft'n	563 82	339 00		
*Webster, G.	Inst'man	628 66	531 87		
Haughian, F.	Rodman	197 36	192 50		

4.—*Concluded* Name	Classification	1941 Salary	1941 Expenses	1942 Salary	1942 Expenses
Garner, D.	Rodman	163 91	158 00		
Crepeau, J.	Rodman	229 26	216 00		
Rowand, A.	Rodman	171 13	191 50	437 23	336 95
Huget, L.	Rodman	169 26	186 50		
Smith, R.	Rodman	157 16	153 50		
Smith, F. L.	Rodman	45 53	44 50		
Moltz, R.	Rodman	40 38	45 50		
McWalters, R.	Rodman			347 57	283 81
*Stuart, R.	Inst'man			1059 16	1066 62
Whitworth, T.	Rodman			127 18	91 52
Wood, D. H.	Rodman			82 92	44 88
Bourett, D.	Rodman			9 15	6 00
Bye, G.	Rodman			73 34	69 75
Kennett, D. A.	Rodman			458 21	605 32
Huddleston, W.	Rodman			322 66	338 11
Halliwell, D.	Rodman			170 28	173 00
Ellis, R.	Rodman			331 64	336 75
Palmer, A.	Rodman			183 62	
Moller, E.	Rodman			12 83	11 00
Zimmerman, C.	Process Printer			30 38	34 79
Collins, R. L.	Rodman	361 24	354 50		

Where names are marked *, the expenses include the cost of operating a government car or truck.

DUNDURN, SASK., MILITARY CAMP

Mr. BENCE:

1. How many men and officers are stationed at Dundurn camp, Saskatchewan?
2. What is the full capacity in terms of numbers of men and officers of this camp?

Mr. RALSTON:

1. The number stationed at Dundurn camp as at 20th March, 1943, was as follows:

Male, officers 160; other ranks 2,272.

Canadian Women's Army Corps, officers 2; other ranks 96.

2. The normal capacity of this camp is as follows:

Male, officers 200; other ranks 1,810.

Canadian Women's Army Corps, officers 6; other ranks 80.

Note: The overcrowding in this camp is caused by the presence of a unit which has been under orders to move at short notice. The situation should be relieved immediately this move takes place. While the situation may have led to slight discomfort and inconvenience in some cases, it is reported that it has not in any way interfered with the proper functioning of the camp nor has it had any adverse effect on the health of the troops.

WARTIME PRICES AND TRADE BOARD—INTEREST ON DEFERRED ACCOUNTS

Mr. FRASER (Peterborough West):

1. Has the wartime prices and trade board issued any order to the effect that not less than a specified rate of interest may be charged on deferred accounts?
2. If so, what is the minimum interest rate specified in the order?
3. What are the reasons for the issuance of the order?

Mr. ILSLEY:

1. Yes.

2. The minimum finance or carrying charge is that referred to in board order 225 clause (a) subsection (2) of section 8 which reads as follows: "a finance or carrying charge of not less than three-quarters of one per cent per month on the total amount financed if less than $500 or at a rate of one-half of one per cent per month on the amount financed if $500 or over, for the number of months included in the period of credit, but in no case less than twenty-five cents." However, this minimum finance charge is subject to the provisions of the regulations outlined in subsections (3), (4) and (5) of section 8 which reads as follows;

(3) "Any seller whose customary practice before and during the basic period was to sell for cash any of the goods included under this order at a cash price which was not less than the credit price thereof by the charge or amount mentioned in clauses (a) and (b) of subsection (2) of this section, may not add the difference to his credit price thereof permitted by section 7 of the wartime prices and trade regulations unless he first obtains the consent in writing of the director of consumer credit."

(4) "Any buyer who pays any part of the credit price of goods before the time appointed for payment shall be entitled to a proportionate reduction or refunding of the finance charge included in such price."

(5) "Any contract of sale may provide for the cancellation of the entire amount of the finance charge therein mentioned on payment in full of the cash price within thirty days after the making of such contract."

3. In October, 1941, the wartime prices and trade board set up a consumer credit division and announced credit and instalment selling restrictions for the following reasons: 1. To lessen demand for labour and materials so that they might be more largely available for war purposes. 2. To lessen the growth of the individual's current obligations which compete with the government for funds. 3. To lessen the burden of private obligations which might be outstanding at the end of the war. 4. To create a backlog of demand for many industrial products. 5. To counteract an important inflationary tendency by preventing an already buoyant spending power from being multiplied by an easy extension of credit.

RADIO BROADCASTING—ALTERNATIVE SERVICE

Mr. DIEFENBAKER:

1. Is an alternative radio service throughout Canada being planned by the Canadian Broadcasting Corporation?

2. If so, what is the nature thereof, and what change will take place in the setup of the present facilities?

Mr. LaFLECHE:

1. The Canadian Broadcasting Corporation is giving consideration to an extension of present arrangements whereby alternative programmes are already being provided as facilities permit over the Canadian Broadcasting Corporation network.

2. Plans are not yet sufficiently developed to give information.

DEFENCE INDUSTRIES LIMITED—TRANSCONA CORDITE PLANT

Mr. KNOWLES:

1. What is the greatest number of employees employed at any one time by the Transcona cordite plant of Defence Industries Limited?

2. What was the date of the above peak employment?

3. How many are employed at the above plant at the present time?

4. To what extent did the federal government contribute to the cost of establishing the above plant?

5. What was the total cost of the same?

6. In whom is the ownership of the above plant now vested?

7. Is it intended to continue the operation of the above plant for the duration of the war?

8. What plans have been made for the use of the above plant when the war ends?

Mr. HOWE:

1. 4,485.

2. May, 1942.

3. 3,089.

4. Nil.

5. $10,686,724 less $603,241 duties and taxes.

6. His Majesty's government in the united kingdom.

7. This plant will be operated as long as the need for its product continues.

8. No plans have yet been made as to its peace-time function, but this is being studied.

WAR RISK INSURANCE—MUNITIONS OR EXPLOSIVES

Mr. MARTIN:

1. Is it considered that the War Risk Insurance Act passed in 1942 extends to cover loss resulting from the explosion of a concentration of munitions or explosives being lawfully manufactured, stored or transported for war purposes within the three- or twelve-mile limit of Canada?

2. Does the War Risk Insurance Act extend to cover loss incurred in Canada as the result of an explosion of a concentration of munitions either on the American shore or being transported on any body of water separating the Canadian and American boundaries?

3. If the said act does not cover such latter situation will consideration be given by the government to provide for such a contingency?

Mr. ILSLEY:

1. Under the War Risk Insurance Act war damage is defined as including "damage caused by the explosion of a concentration of munitions or explosives being lawfully manufactured, stored or transported in Canada for war purposes by any person other than the insured."

It is a question of law whether a given point is in Canada or outside Canada.

2. Loss resulting from a concentration of munitions on the American shore is not covered and loss resulting from explosion of munitions being transported on any body of water separating Canada and the United States is not covered unless the explosives are within Canadian territorial waters or being shipped between two Canadian ports as provided by section 14 of the act.

3. This question relates to a matter of policy and it is not the practice of the government to disclose matters of policy in giving answers to questions.

NOVA SCOTIA AIRCRAFT PLANTS

Mr. GILLIS:

1. What has been the cost to date of the plants of the Clark Ruse Aircraft Limited, at Lakeburn and Eastern Passage, Nova Scotia?

2. What will be the total cost of each one when completed?
3. Who are the contractors of each?
4. Are the contracts let on a cost-plus basis?

Mr. HOWE:

1. The cost to date of the plant at Dartmouth is $1,149,870. The cost to date of the plant at Moncton is $881,250.

2. It is estimated that the cost of the plant at Dartmouth when completed will be $1,150,000. It is estimated that the cost of the plant at Moncton when completed will be $902,500.

3. The contractors at Dartmouth are: Foundation Maritime Limited; T. C. Gorman Maritime Limited; Dominion Bridge Company Limited; Acadia Construction Company Limited.

The contractors at Moncton are: Ambrose Wheeler, Limited; Chris Keenan & Sons; Acme Construction Company Limited; Canadian Comstock Company Limited; "Automatic" Sprinkler Co. of Canada Limited.

4. All contracts for both Dartmouth and Moncton were let on a competitive price basis with the exception of $248,700 at Dartmouth which is let on a cost-plus basis to the Foundation Maritime Limited, and $50,000 at Moncton awarded to Acme Construction Company Limited on a cost-plus basis.

WESTERN GRAIN CROP

Mr. CASTLEDEN:

1. How many grain delivery points in the west is it possible for the farmer to deliver the quota allotted to that point?
2. What is the estimated crop production of the western provinces for 1942 of, (a) wheat, (b) coarse grains?
3. What are the approximate deliveries of, (a) wheat, (b) coarse grains, made in the west between August 15 and December 31, 1942?

Mr. MacKINNON (Edmonton West):

1. Owing to the fact that not all producers deliver wheat on each successive quota established and owing to the fact that delivery quotas are established on the total authorized acreage at each delivery point, delivery quotas generally provide for the delivery of wheat moderately over space available. Where producers, for one reason or another, do not deliver wheat in accordance with the quotas established, the board follows the practice of making such space available to those producers who do wish to deliver wheat.

On March 18, 1942, about 800 delivery points had delivery quotas closely balanced with available storage. At about 1,300 delivery points, delivery quotas were moderately in excess of storage available and these points included:

[Mr. Gillis.]

(1) All delivery points where all or part of the 1942 wheat crop is unthreshed. At these points wheat quotas have been advanced to permit the marketing of as much wheat as possible by those producers who threshed last fall.

(2) All delivery points where available storage, which for one reason or another has not been used and where delivery quotas have been increased for the benefit of those producers desiring to deliver wheat.

(3) All delivery points where authorized wheat acreage is such that a lower wheat quota would result in waste space. In these cases the quota is increased, even though the next highest delivery quota presses on available space.

(4) All delivery points where outstanding car authorizations must be completed to permit the marketing of existing delivery quota.

2. (a) Prairie provinces—wheat, 565,000,000 bushels; (b) Prairie provinces—Oats, 500,000,000 bushels; barley, 241,000,000 bushels; rye, 23,000,000 bushels.

3. (a) Wheat — 144,172,329 bushels; (b) Oats—47,111,072 bushels; barley—40,357,191 bushels; rye—3,616,501 bushels.

ASSOCIATED CREDIT BUREAU OF CANADA LIMITED

Mr. GAUTHIER:

1. Has the Associated Credit Bureau of Canada, Ltd., a federal charter?
2. If so, in what year was it incorporated and what are the names of its directors?
3. Does it also possess a provincial charter?

Mr. McLARTY:

1. Yes.

2. Incorporated by letters patent under the Companies Act dated the 1st May, 1939.

According to the annual summary filed under oath by the company covering the fiscal year ending 31st March, 1942, its directors at that time were as follows: Thomas Downie, F. A. Matatall, E. L. Silver, H. O. Schultz, W. G. Murdoch, J. E. Shapland, I. H. Suydam, F. E. Womersley.

3. No, so far as the Secretary of State Department is aware.

SMELTING OF COBALT ORES

Mr. NOSEWORTHY:

1. Was the Canadian metals controller asked by Washington to express his opinion on the future of the Cobalt camp and the advisability of a smelter being constructed there for the treatment of cobalt ores?
2. If so, what was his answer?
3. Why is not John A. Reid's full and original report available to the public?
4. Did Read in his report recommend to the government that a certain amount of money be advanced to further develop certain properties in Cobalt with a view to increasing production?

5. Did Dr. F. W. James recommend to the Canadian metals controller that a certain amount of money be advanced or made available by the government for the same purpose?

6. If so, what was the amount and which properties were recommended for such development and why were these recommendations not acted upon?

7. Has the government knowledge that for many years a cartel or cobalt trust existed which completely controlled the market and price?

8. Has the government knowledge that large German interests were part of this trust, and to a large extent controlled the smelting of cobalt ores?

9. Has the government knowledge that the Deloro Smelting & Refining Company were a part of this trust or cartel?

10. Has the government knowledge that this cartel existed and functioned as late as 1942?

11. In connection with the survey being made to increase production of arsenic, what attention was given to cobalt and what were the results of such survey?

12. Is there any one on the official staff of the metals controller who was formerly an employee of the Deloro Smelting and Refining Company; if so, who is this?

Mr. HOWE:

1 and 2. In the spring of 1942 the Canadian metals controller effected arrangements with the Metals Reserve company of Washington under which the latter agreed to purchase the cobalt ores produced in the Cobalt camp up to the end of 1943. Subsequently the Canadian metals controller asked the authorities in Washington if they would be prepared to consider the erection of a smelter in the Cobalt camp for the treatment of these ores or an extension to the existing Canadian smelter for the same purpose, and was advised that the Washington authorities would not be prepared to finance or approve the erection of additional smelting facilities in Canada for this purpose.

3. This report is the property of the Ontario government.

4. No.

5. Yes.

6. (a) $100,000; (b) no specific properties were recommended; (c) the Canadian production of refined cobalt metal and oxides is approximately six times Canada's own requirements, the balance going to the United Kingdom under contract. The arrangement effected with the Metals Reserve was to provide insurance to the United States against a loss of supplies from Africa. Because the ores from the Cobalt camp were being purchased for the account of the United States government, it was felt that any expenditures for further expansion of ore production should be financed by the Metals Reserve. The Canadian metals controller made recommendations to the Metals Reserve, which, among other things, included the setting up of a fund of $100,000 to unwater and rehabilitate mines in the Cobalt area. The Metals Reserve did not approve these recommendations.

7, 8 and 9. No information.

10. No.

11. The ores being purchased for the account of the Metals Reserve, most of which have been stockpiled in Canada, constitute a possible source of arsenic if treated in Canada.

12. No.

TAXES ON BEER AND SPIRITS

Mr. ROSS (Hamilton East):

What was the amount of tax collected in each of the calendar years, 1938, 1939, 1940, 1941 and 1942 on, (a) beer, (b) hard liquors?

Mr. GIBSON:

Excise duty collected on matured spirits, malt and dutiable beer, during the calendar years 1938 to 1942, both inclusive

Year	Matured spirits	Dutiable beer	Malt
1938	$ 9,199,010 59	$273,911 20	$ 8,324,022 48
1939	10,751,528 94	262,204 15	9,918,936 18
1940	14,851,809 00	314,117 22	15,996,630 90
1941	18,925,353 98	390,157 96	23,051,539 03
1942	31,992,894 80	561,169 61	33,965,086 88

Sales tax on any one commodity not available.

PRODUCTION OF SYNTHETIC RUBBER FROM INDUSTRIAL ALCOHOL

Mr. BENCE:

1. Was any of the industrial alcohol produced in Canada in 1942 used for the manufacture of synthetic rubber?

2. If so, where was such synthetic rubber manufactured?

3. Will any of the industrial alcohol to be produced in 1943 be used in the manufacture of synthetic rubber?

4. If so, where will such synthetic rubber be produced?

Mr. HOWE:

1. No.
2. Answered by No. 1.
3. Present plans do not include the use of industrial alcohol for the manufacture of synthetic rubber.
4. Answered by No. 3.

WARTIME PRICES AND TRADE BOARD—R. A. VIRTUE

Mr. DIEFENBAKER:

1. Is R. A. Virtue an official in any department of the wartime prices and trade board?
2. If so, in what position?
3. What salary and expenses does he receive?
4. Is he an executive or other officer in Might's Directories Limited, Toronto? If so, what?

Mr. ILSLEY:

1. No.
2. See No. 1.
3. See No. 1.
4. No information.

SYNTHETIC VITAMINS IN MANUFACTURE OF FLOUR

Mr. FRASER (Peterborough West):

1. Has the dominion nutritional advisory council set up regulations establishing new vitamin standards for vitamin "B" white flour, Canada approved?
2. Is the addition of synthetic vitamins, such as allowed in the United States, prohibited in Canada in the manufacture of Canada approved white flour?

Mr. MACKENZIE (Vancouver Centre):

1. The standards for Vitamin "B" white flour (Canada Approved), as established by order in council of the 22nd January, 1942 (P.C. 489), under the authority of the Food and Drugs Act, have not been changed.
2. Yes.

WHEAT OF 1938 TO 1942 CROPS UNSOLD AND IN STORAGE

Mr. DIEFENBAKER:

1. How many bushels of the wheat crops of each of the years 1938, 1939, 1940, 1941 and 1942, remain unsold?
2. How many bushels of the wheat raised in each of the said years are to-day, (a) in storage in Canada, (b) in storage in the United States of America?
3. What amounts have been paid or are payable for wheat stored in the United States of America for each of the months from the first of January, 1942, to date?

Mr. MacKINNON (Edmonton West):

1. Wheat of various crops loses its identity as it goes into storage. Owing to the multiplicity of ownership, it is impossible to know how much wheat is held by the ultimate consumer.

[Mr. Bence.]

2. There is no way of distinguishing the year of production of wheat in storage in Canada or the United States.
3. The government has no knowledge of the amount of storage paid by owners of Canadian wheat stored in the United States.

CANADIAN WOMEN'S COMMITTEE ON INTERNATIONAL RELATIONS

Mr. ROSS (St. Paul's):

1. Is there a Canadian women's committee on international relations?
2. If so, was it set up by the government?
3. Who are its members?
4. What are its objects?
5. Has it held any meetings, and if so, where and how many?
6. Has it the sanction of the Canadian government?

Mr. MACKENZIE KING:

1. Yes.
2. No.
3. According to information supplied by the chairman, the committee consists of representation of the following national women's organizations: National Council of Women; National Council of Jewish Women; Imperial Order Daughters of the Empire; National Council, Young Women's Christian Association; Cercles de Femmes Fermières; Toc H League of Women Helpers; Federation of Women's Institutes of Canada; Ukrainian Women's Association of Canada; Canada Branch King's Daughters and Sons.
4. According to the constitution the objects of the committee are:

"1. To develop an alert and informed public opinion in the field of international relations.

2. To maintain faith in and work for a world in which responsibility will be accepted by individuals and groups for developing social and economic relationships which will make for enduring peace."

5. It is understood that the committee has participated in the organization and conduct of certain conferences but the first general meeting is to be held in Montreal on April 17, 1943.
6. The Canadian Women's Committee on International Relations is a private organization registered under the War Charities Act by the Department of National War Services.

CANADIAN CORPS OF LEGIONNAIRES

Mr. ROSS (St. Paul's):

Have the Canadian corps of legionnaires been refused a charter by the dominion government, if so, why?

Mr. McLARTY: No application has been filed under the provisions of the Companies Act for incorporation of the Canadian Corps of Legionnaires. However, an unincorporated organization under the name Dominion Corps of Legionnaires Second World War requested of the Secretary of State Department instructions relative to the procedure to be followed in seeking incorporation. In reply it was intimated that in 1933 the government of the day adopted the policy of not granting letters patent of incorporation under the Companies Act to further organizations of ex-service men, which policy has been followed since that time. It is the policy of the Secretary of State Department that this should be continued at least until a greater number of veterans of this war have returned to Canada.

NEW BRUNSWICK OIL SHALE DEPOSITS

Mr. EMMERSON:

1. Did the Department of Munitions and Supply or any other department of the government carry on any investigation of the oil shale deposits in Westmorland and Albert counties in New Brunswick during the past year?

2. If so, what were the results and was a report submitted?

3. What steps are being taken by the government to develop or aid development of such oil shale deposits in this area?

Mr. HOWE:

1. Yes.

2. Reports have been and are being submitted and the results studied.

3. Answered by 2.

MUNITIONS AND SUPPLY—MEMORANDUM ON COSTING

Mr. MARSHALL:

Has the Department of Munitions and Supply received from companies and firms across Canada a memorandum on costing?

Mr. HOWE: The Department of Munitions and Supply, through one of its crown companies, received from an association of forty-seven firms a memorandum dated February 15, 1943, covering the purchasing and costing policy of the department. Representatives of this association later met with officials of the department and after discussion expressed the opinion that they were satisfied with the departmental policies on purchasing and costing.

EXPORT OF FEED GRAINS TO THE UNITED STATES

Mr. ROSS (Souris):

1. How many permits have been issued since August 1, 1942, for the export of oats, barley or other feed grains to the United States?

2. Who received these permits?

3. What type and what amount of grain did each permit cover?

Mr. MacKINNON (Edmonton West):

1. A total of 1,014 permits including 781 permits covering shipments of oats, chiefly feed oats, 211 permits covering shipments of feed barley and 22 permits covering shipments of other feed grains.

2. The information furnished by applicants for export permits is given in confidence, and the release of such information would disclose to competitors the details of business carried on by individual firms.

3. See answer to question 2 above.

Total shipments of various feed grains for which permits were granted were as follows:

Type of Grain	No of permits issued	Bushels
Oats	781	39,836,966
Barley	211	7,893,757
Rye	5	1,031,800
Buckwheat	14	38,186
Feed wheat	3	9,154

FOREIGN BONDHOLDERS PROTECTIVE COUNCIL

Mr. MARSHALL:

1. Has Canada a foreign bondholders protective council?

2. If so, in what year was this council created and at whose request?

3. Who are the members of same?

4. What remuneration does each member receive either by way of salary or other emoluments?

Mr. ILSLEY:

1. No.

2, 3 and 4. Answered by No. 1.

OGDEN SHOPS—CALGARY

Mr. BLACKMORE:

1. Have any men been laid off at the munitions plant at Ogden Shops, Calgary?

2. If so, how many, and are they still idle?

3. What was the reason for the layoff?

4. Why have they not been transferred to some other munitions plant?

Mr. HOWE:

1. Yes.

2. Commencing November 25, 1942, and continuing through December, 160 employees were laid off and an additional 50 in February, 1943. A considerable number of these were placed locally, and others were secured employment in Vancouver. Efforts are continuing to place the remainder.

3. Change in production requirements and production programme necessitating retooling.

4. Answered by 2.

ANTI-FASCIST AND JEWISH REFUGEES

Mr. COLDWELL:

1. What steps has the government taken to expedite negotiations and arrangements for the provision of asylum by the united nations to anti-fascist and Jewish refugees endangered by the prospect of further nazi and fascist inhumanities?

2. Has the government already signified its willingness to do its appropriate part in providing such asylum?

Mr. MACKENZIE KING:

1. Renewed discussions on the serious problem of refugees have been initiated within recent weeks by the government of the United Kingdom and the government of the United States. The government of Canada has asked to be kept informed of the progress of these preliminary discussions. The government is prepared to aid in seeking a cooperative solution of the problem.

2. Answered by No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PURCHASE OF HALIFAX PROPERTY

Mr. BLACK (Cumberland):

1. Does the federal government own property at the corner of Gottingen street and Prince William street, Halifax, Nova Scotia?

2. If so, (a) when was it purchased and for what purpose, (b) from whom, (c) how much was paid each owner, (d) what expense has been put on the property since purchase, (e) what was the total cost?

3. What is the size of the property?

4. What buildings are on the property?

5. (a) To whom does the government lease the property, (b) what rentals are paid monthly, (c) to whom does the tenant pay the rent?

6. Does the tenant have the privilege of subletting? If so, (a) to whom does he sub-let, (b) what rentals are paid monthly by subtenants?

7. What taxes are paid yearly by the government to the city of Halifax on the property?

8. Have requests been made to the government that the property be utilized for the armed services? If so, what action was taken?

CANADIAN ARMY—CATEGORY E

Mr. GREEN:

1. How many men who were taken on the strength of the Canadian army as being in category "A" have been discharged as category "E"?

2. Of this number, how many became category "E" during service abroad?

3. How many of the last mentioned group have been granted pensions?

4. How many have been granted pensions who became category "E" during service in Canada?

Mr. RALSTON: I want to mention to my hon. friend that, as he will see from the form of the question and the information required, it will take a considerable time to answer this question. I suppose he has not in mind altering the question or curtailing the amount of information asked for. In allowing it to pass as an order for return I have the thought that I will see my hon. friend to see whether he cannot curtail the requisitions under this order, in order to save as much clerical work as possible.

Mr. GREEN: I shall be glad to discuss it with the minister.

CONTROLLERS, BOARDS AND ADVISORY COMMITTEES

Mr. DIEFENBAKER:

1. How many controllers are there in the Department of Munitions and Supply and who are they?

2. Which of said controllers have set up advisory committees or boards?

3. What are the names of the members of each of the said committees or boards, and what compensation does each receive?

4. How often has each committee or board met in the past twelve months?

5. Which of said committees and boards have, (a) administrative, (b) regulatory, (c) adjudicative powers?

6. Is there any appeal by aggrieved persons, or recourse to courts of law, from decisions rendered by said committees or boards?

CANADIAN RECRUITING OFFICES IN THE UNITED STATES

Mr. LOCKHART:

1. Has the government any recruiting offices in the United States?

2. If so, where are they located?

3. What has been the total cost of each office to date?

4. What are the salaries of the staff in each office at present and what has been the total amount paid in salaries and other expenses to members of the staff in each office to date?

5. How many recruits have been obtained from each office to date?

COMMODITY PRICES STABILIZATION CORPORATION—YUKON TERRITORY—FUEL WOOD

Mr. BLACK (Yukon):

1. Is there an office or representative of Commodity Prices Stabilization Corporation in Yukon territory?

2. At what addresses are the offices of said corporation in Canada?

3. With what official of said corporation may wood dealers in Yukon properly communicate concerning bonus on wood and what is the address of such official?

4. Will dealers who are also producers of firewood, dealing in this product, produced by themselves or by their employees, be paid subsidy on such wood?

GIMLI AIRPORT—FUEL

Mr. ROSS (Souris):

1. How much coal has been supplied to the Gimli airport prior to March 15, 1943?

2. What was the total cost thereof?

3. What types of coal were supplied?

4. Has any other type of fuel been used in the said airport?

5. If so, what quantity was used?

WARTIME PRICES AND TRADE BOARD—NUMBER EMPLOYED AS OF MARCH 15, 1943

Mr. ROSS (Souris):

1. What was the total number of persons employed by or engaged in any capacity with the wartime prices and trade board or in any agency thereof as of March 15, 1943?

2. On what date was the wartime prices and trade board established?

3. How many of such number were males?

4. What was total sum paid to such persons referred to?

WARTIME PRICES AND TRADE BOARD—EXPENDITURES FOR PREMISES, OFFICE EQUIPMENT AND SUPPLIES

Mr. ROSS (Souris):

1. What is the amount of money expended by the wartime prices and trade board from date of creation to March 15, 1943, for (a) rent of premises, (b) purchase of premises, (c) office equipment, (d) stationery and other office supplies?

WAR CONTRACTS AND CAPITAL ASSISTANCE

Mr. O'BRIEN:

1. (a) What is the total value of contracts (not including ordinary peace-time expenditures) let by the Department of Munitions and Supply since September, 1939, (b) what is the total value of the capital assistance let by the said department since September, 1939, (c) what is the total value of such contracts and capital assistance to contractees with the department allocated by provinces?

2. (a) What is the total value of contracts (not including ordinary peace-time expenditures) let by the Department of National Defence since September, 1939, for (1) army, (2) navy, (3) air department; (b) has any capital assistance been extended by the said department; (c) what is the total value of such contracts by provinces?

3. (a) What is the total value of contracts (not including ordinary peace-time expenditures) let by the Department of Transport since September, 1939, for (1) airports, (2) seamen's branch, (3) national harbours board, (4) Canadian National Railways; (b) what is the total capital assistance granted by said department, if any; (c) what is the total value of such contracts and capital assistance by provinces?

4. (a) What is the total value of contracts (not including ordinary peace-time expenditures) let by the Department of Public Works since September, 1939; (b) what is the total capital assistance, if any, granted by the said department; (c) what is the total value of such contracts and capital assistance by provinces?

MILITARY SERVICE—TEEN-AGE BOYS FROM ALBERTA

Mr. BLACKMORE:

1. Were any teen-age boys from Alberta sent overseas between January 1, 1942, and January 1, 1943?

2. If so, how many?

3. How many had received less than, (a) six months' training, (b) less than five months, (c) less than four months?

CONTRACTS WITH EASTERN WOODWORKERS, NEW GLASGOW, N.S.

Mr. BLACK (Cumberland):

1. What is the total amount of the contracts entered into and materials supplied by Eastern Woodworkers, New Glasgow, for the construction of prefabricated houses at, (a) New Glasgow, (b) Pictou, (c) Amherst, (d) Dartmouth, (e) Halifax, from January 1, 1940, to date?

2. What is the total amount of additional contracts entered into and materials supplied by Eastern Woodworkers, New Glasgow, for the construction of staff houses and buildings and other work, in (a) New Glasgow, (b) Pictou, (c) Amherst, (d) Dartmouth, (e) Halifax, from January 1, 1940, to date?

3. What is the total value of contracts entered into with the Eastern Woodworkers for the manufacturing of, (a) landing scows, (b) other shipping and naval craft, stating number and value of each?

4. What quantity of lumber and other materials, the unit price and the cost of same has been supplied by Eastern Woodworkers to the government in connection with the military training centre at New Glasgow, from January 1, 1940, to date?

5. What is the total amount of all contracts entered into and materials supplied by the Eastern Woodworkers from January 1, 1940, to date, (a) by tenders, (b) awarded without competitive tenders?

CANADIAN GEOGRAPHICAL SOCIETY MAGAZINE

Mr. BLACK (Cumberland):

1. What departments of government purchased or subscribed for copies of the Canadian geographical society magazine, (a) in the fiscal year 1941-42, (b) in the fiscal year 1942-43?

2. What was the aggregate number of copies of this magazine purchased by all departments and what was the total cost?

3. How and where were the magazines distributed by the various departments?

4. Were purchases or subscriptions made direct or through agents?

CENSORSHIP

QUESTIONS SUBMITTED BY MEMBERS FOR ORDER PAPER—MEMBERS' MAIL

Hon. R. B. HANSON (York-Sunbury): On a question of privilege, and arising out of answers to questions on the order paper, I desire to say that some days ago I framed certain questions with respect to an incident which occurred in the city of Halifax a few weeks ago and resulted, I am advised, in the loss of lives of certain members of the Royal Canadian Air Force. These questions have not appeared on the *Votes and Proceedings* and they are not on the order paper. I have not been approached directly or indirectly by anybody with respect to these questions, but I understand by the grapevine route that they are now in the hands of the censor.

I desire to know whether questions submitted by members of parliament from their places in this house are to be a subject of censorship. If questions are improper, I suggest the head of the department get in touch with the member submitting them to discuss the matter. If there is a reason for it I am sure there is no hon. member but will conform to the course which is desirable, but I do not propose to have any board of censors censoring my utterances in this house or what I shall put on the order paper.

While on this subject of censorship, may I say that I have again been subject to censorship of correspondence addressed to me as a member of the House of Commons by a citizen of this country. I object to that. I took the matter up with the assistant deputy postmaster general, with whom I discussed the matter on previous occasions and with whom I had made what I considered was a very satisfactory working arrangement, but to my surprise I found that the censorship has been transferred from the post office department to the war services department, presumably to give it something to do and justify its existence. I thereupon addressed a letter to the minister, and that letter remains unanswered. Perhaps there has not been time to obtain an answer and submit it to me; I am not complaining about that; that is merely incidental.

My purpose in rising is to say that I have been deprived of a privilege by a board which is not responsible to this House of Commons and I do not propose to stand for it if I can get any support in this house. No board of censors has any right to say that I shall not ask certain questions in this house. The liberty of parliament and of members of parliament is at stake. If we have got to have a fight over this thing, let us have it, for there is a great principle at stake. I appeal to the Prime Minister (Mr. Mackenzie King). I am not very fussy as a rule about these things. What I think ought to have happened is this: if answers to these questions involved the giving of information which would be of aid and comfort to the enemy, it was only necessary to mention it to me. I have a mind and heart and conscience just as keen as that of any other hon. member. But the questions had nothing to do with aid and comfort to the enemy. I will tell you what they had to do with: they had to do with negligence in the operation of the air force, a dereliction of duty, malfeasance on the part of somebody whereby certain young members of the Royal Canadian Air Force lost their lives. The whole thing has been hushed up. Was there a court of inquiry? Was there a coroner's inquest with regard to this incident? This information came to me from one of the most responsible citizens of Halifax, and I want an explanation from somebody. I do not want Colonel O. M. Biggar or anybody else to say he has authority over what I shall ask. I object to that in the strongest possible terms; and I want the matter looked into and investigated.

Hon. J. L. RALSTON (Minister of National Defence): I happen to be at the moment acting Minister of National Defence for Air. I assure my hon. friend and this house that this is the first I ever heard of the incident or of my hon. friend having presented a series of questions in connection with the matter to which he refers.

I deprecate the action of my hon. friend in going to such lengths on a question of privilege as to deal with the whole matter—

Mr. HANSON (York-Sunbury): How else can I raise it?

Mr. RALSTON: —before he has had information regarding it. But he has seen fit to do that, and that is his responsibility. So far as the Department of National Defence for Air is concerned I will immediately look into what was done with these particular questions and as to their status at the present moment. I assure him that neither the head of the department nor myself had any knowledge of the questions or as to the references which my hon. friend has made to them.

Mr. HANSON (York-Sunbury): I accept the minister's statement. I do not think the minister knows anything about it. But what about the principle involved? I want the minister or some member of the government to say something about that. There is a principle involved here which must be dealt with.

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say to my hon. friend that I agree with him when he says that when he submits a question, and the question is not properly worded, he should be communicated with in the first instance by whoever receives it. I might add to what my colleague the Minister of National Defence (Mr. Ralston) has said, that I had not seen his question, and I do not think any member of the government had any knowledge of the question—

Mr. HANSON (York-Sunbury): I accept that.

Mr. MACKENZIE KING: —until my hon. friend raised the point to-day. But I have since been sent the question which was asked by my hon. friend and, looking at it, I think I should be able in conversation with him to indicate wherein the first question is not one which should appear on the order paper.

Mr. HANSON (York-Sunbury): I should be glad to agree to that.

Mr. MACKENZIE KING: I was sure that my hon. friend would be.

Mr. HANSON (York-Sunbury): But I am not going to be ignored.

Mr. MACKENZIE KING: I have no doubt that the reason why the question has been withheld until now from the order paper is the circumstance I have just mentioned.

As to the censorship of questions, there have been at this session a few questions asked by hon. members and which were replied to by the government to which the attention of the government was afterwards drawn by the censors, who expressed the view that they should not have appeared or been answered.

Mr. HANSON (York-Sunbury): Is that not a question of judgment?

Mr. MACKENZIE KING: Yes; but I must say that I think the judgment of the censors in that matter was right. Unless care is taken with respect to information which may be made public on certain questions, some injury might be done which would be irreparable. I do not think that in this case there has been an intention to do other than to avoid the asking of the first part of the question, but I agree that my hon. friend should have been communicated with and an opportunity given for him to revise it.

Mr. HANSON (York-Sunbury): I will see the Prime Minister about it.

[*Later*:]

On the orders of the day:

Mr. RALSTON: I should like to refer to the matter mentioned a few minutes ago by the hon. member for York-Sunbury in connection with the Royal Canadian Air Force. I think I ought to state and I think it ought to be on record that I find that this question has never been referred to the air force or any officer of the air force. That is my information. My hon. friend certainly left the impression in my mind that the question had been referred, or at least that he thought it had been referred, and that somehow or other it had been then referred to the censors with the idea of hushing it up. I want the house to know that the officers never knew of the question and that this instance to-day is the first knowledge they have of it.

Mr. HANSON (York-Sunbury): There was not a single sentence in my observations that would indicate anything like what the minister has said, and I cannot understand the circuitous operation of his mind that would lead him to interpret them in that way.

Mr. RALSTON: I certainly got that impression.

Mr. HANSON (York-Sunbury): The impression is wrong. I did not blame anybody but the censors.

Mr. MACKENZIE KING: The censors, so far as I know, had nothing to do with it.

Mr. ANGUS MacINNIS (Vancouver East): This morning I received through the mail from a constituent of mine a letter which had been opened by the censor. I should like to know if there have been any new instructions issued in this regard; who gave the instructions that the mail of members of this house should be censored, and what does the censor expect to find in the mail of hon. members that is objectionable or important.

Hon. L. R. LaFLECHE (Minister of National War Services): I should very much like to be able to answer all the questions asked by the hon. gentleman, but I cannot, particularly the last one in which he inquired what one expected to find in his letters. I do not know. However, to answer what I think is really the hon. gentleman's question, no new instructions on this point have been issued to the censors, certainly not by the Minister of National War Services. Therefore I must say that I will make inquiries and let him know at the earliest possible moment.

Mr. H. R. JACKMAN (Rosedale): Mr. Speaker, I should like to raise a question of privilege in connection with the opening of

members' mail. I have found on a number of occasions that constituents and others in Canada are apprehensive about sending letters to members of parliament because they fear they may be opened and their contents revealed. On more than one occasion I have been asked to deliver letters to various people because it was felt that they might be opened. I would ask the government to be good enough to say whether members of parliament and their constituents will be allowed complete freedom in regard to mail. I should like to address a question to the Minister of National War Services in this regard. To whom is the information from the censored letter conveyed? Members of parliament must know what becomes of the information contained in a letter that is censored.

Mr. LaFLECHE: May I assure the hon. member for York-Sunbury and the hon. member who has just spoken that this matter will receive very careful attention. May I suggest to hon. gentlemen of this house that it might be well to wait until one knows before attacking publicly gentlemen who are doing the extremely difficult job of censorship. If my letters had been opened and I thought an injustice had been done to me, I would hold much the same views as certain hon. gentlemen have expressed, but I think realizing the difficult task that these censors have to perform I would first make inquiry. Then if I were not satisfied, I might let go, but it would be after and not before. I shall look into the matter.

Mr. JACKMAN: Would the minister be good enough to declare the policy of the government, and tell us what instructions if any are given to the censors? Is it simply a case of their occasionally opening letters by inadvertence? Do we members of parliament have complete secrecy in connection with our mail? What is the principle involved?

Mr. LaFLECHE: I shall look into the matter and acquaint the hon. member fully with the results. I think that is the only fair way to deal with the question.

Mr. M. J. COLDWELL (Rosetown-Biggar): This matter was before the house last year. I have had the same experience as my hon. friend. Persons have told me that they have not written to me on certain matters, that they waited until they saw me personally because they saw that my mail was being opened. It is a serious matter and one of which the house should take cognizance.

[Mr. Jackman.]

Mr. LaFLECHE: This is the first time that I have come face to face with this particular question. I shall look into it.

Mr. JACKMAN: I do not think we should rest content with that.

Some hon. MEMBERS: Order.

Mr. JACKMAN: On the question of privilege, we are considering whether or not members' mail is going to be tampered with. I am not asking what the mechanics have been in the past or what they may be at present; what I want to know is what is the principle that governs. What has the government done in regard to any change in the fundamental principle?

Mr. MACKENZIE KING: I made a statement on this matter at a previous session, but I have forgotten the details at the moment. As I recollect, what I then said was that there were certain areas where it might be thought advisable that censorship should be exercised and from which if letters were mailed they might be opened. I am speaking subject to correction, but my recollection is that I said that special word had been given to the censors that where communications were to members of parliament they should exercise particular care in the matter and not to censor those particular communications. I may be wrong in that, but I think that was the case. There is no more desire on the part of the officials of the government or of the government itself to censor members' mail than there is to censor the mail of any other person in Canada. If members' mail is being censored there must be some special reason why it has come under some general category other than that which applies to members of parliament. I shall inquire of the censors and ascertain exactly what course they are following and an answer will be given to my hon. friend in due course.

Mr. HANSON (York-Sunbury): No censorship should occur with respect to letters to members of parliament from any part of Canada. That is the only answer that will be satisfactory to all of us.

Mr. GORDON GRAYDON (Leader of the Opposition): May I suggest to the Prime Minister that when he is looking into the whole matter of censorship he also review the situation with relation to the censorship of proceedings in the House of Commons, such as questions on the order paper and the matters to which the hon. member for York-Sunbury and the Minister of National Defence

referred a few moments ago. I think that comes within the purview of any review that the Prime Minister might desire with a view to censorship.

Mr. MACKENZIE KING: I would certainly regard it as part of my duty to do all in my power to protect the privileges of hon. members. Might I suggest with respect to this somewhat difficult subject of censorship that my hon. friend the leader of the opposition (Mr. Graydon) and the leaders of the other groups meet together with myself to consider matters of censorship as pertaining to members of the house and have before us the officials who have to do with these matters. I suggest that my hon. friend and I might confer with respect to that later.

Mr. GRAYDON: I certainly think something should be done about it.

Mr. A. W. NEILL (Comox-Alberni): I do not object to my letters being censored, but I do object to the time it takes. In one case it took four or five days beyond the usual time for a letter to reach me.

MOTIONS FOR PAPERS

TIMBER CONTROL—A. S. NICHOLSON

Mr. BLACK (Cumberland):

For a copy of all correspondence and communications between Mr. A. S. Nicholson, former associate timber controller, and the Minister of Munitions and Supply or any official of that department, since December 24, 1942.

Mr. HOWE: This order has already been passed by the house, and the documents which are not privileged have been tabled.

PRODUCTION OF OIL-BEARING FLAXSEED

Mr. BENCE:

For a copy of the report dated September 18, 1942, by the Minister of Agriculture to the committee of the privy council with respect to the production of flax seed of oil-bearing type.

Mr. GARDINER: I am not altogether sure there was any such report, but I suggest that a report made by the minister to council is privileged, no matter what the report may be. If an order in council was passed as a result of any recommendations made, that of course would be producible. I think I shall have to ask that this motion in its present form be dropped.

Motion dropped.

NATIONAL WAR LABOUR BOARD—FRENCH-CANADIAN REPRESENTATION

Mr. DORION:

For a copy of all telegrams, letters, correspondence, memoranda and other documents, exchanged between the provincial government of Quebec, public bodies and individuals, and the federal government, relative to the appointment of French-Canadian representatives on the national war labour board.

Mr. MACKENZIE KING: There is no objection to my hon. friend's seeing all of the correspondence and asking to have brought down that portion of it he may wish to have. I should not like to have the order passed however in the form in which it appears, because it asks for copies of all communications from public bodies and individuals. When my hon. friend looks at the correspondence he will see that large numbers of persons have been circularized and have sent in pretty much the same message. It would not be desirable to have all that material copied. It might be understood that the complete return will be made available in the Department of the Secretary of State; then if the hon. member will look over the files and indicate what papers he would like to have copied and brought down that will be done.

OFFICE ECONOMIES CONTROL—COLONEL JOHN THOMPSON

Mr. TUSTIN:

For a copy of all orders in council, correspondence and other documents passing between the Prime Minister and/or any member of the government and Col. John Thompson before and since his appointment as director of government office economies and up to and including March 20, 1943.

MILITARY HOSPITAL FACILITIES IN GREATER WINNIPEG

Mr. KNOWLES:

For a copy of all correspondence and other documents exchanged since the beginning of the present war between the government, or any department or official thereof, and the government of Manitoba, or any department or official thereof, officials of Deer Lodge hospital, officials of Winnipeg General hospital, and officials of Manitoba Medical college, relating to proposed additions to Deer Lodge hospital, or to other means of increasing military hospital facilities in Greater Winnipeg.

Mr. MACKENZIE (Vancouver Centre): Subject to the usual reservations in regard to communications from provincial governments, there is no objection to the order passing.

Mr. COLDWELL: What is the status of correspondence with provincial authorities? This is something new which has been injected into the procedure of this house, is it not?

Mr. MACKENZIE (Vancouver Centre): As I understand it, the practice has been that any communication addressed by a provincial government to any member of the federal government can be produced only after the consent of the provincial government has been obtained for the production.

Mr. HANSON (York-Sunbury): Is that not an understanding which has never obtained heretofore?

Mr. MACKENZIE (Vancouver Centre): Yes, it has obtained.

Mr. HANSON (York-Sunbury): No, it has not. Hon. gentlemen are making the rules of the game as they go along. I have been in the house a good many years, and this is the first time I have heard about reservations with respect to communications with provincial governments.

Mr. MACKENZIE (Vancouver Centre): It was done this session.

Mr. HANSON (York-Sunbury): I am told it was done earlier this session. That is making new rules of the game as you go along. I object to it, and hon. members of the house ought to object to it. We are entitled to those letters.

Mr. MACKENZIE KING: With reference to what my hon. friend has said, as a matter of courtesy, if nothing else, I should think provincial governments would expect to be advised before any communications they may have sent, and which may or may not have been intended as confidential communications, should be brought down. There is no desire to do other than give the house the fullest information. As my hon. friend knows, some provincial governments are particularly sensitive about what is done or left undone with respect to matters to which they attach importance. In this instance the government is erring on the side of caution and prudence.

Mr. MacINNIS: I have been in the house for thirteen years, and the first time I had heard this point raised as to why correspondence from provinces could not be tabled was only a few days ago. The correspondence between provinces and the dominion is certainly information hon. members should have. Otherwise how are they going to deal with matters which come before us here? This is an outrage.

[Mr. Ian A. Mackenzie.]

Mr. MACKENZIE KING: As I have just said, there is not the slightest desire to withhold correspondence. It will probably not make a difference of more than a day or two in the production of documents. We might have more difficulty if we presented documents from another government without having their consent in advance.

VULCAN, ALTA., FLYING INSTRUCTORS' SCHOOL

Mr. HANSELL:

For a copy of all letters, communications and other documents in possession of the department, in respect to the sale or disposal of any and all materials, property, machinery, equipment or anything else whatsoever, arising from the building or salvage in connection with the flying instructors' school at Vulcan, Alberta, together with a statement showing, (a) the names of all persons, companies or corporations offering to buy such materials, property and so forth, with prices offered; (b) the names of all persons, companies or corporations to whom such materials and property were sold, with the prices paid; (c) the names of all contractors and sub-contractors, stating the nature of the work done by each.

Mr. RALSTON: I should like this passed subject to the usual reservation with respect to communications with and from departmental officers and staff.

INTERNATIONAL CURRENCY

DISCUSSIONS OF FINANCIAL PROBLEMS IN LONDON —POST-WAR CURRENCY AND EXCHANGE QUESTIONS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, on March 25 the hon. member for Lethbridge (Mr. Blackmore) asked a question concerning the status of international discussions on post-war currency and exchange questions. I now wish to give the formal reply I promised I would give him.

I have been asked a similar question on two previous occasions during this session. In the interval, nothing has occurred which would require any change in the replies I gave on those occasions. I stated previously that—

Informal discussions on post-war economic and financial questions have taken place from time to time between Canadian officials and experts from the United Kingdom and the United States, and these discussions will doubtless continue.

Post-war currency and exchange questions are among matters that have been under discussion. The high commissioner in London,

Canadian officials in Washington, and experts from Canadian government departments have participated in these discussions.

I must emphasize again that these discussions are purely informal and exploratory. Their purpose is to bring about an exchange of information and a consideration of problems of mutual interest by experts and officials of the governments of the united nations. Nothing in the nature of a formal conference has been held, and no inter-governmental negotiations have been entered into or are likely to be entered into in the near future. Nothing has occurred which could be construed as in any way binding the Canadian or any other government.

LABOUR CONDITIONS

MONTREAL TRAMWAYS STRIKE

On the orders of the day:

Mr. J. W. NOSEWORTHY (York South): I should like to ask a question of the Minister of Labour. Will he inform the house if the transportation tie-up in Montreal has been brought to his attention and, if so, what steps he has taken to restore this essential war service to that community?

Hon. HUMPHREY MITCHELL (Minister of Labour): Before the transportation tie-up occurred in Montreal I endeavoured to compose the differences between the parties. It was only yesterday that the Department of Labour knew the dispute existed. It is one of those disputes known to us as jurisdictional disputes, which are very difficult to settle. These are disputes where one organization already holds an agreement, and another organization is trying to get it away from the first one. I think there is less justification for that strike in Montreal than for any other strike that has occurred since the war broke out. I sometimes wonder when people "go on the street," as we put it in the labour movement, under such conditions as they have done in Montreal, whether they ever think of those youngsters in Tunisia and the men on the sea and under the sea, and what would happen if they acted in the same way.

Mr. MacNICOL: And in the air.

Mr. MITCHELL: And in the air. This House of Commons could not exist. My friend can rest assured that so far as I am concerned everything that can be done will be done to get these men back to work so that normal work in Montreal can go on.

RIGHT HON. ANTHONY EDEN

VISIT TO OTTAWA OF THE BRITISH FOREIGN SECRETARY

On the orders of the day.

Mr. GORDON GRAYDON (Leader of the Opposition): On Friday afternoon when the Prime Minister was unavoidably absent from the house I asked the acting leader of the house for a statement with respect to the plans for the visit of the Right Hon. Anthony Eden, Secretary of State for Foreign Affairs for Great Britain, who will be in Ottawa this week. I understood from the Minister of National Defence (Mr. Ralston), who was at that time leading the house, that perhaps the Prime Minister would have a statement for the House of Commons this afternoon. If he has, would this be an appropriate time to make it?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am happy to be able to say that Mr. Eden expects to arrive in Ottawa some time to-morrow afternoon. On Wednesday morning Mr. Eden will be meeting with the war committee of the cabinet, and on Wednesday afternoon will be having conferences with myself and other members of the government. On Wednesday evening the government will be entertaining him. On Thursday morning or Friday morning, I am not quite sure which, Mr. Eden will be having a conference with the press. On the afternoon of Thursday he will address members of this House of Commons and hon. members of the Senate, both houses of parliament.

I am also pleased to be able to say that Mr. Eden has indicated his readiness to make a broadcast some time during the evening of Thursday; I am not in a position at the moment to announce the hour. It will be a brief address, broadcast, however, over the whole of Canada. Mr. Eden plans to leave on Friday.

With respect to the proceedings in the house on the afternoon that the Secretary of State for Foreign Affairs will address parliament, the government proposes to follow the same course as was followed when the Right Hon. Mr. Menzies, Prime Minister of Australia, addressed hon. members. We shall meet at the regular hour and when we reach the orders of the day, after words of greeting have been extended to Mr. Eden, there will be a motion for the house to adjourn the proceedings to permit of Mr. Eden speaking to hon. members from the floor of the house. After the adjournment the house will reconvene and continue with its regular business.

Members of the Senate will be accommodated in their gallery and also on the floor of the house in such seats as may not be occupied by hon. members. Special arrangements are being made for the accommodation of members of the diplomatic services and for the wives and members of the families of hon. members of both houses and for a limited number of officials. It is important, I think, that care should be taken that the public galleries are not closed completely; there may be reservations up to a certain point, but the house will be in session except for the period of adjournment, and the galleries should be kept open. Special accommodation will be arranged for additional members of the press who may be here.

CUSTOMS TARIFF

EXPLANATION AS TO PAYMENT OF DUTY ON PAMPHLETS FROM BRITISH MINISTRY OF INFORMATION

On the orders of the day:

Hon. C. W. G. GIBSON (Minister of National Revenue): On Thursday last the hon. member for York West (Mr. Adamson) made a statement to the effect that he had received a parcel of pamphlets from the British Ministry of Information in New York on which he had been required to pay duty on an appraised value of $15. He went on to state that the impression given was "that it was an effort on the part of the government to stop British propaganda."

In view of the fact that this statement was picked up by various newspapers, and was the subject of an editorial in the Ottawa *Journal* on Saturday last, I should like to make a statement in regard to the matter.

The material described by the hon. member as being pamphlets from the British Ministry of Information, of no commercial value and not for resale, is not subject to duty. As recently as February 18 the customs officers at our main ports were reminded that such material was entitled to free entry. On investigating the circumstances surrounding this entry I found that the parcel had arrived at the Ottawa customs office by express and was cleared on March 15. Many of our experienced customs officers are serving at the present time in the forces. The officer on duty in the express parcels branch happened to be away on sick leave on that day. An officer from the customs freight branch was acting in his place and was not aware of the previous rulings that had been made in cases of this kind. As a result, he applied the duty applicable to printed matter and pamphlets generally. I regret very much that a mistake such as this should have occurred, and the hon. member will of course receive a refund of the duty and taxes that were paid.

Mr. HANSON (York-Sunbury): That is not the point.

Mr. GIBSON: At the same time I might point out that if the hon. member had seen fit to take the matter up with me or any senior official of the customs department the matter would have been investigated and adjusted without giving rise to any unfounded rumour that this government is endeavouring in any way to suppress British publicity in this country.

Mr. A. R. ADAMSON (York West): In reply to the minister may I say that I did take the matter up with what I thought was a senior official of his department at the time. I definitely questioned the charging of duty. I said that it was British propaganda, addressed to me as a member of parliament. Another reason why I brought the question up last Thursday was that the nomenclature on the Canadian customs form (appraisal note for small collections) was "Library of Information", which was the German terminology for their propaganda headquarters, 17 Battery Place, New York. The British form is "Ministry of Information". I questioned this at the time. I made no attempt to bring the matter up until I had taken it to the senior officer at the customs branch and got his stamp on the form. The customs officers discussed it together and it seemed to me that this was a definite ruling of the department, so I brought it up in the house. I am glad now to have the minister's statement in that regard.

FARM DEBT

INQUIRY AS TO INTRODUCTION OF DEBT ADJUSTMENT LEGISLATION

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): On March 2 I brought to the attention of the house the question of debt adjustment legislation, its urgency and importance to the prairie provinces, and the necessity for a decision being arrived at before seeding operations begin. A date was set by the Prime Minister for discussion of the subject, and later, on March 5, he stated that a decision of the government in respect to the matter could not be given until after representations had been received from the representatives of western provincial governments.

Those representations were received by the government about March 15. I wish now to ask the Minister of Justice whether he is in a position to inform the house, in view of the urgency of this matter, whether legislation in regard to this question will be introduced before the Easter recess, and before the spring operations begin.

Hon. L. S. ST. LAURENT (Minister of Justice): Representations were made to a committee of the cabinet on March 15 and again on March 20 with respect to the facts involved in this matter of debt adjustment. Since that time further representations have been received in writing, and the matter is still under consideration. When a decision as to the policy to be followed has been reached, it will be announced in the house.

Mr. DIEFENBAKER: Is there any possibility of having it before the recess?

Mr. ST. LAURENT: The hon. member knows the extent to which the Minister of Finance (Mr. Ilsley) has been burdened in recent days, and this is a matter of such consequence that before any policy is determined his judgment upon it is required by the other members of the committee of the cabinet.

Mr. DOUGLAS (Weyburn): The farmers are burdened also, and unless they are given some relief soon it will be too late.

WHEAT

DISCUSSIONS WITH WHEAT BOARD—PRICES—PREMIUM ON FEED WHEAT—PERMITS FOR EXPORT

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): In view of the reports which appeared in the western newspapers on March 13, and on two occasions since that time, that the wheat board was in Ottawa conferring with the Minister of Trade and Commerce (Mr. MacKinnon) in regard to ways and means of making it possible for the western producers to receive at least a portion of the recent increase in the price of wheat, is the minister now prepared to inform the house what policy or plans have been agreed upon? I may add that I conferred briefly with the minister, and I think he is in a position to make a statement to-day. Perhaps at the same time he will deal with the matter of the eight cent premium or subsidy on wheat sold by the producers for feed purposes, and he might also say a word with regard to the permits that have been issued for the export of our wheat to the United States.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I am afraid I shall have to disappoint the hon. member for Qu'Appelle (Mr. Perley) if he expects me to-day to answer all the questions he has raised. However, I did intend to make a very brief statement, a progress report, on discussions which the government have been holding with the members of the wheat board and others during the past week or two.

During this time the government has been giving consideration to a number of matters in connection with the marketing of grain and I should like to inform the house of two decisions which have been made to date. The government has instructed the Canadian wheat board to permit the marketing of all durum wheat produced in 1942 in the west. As the house knows, marketings of wheat in the west in 1942-43 are restricted to 280,000,000 bushels, which will work out at fourteen bushels per authorized acre. Owing to the shortage of durum wheat the board has permitted the marketing of fourteen bushels per authorized acre since early in the crop year. Under the fourteen bushel limitation a little over two million bushels of durum wheat have been marketed in the west, but this has not been sufficient to meet national requirements. By removing the restriction on the marketing of durum wheat for the balance of the present crop year it is expected that an additional two million bushels will be delivered in Manitoba and Saskatchewan.

Perhaps I should give some further explanation of the reason for this decision. Durum wheat is used principally for the manufacture of macaroni, which is in demand for both civilian and military use. At this time macaroni is especially important not only because of its value as a food product but because in its use it becomes a substitute for meat. The government therefore decided to keep up the production of this food product made from durum wheat. I might add that durum wheat is not a bread wheat and therefore is in fact a different product from the bulk of the wheat produced in the west. The relaxing of the restrictions on the marketing of durum wheat is for the balance of the present crop year only, and the restrictions on wheat marketings announced for 1943-44 will apply to durum wheat as to other varieties on and after August 1, 1943.

I now come to a matter which affects a small proportion of the wheat producers of the west. During the past few months a considerable number of producers who were operating farms in 1942, and who held 1942-43 permits to market grain, have enlisted in

the armed forces. In some cases producers of 1942 have been drafted for military service. In a large proportion of these cases where producers who operated farms in 1942 have entered the service of this country, there is a balance of grain which cannot be marketed during the present crop year under restrictions now in effect. In many cases this grain would be left without adequate protection during the owner's absence on military service. The government has decided to authorize the Canadian wheat board to permit delivery of the balance of the 1942 crop belonging to 1942 permit holders who have joined the armed forces within the crop year. This instruction to the Canadian wheat board will apply only to the permit holder's grain and not to any share of the crop which may belong to anyone else interested in the farm. For instance, if the permit holder rents a farm on a half-crop share basis, only the balance of the permit holder's grain will be deliverable on his entering military service. The landlord's share of the crop will continue to be subject to the usual restrictions.

Not a great many producers will be affected by this ruling. Most enlistments in the west in rural areas are young men of farm families who do not operate farms of their own. Where farm operators of 1942 holding 1942-43 permits do enter the service of their country, the government feels that it should cooperate in leaving their affairs in as good shape as possible by giving them the opportunity to market the balance of the grain, which is legally their property, on their farms.

Other decisions in regard to grain are being formulated and will be announced to the house at a very early day.

Mr. ROSS (Souris): If a producer already has marketed fourteen bushels, does this mean he can market the remainder of his durum wheat over and above that limit?

Mr. MacKINNON (Edmonton West): That is my understanding. I am quite sure the answer to that question is in the affirmative.

Mr. DOUGLAS (Weyburn): Do I understand that when a man joins the service he will be allowed to deliver up to fourteen bushels, or all the wheat he has on hand? Can he deliver all the 1942 wheat he has, or only up to the deliverable quota?

Mr. MacKINNON (Edmonton West): Up to the deliverable quota and the entire balance of his own wheat.

Mr. PERLEY: I mentioned the fact that I had conferred with the minister, and at that time I spoke to him concerning the eight cent premium on wheat for feed purposes. He indicated to me, I thought, that he was prepared to make a statement on this and the other matter I mentioned. I am disappointed that his statement is not as complete as I had expected it would be. When will he be able to answer the three questions I asked?

Mr. MacKINNON (Edmonton West): I cannot add anything at the moment to the brief statement I have made already. However, these matters are being discussed and an answer will be given in this house just as soon as a decision is arrived at.

Mr. GRAYDON: I should like to suggest that the hon. member for Qu'Appelle and the minister might bring this private debate between the two of them into the House of Commons for the information of us all.

MOBILIZATION ACT

REFERENCE TO STATEMENT OF MEMBER FOR LAKE CENTRE AS TO INCOMPLETENESS OF RETURN

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): The hon. member for Lake Centre had a motion for the production of papers on the order paper of March 1, reading as follows:

> For a copy of all letters, telegrams, correspondence and other documents received by the Minister of Labour or by Mr. MacNamara, in answer to mobilization act interpretative letter No. 1, dated February, 1943.

Last Friday the hon. member for Lake Centre made the statement that the return made was not complete. The motion called for a return of answers to interpretative letter No. 1, dated February, 1943. The hon. member spoke specifically of a communication mentioned by the hon. member for York-Sunbury (Mr. Hanson) and referred to on page 738 of *Hansard* of February 26. Officials preparing the return saw the reference made by the hon. member for York-Sunbury and ascertaining from him that he was referring to a communication from Mr. T. C. Crosbie, special representative, national selective service, Saint John, New Brunswick, which communication was written by Mr. Crosbie prior to the receipt by him of a copy of interpretative letter No. 1. Accordingly Mr. Crosbie's letter was not properly returnable in answer to the motion. Nevertheless, I did send a copy of Mr. Crosbie's communication to the hon. member for York-Sunbury in order that there should be no misunderstanding about the matter.

Those who were preparing the return took the precaution, in their anxiety that nothing should be overlooked, of communicating with

each board from which no letter of acknowledgment was on the file. Those boards from which no letter is included in the return stated that no acknowledgment was sent. To the best of the knowledge and belief of my officials and to the best of my knowledge and belief the documents which could be properly returned under the motion have been included.

Hon. R. B. HANSON (York-Sunbury): I discussed the question of Mr. MacNamara's letter with a member of the board after it had gone out and he exhibited to me for my perusal a copy of the Crosbie letter. I was not supplied with a copy of it, nor did I take a note of the date. However, it was part and parcel of the same discussion and I assumed that it was a letter that went from that board in reply to Mr. MacNamara's letter. On that assumption I may have misinformed my colleague. After all it is not an important matter whether the letter was written after Mr. MacNamara's letter went out or before. The fact is that it was written on the same subject matter, and I think the minister will agree that it contained a splendid statement of the position and ought to be included in the file, if technically it was not included.

SUPPLY

MARKETING OF WESTERN GRAIN CROP—AMENDMENT OF MR. WRIGHT ON MOTION OF THE MINISTER OF FINANCE

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of supply.

Mr. P. E. WRIGHT (Melfort): Mr. Speaker, before the house proceeds to supply there is a matter which I wish to bring to the attention of the house. In the early part of this session the Prime Minister (Mr. Mackenzie King) stated that when private members' days were suspended any private member would have the right upon a motion for supply to raise any matter which he believed to be of importance. I am therefore taking this opportunity of discussing a matter which I believe to be of importance not only to western Canada but to the whole dominion. It has to do with the marketing of the grain crop of western Canada.

The Minister of Trade and Commerce (Mr. MacKinnon) gave the house a short statement to-day concerning one or two phases of the government's wheat policy, but he did not go into the matter fully enough. I wished this matter to be discussed in the committee on agriculture, and on February 24, on the orders of the day, I asked the Minister of Trade and Commerce if he would agree to that suggestion. He replied that he would refer the annual report of the wheat board to the committee on agriculture and that the committee would be given an opportunity of discussing many of the regulations in regard to western grain. However, that has not been done. I am therefore taking this opportunity of raising the question because I believe there are points which should be clarified immediately.

At the present time, owing to the rise in grain prices in the United States, we find that exporters of grain to the United States can make a considerable profit. The price of wheat in this country has risen on the Winnipeg market to $1.01. May futures on the Chicago market are at present quoted at $1.45¼. Cash wheat is selling in United States primary markets at $1.66⅝. When you add the premium on United States currency that price leaves a very fair profit on the export of wheat. But according to the information that I have the western farmer is not getting the benefit of the present rise in the United States market. The Canadian farmer can market wheat only when he has sufficient quantity to make up a carload. That is the only way in which he can take advantage of the present price. My information is that cars are not available and that speculators who have bought wheat at ninety cents or ninety and a quarter cents a bushel during the early part of the season are the only ones who are able to take advantage of this rise in the United States market.

There is also the matter of the price of coarse grains. Oats on the Winnipeg market have a ceiling of 51¼ cents and they have been selling at that ceiling for a considerable time. May oats futures on the United States market are selling at 63⅛ cents, but there is a considerable premium for cash oats, which were selling last Friday on the primary markets in the United States at 76⅝ cents. We have not been able to get information as to the amount of coarse grains, oats or barley that have been exported during the present season. I put certain questions on the order paper asking for the names of the companies exporting and the amounts exported, but I was told that that would be giving information with regard to the business of these firms

which might be detrimental to them. I then put a question on the order paper asking for the amounts that had been exported. This question was made an order for a return, but so far it has not been brought down.

Mr. MacKINNON (Edmonton West): I think it was tabled to-day.

Mr. WRIGHT: I am glad to hear that. These are questions which the western farmer wants to have answered, and I do not want to return to my constituency for the holidays without having the answers. That is one reason why I am rising to-day. I think the government should give us the answers.

Food is becoming more important in the war effort. Two years ago there was no idea that we would face a food shortage either in Canada or in the United States. The situation has changed and we may be facing within the next year a real food shortage. I do not believe that the policy outlined by the Minister of Trade and Commerce with regard to western grain is one which will tend to increase our food supplies. I have in my hand the last issue of *Maclean's* magazine, of April 1, which contains a whole editorial dealing with this matter of food. The article is headed "Food may win the peace." I quote from it in part:

> To-day, in both Canada and the United States, the warnings are up. A food shortage is not only possible, it is inevitable unless exceedingly rapid action is taken to remove the cause.
>
> Britain, in spite of the tremendous advances in her own agricultural production, in spite of mounting shipments from this side of the ocean, during the winter had to dip into her reserves.

I shall not quote further except to add that the editorial says that the main cause is the man-power shortage. I agree that that is one of the causes, but I should like to go a little more deeply into the present man-power situation in relation to agriculture. The man-power shortage on the farm exists not solely on account of enlistments, but because there has been during the last two or three years an exodus of farm help and small farmers to manufacturing centres to work in industries because they can get much better remuneration there than on the farm. Prices of many manufactured articles have been fixed on a cost-plus basis. The first war contracts for ships, aeroplanes and other equipment necessary to the war were let on a cost-plus basis. Wages were allowed to rise in those industries to eighty and ninety cents an hour, which is a higher rate than agriculture can possibly pay. With present prices of agricultural products all that the farmer in western Canada can afford to pay is from forty to fifty dollars a month.

The Minister of Labour (Mr. Mitchell) has stated that he expects to return as many as 200,000 men from manufacturing industries to the farms. He will experience a great deal of difficulty if he expects a man who is receiving eighty or ninety cents an hour in industry to go back to the farm to work for forty-five or fifty dollars a month. Until prices of agricultural products are brought into line with those of the products of industry in this country and the farmer enabled to pay his labour the same wages as industry pays, we are likely to have serious difficulties in maintaining our present rate of production. And feed is necessary. The Minister of Agriculture (Mr. Gardiner), speaking in the debate on the address in reply to the speech from the throne, said that feed was the determining factor in the amount of agricultural produce which we could raise in Canada, and I believe he was right. It is impossible to produce milk, beef, butter and cheese unless we have feed. His statement was that in August, 1942, we had only one month's supply of feed on hand, and that therefore it would have been impossible, no matter what action the government had taken prior to that, to produce more agricultural products than were produced. If feed is the determining factor in this respect, we in Canada need a policy which will facilitate provision of the largest possible amount of feed. I do not believe that the policy outlined by the minister and brought down in the first days of this session is such a policy, and I intend to compare it with what has been suggested by the Canadian Federation of Agriculture.

Before doing so, however, I shall give a few figures as to the production of grains in this country during the last year or two. I do not think the government can take credit for the large additional production which we had in 1942. Credit must be given to the government for the increase in acreage, but not for the per acre production. Here are comparative figures:

	Oats Bushels	Production per acre Bushels
1941.....	305,575,000	24·9
1942.....	660,716,000	47·9
	Barley Bushels	
1941.....	110,566,000	20·8
1942.....	272,910,000	39·1
	Flax seed Bushels	
1941.....	6,566,000	6·6
1942.....	16,981,000	11·4

These figures furnish proof positive that it was climatic conditions during 1942 which gave

us the additional production. It is my contention that we shall use a large part of this production during the coming year in the feeding of our live stock. We shall not have a very large carryover of coarse grains at the end of the year. There will be a considerable carryover of wheat and flax, but we would not have it if we were able to export to the United States the coarse grain for which they are asking. Something will have to be done to get greater production if we are to have the necessary supplies.

The Canadian Federation of Agriculture made certain definite recommendations to this government for a grain policy for 1943. The federation is not composed entirely of westerners; indeed they are in a minority in it. It includes representatives of the dairymen of Quebec and eastern Canada, the apple growers of Nova Scotia and British Columbia, poultry producers, live stock breeders, and cooperative organizations. The federation is thoroughly representative of Canadian agriculture, and its recommendations are not those of one section or group but of national agriculture as a whole. It is certain that the federation does not agree with the policy which the government brought down. The best expression I have seen of their opinion is contained in the March issue of the *Country Guide*. This magazine is the official organ of the grain growers association of western Canada, in which the present Minister of Mines and Resources (Mr. Crerar) obtained his start in life; and they have not been—to say the least—against the government. Nevertheless they have this to say:

> If a satisfactory explanation has been forthcoming of the slap in the face administered to the Canadian Federation of Agriculture by the federal government it has not come to the attention of the *Country Guide*. The federation was in the second day of its annual meeting at Calgary. When the afternoon papers came out they carried the announcement of the government's wheat policy for the 1943 crop. This national farmers' organization, representing every important branch of the industry across Canada, had every reason to believe that it was recognized by the government as the authentic voice of Canadian agriculture. After its annual meeting two years ago its delegation was received by Mackenzie King and 11 members of his cabinet. Last year, its spokesmen received the same respectful hearing. The federation expected, and had a right to expect, that, with respect to the greatest agricultural problem in Canada, the government's announcement would be withheld until it had had an opportunity to present its views, as on former occasions.
>
> Instead, the federation was completely and rudely ignored. The government waited until it was in session so that there would be no doubt about it. It was a piece of studied, cynical insolence. It was also a display of blundering politics. The government has been in trouble enough with the farmers. It should invite their cooperation and good-will. One way to get it is to show respect for their national organization, an organization which has a larger affiliated membership, and is more representative of every phase of Canadian agriculture, than any other organization of farmers in Canadian history.

I should like to compare the policy laid down by the minister with that suggested by the Canadian Federation of Agriculture. The first point in the policy announced by the Minister of Trade and Commerce in this chamber on January 29 was this:

> 1. The fixed initial price of wheat under the Canadian Wheat Board Act will remain at 90 cents a bushel for No. 1 northern wheat basis in store Fort William-Port Arthur or Vancouver.

The suggestion of the Canadian Federation of Agriculture in this regard was as follows:

> We reaffirm our recommendation of last year that the initial price to be paid by the Canadian wheat board for wheat should not be less than one dollar per bushel basis No. 1 northern in store at lakehead or Vancouver. We recommend that for the benefit of the producer all wheat sold for domestic consumption should realize not less than $1.35 per bushel.

There is considerable difference there. A special advisory committee has been appointed to advise the wheat board with regard to the marketing policy in western Canada. We have never had a statement from the government as to what that board's recommendations were. In making his statement I wish the minister would indicate what the recommendations of the advisory committee were. It seems to me the farmers of western Canada have a right to know about those recommendations; otherwise they have no knowledge as to whether or not the committee is really representing them.

The second point made by the minister was with respect to the quota. He stated the quota would be 280,000,000 bushels as of last year, and that the delivery would be on the basis of fourteen bushels per acre. This is the one point on which the federation of agriculture agreed with the minister. They agreed that in western Canada we should have a quota of 280,000,000 bushels, and that it should be allotted as formerly among the farmers in western Canada. There is this point, however, that if there is a failure in certain sections of the west the government will not be accepting 280,000,000 bushels, in connection with its announcement in whereby it makes provision for fourteen bushels per acre, for seeded acreage. But I doubt whether that will be the case, because I believe there will be a carryover of this year's wheat sufficient to fill the quota, despite any failure in crop we may have this year.

The third point outlined by the minister had reference to payment for storage for grain

on farms. He made it clear it was the intention of the government to cease payment of storage for grain stored on farms. The recommendation of the federation of agriculture was as follows:

We regret that the government did not accede to the request of western farm organizations to continue this year the payment of farm storage on a basis corresponding to that of the previous year, and believe that such payment should be a continuing part of the government's wheat policy.

Speaking in the house before, I said I did not believe the reasons given by the government were sufficient to warrant its stopping payments for storage. The chief reason given was that the farmers were not bringing forward their wheat, and that there was empty space available. It was pointed out that to have the wheat moved in the proper season, so as not to have a congestion around the first of August, when the new crop was coming on, the government would have to cease payment of storage, and more or less force the farmer to deliver his wheat. I know from personal experience that in many parts of western Canada wheat was not being delivered because the space available in the elevators was not for the grade of wheat the farmers had on hand. In many places there are only two or three elevators, in which would be bins for No. 3, No. 4 or No. 2 wheat, when the farmer might have No. 5 or No. 6. In those circumstances he could not make delivery. Much wheat was held back on that account.

I know, too, that a considerable amount of wheat was held back so that the farmers could make delivery to their own elevators. They may have been accustomed to delivering to the pool, and they held back their wheat until space was available in pool elevators for them to make delivery, despite the fact that there might have been other elevators with available space. This payment for storage of grain on farms should be continued. It is one of the government's policies which I believe was good. It tended to encourage farmers to hold their grain off the market during the rush season in the early part of the year, thus obviating a procedure which has always been detrimental to farmers' interests in western Canada.

The fourth point in the minister's policy as outlined in the house was with respect to the fixed price on flaxseed. He said that the fixed price for flaxseed in 1943 would be continued at $2.25, basis in store Fort William, Port Arthur. The recommendation of the federation of agriculture was as follows:

In view of the hazards associated with flax production the guaranteed price for flax should be increased from $2.25 to at least $2.50 a bushel. We feel that the objective, announced at the conference last December, of a transfer of one million acres of western land from wheat to flax should be maintained. Any flax production in excess of available crushing capacity could be stored in one-half the space which would be required for the product of a corresponding wheat acreage. Any surplus of flaxseed production which might arise would simply mean a desirable transformation of a portion of its surplus into a more desirable form.

Production of flaxseed in Canada this year is approximately 16,000,000 bushels. One return I received showed that we have a crushing capacity for 5,000,000 bushels, and another showed that it was for 6,300,000 bushels. That means we shall have approximately 10,000,000 bushels of flax in Canada this year for which we have no crushing capacity. The only available mills I know of are in the United States, and I suppose that flax will be exported to the United States for crushing. The price of flax in the United States is $2.98 a bushel; and when we add to that the exchange the price is brought up to approximately $3.25, or $1 over the Canadian price.

Mr. GARDINER: Deliverd where?

Mr. WRIGHT: Delivered at Duluth.

Mr. GARDINER: There are no crushers available in that area.

Mr. WRIGHT: Wherever crushers are available, then. I do not know just where crushers are available. But I do know that $1 a bushel will transport flax a considerable distance. There is this profit to be made out of the export of flax, from which the western farmer is not receiving any benefit at the present time. I do not know how much has been exported, but I have asked for that information in a question on the order paper. Certainly if the wheat board is handling and exporting our flax it must be making a nice profit, and the producers in western Canada want to know why they should not receive the benefit of that price.

The sixth point in the minister's programme had to do with the payment of the acreage bonus. His suggestion was that $2 per acre should be paid on the basis of the acreage taken out of wheat, using the 1940 acreage as a basis. The recommendation of the Canadian Federation of Agriculture in this respect is as follows:

We recommend that a bonus of $4 per acre be paid on land taken out of cultivation and seeded to grass and continued at $2 per acre per year for two additional years provided this land remains in grass.

The federation had a further proposal with regard to advances for grain in storage. They say:

The federation regrets that the government has not acceded to the request of grain producers that provision be made for a system of

advances against deliverable grain in store on the farm. Lack of such credit facilities have imposed undue hardships in certain sections and in anticipation of similar conditions occurring the coming crop year, we suggest that further consideration be given this recommendation.

In the United States they have had such a system working successfully for a number of years whereby on grain stored in granaries which are locked advances are made to the farmers. Such a provision would be of benefit in Canada in the financing of a crop.

There is a question arising out of the statement the minister made a few moments ago with regard to the quota. What share of the quota of fourteen bushels per acre belongs to the landlord? If a man has bought land on a one-third crop payment basis, does he have to deliver one-third of fourteen bushels per acre to the landlord or may be deliver the full fourteen bushels himself leaving the landlord's share in the granary? I do not think there is any decision on that point, and it is one of considerable interest and should be clarified.

When we compare these two policies it is easy to see how during the next year we may get a considerable reduction rather than the increase that we desire in the production of food in Canada. The Minister of Finance (Mr. Ilsley) said that these continual pressures being brought to bear against the price ceiling are injurious to the country. I would point out that if prices of agricultural products had been frozen at a fair level, these pressures would not be brought to bear. I would point out two or three ways in which prices for western agricultural products might be increased without affecting the price ceiling. Take barley, for example. At the present time we have a premium of 5 cents a bushel for malting barley. The premium in the United States and Great Britain is much greater than this. In Great Britain, according to one of the agricultural papers in western Canada, the price paid for malting barley is 35 shillings per long hundredweight, which amounts to something like $3.36 a bushel. I can see no reason why a premium of 15 cents a bushel would affect the price ceiling in this country. In fact, according to a statement made in this house by the hon. member for Portage la Prairie (Mr. Leader) some two years ago, there are thirty-five to thirty-six pounds of malt in each bushel of barley. The government collects 12 cents a pound excise tax on that malt, or about $4.20 excise tax on every bushel of barley malted in Canada. In view of that I do not see why the farmers should not receive a larger premium than they are getting to-day.

Then, in regard to the ceiling on flax, I do not see how a better price for flax would seriously affect the price ceiling in this country, though it would put greater purchasing power in the hands of western farmers. As to the use they would make of that money I do not believe it would tend toward inflation. There is a tremendous debt burden in western Canada, and that additional money would be largely used for retiring debts, leaving the farmer in a better financial position after the war and enabling him to buy a few war bonds.

It appears to me that the farmer has been left to bear too large share of the load. Present prices of beef are out of line with prices in the United States. The price of beef cattle in the United States to-day is $16 per 100 pounds; in Canada it is $11.25. Dressed hogs in the United States are $19.50 to $20; in Canada, $16.15.

Mr. GARDINER: Where are these prices?

Mr. WRIGHT: These are the quotations in Chicago and Winnipeg, taken from the daily papers. As a result of the export of beef cattle to the United States, the producers in this country are having to subsidize the consumer, and again the growers of feed and feed grain in western Canada through the lower prices they are receiving are having to subsidize to a certain extent beef producers in this country. They are selling their grain at less than cost, and thereby carrying an unfair burden.

In view of these facts and in view of the necessity for greater production of feed in this country, the government would be well advised to reconsider its policy as announced by the Minister of Trade and Commerce on the first day of this session. To that end I move an amendment seconded by the hon. member for Weyburn (Mr. Douglas):

That all the words after "that" he struck out and the following substituted:

"This house desires to record its opinion that before the marketing policy announced by the Minister of Trade and Commerce on January 29 with respect to the 1943-44 crop is put into effect it be revised to bring it into conformity with the needs of agriculture so that the latter may be enabled to make its full contribution to the war effort."

I have just a few more words to say in regard to inflation. I believe that shortages in this country are more likely to produce inflation than higher prices to the farmers. If we are to be short of many food products, it will be much harder to control inflation than under conditions whereby you are giving to the people who produce the food of this country their cost of production, thereby enabling them to produce more food than at the present time.

Mr. WARD: I should like to ask the hon. member a question, and it is not with any wish to embarrass him because I agree very largely with what he has said. However, I have before me to-day's newspaper, and I notice that May futures are quoted on the Winnipeg market at $1.01⅜, while at Chicago the same grade for the same month is quoted at $1.45. The hon. member for Melfort (Mr. Wright) suggested the figure of $1.60 for wheat at Chicago, and I wondered what market he was quoting.

Mr. WRIGHT: I quoted the figures mentioned by the hon. member, but the figure of $1.66⅜ was for cash wheat on the primary markets in the United States. That figure will be found in the Chicago newspapers. The prices quoted by the hon. member were May futures, which I also quoted.

Mr. G. H. CASTLEDEN (Yorkton): In rising to support what the hon. member for Melfort (Mr. Wright) has said, Mr. Speaker, I wish to emphasize one particular point. Apparently as far as agriculture is concerned the policy of the government has been that we cannot have guns and butter. It is time the government changed that policy and realized that you must have butter before you can have guns. Bread and butter are just as necessary as anything else in the production of guns, just as important as aluminum and oil in producing the munitions of war.

We in this group have constantly urged the government to attack this food problem on this basis, to take into consideration the man on the land, and in these days the women on the land who are doing a great deal of land work and getting no reward for it. Food is the life-line of war, and the sooner we realize that fact the better. It is too bad it has not been realized much sooner.

There is every evidence to-day that we are facing a critical food shortage. Last year about 450 people representing one of our greatest agricultural provinces came here to plead their case. They asked for justice; they asked to be allowed to continue their work in order to make their contribution to the winning of the war. They realized the necessity of food apparently to a much greater extent than the government realized it, to judge by the actions of the government subsequent to that time. That deputation received very little encouragement, but they went back home and kept on working. They overcame obstacles that seemed insurmountable, and at times it almost seemed that these obstacles were being deliberately placed in their way. They carried on without parity prices, without sufficient labour, without consideration from the government. They had to face mounting costs in every field. If they went to buy machinery they found that the cost had increased. The cost of repairs also continued to increase, in spite of what was supposed to be a price ceiling throughout the country.

One of the basic mistakes in connection with the freezing of prices in Canada at the beginning of the war arose from the fact that prices of agricultural commodities were completely out of line with agricultural costs of production. Had this difference been levelled off, there would have been very little trouble by way of demands of this kind, and the farmer would have been able to carry on without having to face this particular problem. The farmer is compelled to accept certain price ceilings, but he has not been guaranteed any bottom to prices. In many instances he has been encouraged to go into the production of such commodities as eggs; then, after prices have risen to a fairly decent level, suddenly those prices drop and he is left holding the bag. The farmer himself usually asks for direction; when the government said, "We want flax," the farmer got busy and produced it. In 1942 the government told the farmer, "Go out this year and produce coarse grains. We will take all you can grow. We need them in this country for the production of meat and dairy products. They need them in the United States; in fact the world is short of coarse grain." Accordingly last year the farmer went out and, aided by favourable weather and good growing conditions, produced one of the greatest crops ever harvested in this country. Then the government put it under a quota.

That crop has harvested in the face of tremendous difficulties. I personally visited a number of farms last year and saw what was going on. I recall that on one farm I visited there was a threshing crew consisting of one man and five women. Another threshing crew was made up of two men and three girls of about sixteen or seventeen years of age. I assisted in combining a field, and the boy who was driving the tractor was only twelve years old, but making a splendid job of it. These people have been carrying on in the face of difficulties, and they have been producing to a remarkable extent. Their efforts have not been appreciated. I am of opinion that when the food shortage strikes this country, as apparently it will, Canada will suddenly realize the great job the farmers have been doing and the many difficulties they have had to face in order to carry on.

Our production of wheat in 1942 was in excess of 560,000,000 bushels. According to the

bureau of statistics, up to about February 25 last some 164,500,000 bushels had been delivered, leaving about 400,000,000 bushels in storage on the farms. Last year at this time they were storing only some 130,000,000 bushels; and there is still a portion of the wheat that has not been threshed. According to the hon. member for Melfort the production of oats for 1942 amounted to 616,000,000 bushels, and up to the present time only about 63,000,000 bushels have been delivered. According to the hon. member the barley production was 272,000,000 bushels, of which only some 47,000,000 bushels have been delivered. This all means that to-day the farmer is carrying stored in his bins over 1,000,000,000 bushels of grain. Under the policy of this government he is not to be granted any payment for that storage. He is growing this grain at a loss, and he is being compelled to store it without payment. Consider the position of a man engaged in the production of munitions. What would happen to that man if, after manufacturing his products, the government said, "Well, we have no room for your goods. Our boats are all full, so that we cannot take what you have made. We have not enough shipping to carry it away, so that you will have to store it yourself, and we will not pay you for it." How long could any war industry carry on under those conditions?

I should like to mention a typical case in order to illustrate what I mean. Here is a farmer who for obvious reasons we will call Mr. Sharp. He has a section of land, with 520 acres under cultivation. He knows that Canada needs food, and he knows all about the shortage of beef and dairy products. He has fifty-three head of pure-bred beef cattle, six milch cows and twelve brood sows. He has more than enough feed to finish off this number of cattle and twice the number of hogs he will raise. This year he threshed 5,000 bushels of wheat and 4,000 bushels of coarse grain. On the farm there is this man, fifty-eight years of age; two sons, twenty-four and twenty-six years of age, and his wife and daughter, who also assist in the work of the farm. He and the boys are expert farmers, capable of doing everything required on that farm. He has the labour; he has a tractor, and all the other farm machinery. Here is a complete plant, with experienced, technically skilled labour to carry on the big job of producing the food we need in this country and overseas. He has everything essential for the production of beef, pork, butter, dairy products and bread. This man must have a certain amount of cash in order to carry on his business. Anyone who knows anything about agriculture or any other business knows that a cash return is essential in order that operations may be carried on.

This man has a note of $800 to meet at the bank, and he must pay taxes of over $300. He has a large threshing bill to pay; he must buy his oil and gasoline and pay for repairs on his tractor and farm machinery. He has a balance due on his tractor, and he must pay also for operating his house and the cost of medical and dental services. He will require approximately $2,000 in cash as income for the year. In a return tabled to-day it is stated that at 1,300 delivery points the quotas are in excess of the storage facilities available. I have come across this fact quite frequently. These men say that while there is a quota of fourteen bushels, there is no room in the elevators for more than five bushels per acre. Many of them I find have not been allowed to deliver more than the first five-bushel quota. How can they meet their expenses when they have no other means of obtaining cash? They are being pressed by their creditors. What are they to do?

There is only one thing for a farmer to do. He must turn around, as this man did, and sell forty head of his stock, milch cows, calves, feeders, the very basis from which the future meat production of this country should come. He has had to sell these cattle at a time when he has feed grain stored on his farm, when he has his boys there to do the work. He had his herd in production, but he was forced to sacrifice the meat production of this country as a result of the marketing policy of this government. He kept only three brood sows and got rid of the other nine.

What is the policy of this government with regard to food? What are they doing about such situations? We are told that they have the matter under consideration, but the farmer is starting his 1943 production. Has he any policy upon which he can work? None whatever. There are several problems mixed up with this matter. One is the question of debt, with which I hope we shall deal shortly. The other is the matter of manpower. In this particular case, one of the boys was anxious to do his bit and tried to enlist in the air force. He was told that they had no room for him but that they would call him just as soon as there was room. He went back to the farm to wait for his call from the air force, and in the meantime both sons received calls to report for compulsory military service.

They made application for postponement, but they were refused. What is the position of that father, the man in charge of that farm? These refusals have placed him in a position

where he has lost all hope of being able to carry on. He told me that he would just about have to quit and fold up. After considerable correspondence we were able to get one postponement granted until further notice, but that still leaves the father in a position where he does not know what will happen. He does not know whether the boy will be called up on July 1, after the crop is in or whether he will be allowed to stay on until the crop is harvested.

The farmer in the west is storing a considerable quantity of this grain which will be used in this country in the near future. Of the 560,000,000 bushels of wheat we had last year, the government will take only 280,000,000 bushels, and the farmer is storing the other 280,000,000 bushels. If this grain were held in the elevators at the head of the lakes the government would be paying storage, but apparently no storage is to be paid to the man who has grown the grain and is storing it in bins which he has built himself. That is the present policy.

I advocate that storage should be paid on the undelivered fourteen bushels per acre quota. This would be paid, provided that the farmer stored it in bins which could be inspected and sealed. They would have to be inspected to make sure that the rain was kept out and that there was no leakage. The government would then pay the farmer an advance of seventy cents a bushel at the farm. That wheat would be the property of the wheat board, and the farmer would be paid the difference when it was eventually delivered.

This would provide the farmer with the cash he needs. At the present time he cannot deliver his grain because there is no room in the elevators. The government have told us that transportation difficulties prevented them from hauling the 50,000,000 bushels, for which I understand they have space. But that is not the fault of the farmer, and he should not have to curtail his whole production scheme on account of that shortage. As I say, if the suggestion I make were carried out, the farmer would have sufficient cash to meet his obligations. He would not have to sacrifice his hogs and herds. He would be able to continue to produce the meat and dairy products that are required. The government has been very short-sighted. Looking over at the treasury benches I see about twenty members there. I suppose the Minister of Agriculture (Mr. Gardiner) and the Minister of Trade and Commerce (Mr. MacKinnon) are the ones who are responsible for a policy for agriculture.

[Mr. Castleden.]

Mr. ROSS (Souris): There are only ten over there, you are too extravagant.

Mr. CASTLEDEN: We will say, of the cabinet, then.

Mr. HANSON (York-Sunbury): Is the undersecretary for agriculture here?

Mr. CASTLEDEN: He has not been appointed yet.

Mr. ROSS (Souris): Both candidates are here.

Mr. CASTLEDEN: Whoever is supposed to be looking after this food matter is failing in his job. The people of Canada demand that something effective be done now for the 3,500,000 agriculturists who constitute the very life-line of our war effort. If the present policy is continued it will seriously endanger Canada's great part in winning this war. I urge strongly that immediate action be taken to solve these pressing problems.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, it seems to me that hammering cold iron is labouring in vain, and courting an old maid seems to be about the same. Someone asks if I am speaking from experience, but I am saying, "no". From my experience in this house since 1936 I have come to the conclusion that we are just hammering cold iron every time we rise to speak for agriculture. We are not getting any results. We just seem to have old maids in the places where they should not be.

On a number of occasions this session I have advocated a number of the good things which have been mentioned this afternoon. I do not know why some of them have not been given us, because we are not asking for anything that is not rightfully ours. On more than one occasion I have asked for parity for agriculture, not charity. I should like to point out that other groups which are smaller in number than agriculture have had their demands met.

As far as price control is concerned I am not opposed to it. Before price control is exercised I want that control to be on a proper basis. It has not been on a proper basis as far as agriculture is concerned, and apparently we are up against a stone wall in trying to have a proper basis established. On February 9, when speaking in the house, the Minister of Agriculture (Mr. Gardiner) gave an address which was well delivered but which could be shot full of holes, and told us that as far as wheat prices were concerned we were down from the 1926-29 level. I would point out that he did not give us the

benefit of the high prices prevailing during the 1926-29 period but gave the average price. In the case of labour, however, which is enjoying the cost of living bonus at the present time, the high price for the 1926-29 period was taken as the basis. Why did agriculture not receive the same treatment?

The Minister of Agriculture told us that the average wheat price was down 54½ cents a bushel from the 1926-29 period. If the Minister of Finance (Mr. Ilsley) were in his seat at the moment I would ask him to find us more than $150,000,000 to make up this deficit and put his price control on a proper basis, just as he has done for other groups in this country.

But that is just one item. On the 280,000,000 bushels which we are allowed to deliver we are being robbed—I say robbed—of more than $150,000,000. I do not know just how many bushels of oats we shall be able to sell during the crop year, but according to the minister's statement we are down on oats 9 cents a bushel, down on barley 11·2 cents a bushel, and down on rye 38½ cents a bushel.

To be fair to the Minister of Agriculture and the government I am also going to quote his figure for flax. He said that flax is up 25·5 cents a bushel. But I would point out that we grow only some 16,000,000 bushels of flax a year, so that if we are up 25·5 cents a bushel we are not making very much anyway, and at that we are selling far below the price which our neighbours to the south are receiving and to which we also are entitled.

The Minister of Finance apparently does not want us to talk about price control. He thinks it might be detrimental. From all sections of the house perhaps we shall be called fifth columnists for speaking of price control, but as far as the farmers are concerned I say that it is the Minister of Finance and his colleagues in the government who are the fifth columnists because under their present policy they are doing a number of things to put the farmers of western Canada, particularly, out of business. Those who are in the live stock business to-day are not in quite as difficult a position. But again I say that the farmer is not receiving the price he should receive for his live stock. If any of us will look back to the time of the price spreads inquiry, he will recall a number of things that went on then and which still exist. No move has been made to ferret the nigger out of the wood-pile, bring him out in the open and treat him as he should be treated. I say that the farmers are not receiving to-day that portion of the price which they should receive for their live stock, and the packers are receiving a far greater share of the price than that to which they are entitled.

In the fourth year of the last war the average price of wheat was $2.21; in the fourth year of this war the price is 90 cents. When the hon. member for Dauphin (Mr. Ward) was speaking the other day he said we should be thankful to the government for the policy now in effect because during the last war sugar was selling for $26 per 100 pounds, but he forgot to say that wheat was then selling at more than $3 a bushel. A great many people think of only one side of the story and hide the other side entirely.

An hon. MEMBER: What is sugar selling at to-day?

Mr. FAIR: It is not selling as high to-day as in the last war, but give me $3 a bushel for wheat and I would gladly pay $26 a hundred for sugar.

Let me now give a few figures on the prices of farm machinery. In the fourth year of the last war an 8-foot binder cost $194. This year the price for the same binder is pretty close to $400. At that time, in the last war, we were getting two and a half times as much for our wheat as we are getting to-day; yet to-day the price of binders is up 200 per cent over what it was during the last war. I ask the Minister of Finance, what is his price control doing about that, and what is he, as the minister in charge, doing to see to it that these things are evened up?

We are told that we are getting a subsidy. I do not like the word as it is applied to agriculture, because we are not receiving a subsidy; we are receiving only a small portion of that to which we are entitled. The government for some reason or another calls it a subsidy, but it is not a subsidy. We are receiving only a small portion of that to which we are entitled.

Instead of doing something to help the farmer get what is coming to him another department of this government is trying to make our wheat pools pay income tax. On another occasion I shall have something to say about that. Away back last session, on July 30, the hon. member for Wood Mountain (Mr. Donnelly) made an attack on our wheat pools, urging that they pay income tax. At that time we had in the Chair an hon. gentleman who has since been relegated to another corner of this building. He did not object to the hon. member for Wood Mountain speaking on the wheat pools, but as soon as other members from this group tried to defend the pools we were denied that right, and consequently no proper defence has yet been made

against his charges. Again the other night the hon. member for Wood Mountain came to the chamber and attacked the pools in the same way. I do not know just what headway he made, but as far as I am concerned he made none whatever. He tried to make out quite a case in dealing with the pools. He quoted the evidence of two lawyers who were before the grain commission inquiry to the effect that the wheat pools were paying income tax to the provinces of Saskatchewan and Alberta but were not paying income tax to the dominion. For the benefit of the hon. gentleman let me say that the income tax laws of the provinces and of the dominion are not the same, and the wheat pools were complying with the law in both cases, as the pools always do. The hon. member went on to say:

This is sworn evidence. Besides that, our pools have promised us many things. They do not want to pay any income tax to the federal government, but they pay it to the provinces. Similar cooperatives or pools pay taxes in the old country just the same as any other company. I defy anyone to tell me in what way a pool operating an elevator in the country is different from any other line elevator.

I see the hon. gentleman is not in his seat at the moment. That is not my fault. For his benefit I will take up his challenge and tell him the difference between these two organizations. If he wants to challenge what I say, I shall be ready to meet him on another occasion.

Mr. HANSELL: Hear, hear. Put the gloves on.

Mr. FAIR: I am taking them off in this case.

I have here a little piece taken from the *Western Producer*, of November 3, 1942. It puts the case better than I could do in the few moments at my disposal. I am reading it for the benefit of the stooges of the grain trade who may be here.

First they should go over their records for, say, the last thirty years.

This is dealing with the grain companies.

From these a list of all their patrons together with the amount of grain each delivered can be drawn up. From the data thus assembled shares in the company proportionate to deliveries may be issued to all the patrons. (There would be some adjustments for those who had died, retired or moved away, but these details would be easily adjusted.) Next the company officials should mark out suitable geographical units and notify the new shareholders in each to call a meeting to select a specified number of delegates to assemble in Winnipeg on a certain date. When that meeting had been called to order the president and general manager of the company should ascend the platform and, first of course having acquired the consent of the old shareholders, should ceremoniously burn all the old shares in full view of the assembled farmers. Then in due and correct legal order they should transfer sole ownership and control over all the properties and vest them in their former patrons as represented by the delegates assembled in the hall. That done, all former officials should remove themselves from the premises and property of the company for ever unless their services are requested by the new owners. Then, after a few years' experience in the technique of operation, the new company would be a fairly close approximation to the existing wheat pools.

This is a simple procedure and it has behind it that element of equity and fair dealing without which any enterprise has little merit. For it is a fact that the farmers by their patronage have paid for the elevators and for all the other properties of the private companies. They have also paid the salaries and the profits. How then could justice be better served than by handing over to them that which is theirs by right, if purchased two or three times over?

In connection with the wheat pools, let me say that, contrary to a charge made by the hon. member for Wood Mountain on July 30 last, they would never be owned by four or five people at the top. The charge he then made I want to refute now, and to state that the pools have been, are, and will be owned by those who patronize the elevators. My experience has been that if you want to get a square deal when selling your grain, take it to your own pool elevator.

Speaking in this chamber on March 22, the hon. member, as reported in *Hansard*, at page 1448, said:

I wish to refer to something that has happened to myself and several others in Saskatchewan in regard to this cooperative elevator matter. When the Saskatchewan cooperative elevators started, in order to build elevators, they took two cents a bushel from all the people who gave them wheat to handle, . . .

That is nothing new. We had to have money from some source to build elevators or purchase them; this is the means which was taken, and all was going well up to the time of the 1929 man-made depression. I say "man-made" because it was not natural; it was planned some time ahead, and farmers and others were the victims.

Mr. ROSS (Moose Jaw): Did my hon. friend say the Saskatchewan cooperative elevators?

Mr. FAIR: Saskatchewan cooperative.

Mr. ROSS (Moose Jaw): The Saskatchewan cooperative elevators?

Mr. FAIR: Saskatchewan wheat pool elevators. It is a cooperative, anyway. The Saskatchewan cooperative wheat producers.

In connection with this, I might say that it was and is the intention of the pools to pay back all of this as business warrants, and I do not think anybody will be denied that to which he is entitled. But it would seem that a number of enemies of the pools joined the organizations, and when they could not destroy them from the outside they tried, as has been credited to the communists, to destroy them from the inside. This has not worked and will not work as far as a number of us are concerned.

As regards what has happened to the pools, let me point out that a number of other grain organizations have been hit just a little harder than the pools were, because we find that a number went out of business after the 1929 crash, while the pools are still operating and, I hope, will continue to operate for quite a long time to come.

I had not intended to say much, because most of what I have said this afternoon has been said during this session or previously. But I wanted to emphasize that the farmers of this country are not receiving any subsidy, they are not receiving even what they are entitled to for their grain; and before you can have a prosperous Canada you must have a prosperous agriculture. I trust the government will change its policy to bring it into line with the policy of the Canadian Federation of Agriculture, which has been advocated in large degree also by the Alberta Farmers' Union, the United Farmers of Alberta, and other organizations.

Mr. J. A. ROSS (Souris): I had not known that we were going to discuss the present topic this afternoon; but in view of the statement which has just been made by the Minister of Trade and Commerce (Mr. MacKinnon) I wish to say something.

If anything has proved to this house the entire lack of agricultural planning by the government, it is the announcement which was made this afternoon as to durum wheat. Remember that people were asked to produce this year 280,000,000 bushels of wheat, which works out to fourteen bushels per acre quota, and now those who happened to grow durum wheat in a big way, and also hard wheat, and have marketed their fourteen bushels to the acre quota, are entitled to market also all the durum wheat they have on hand. Due to speculation on the Winnipeg grain exchange the open market for wheat is now a fraction over $1·1, while the price set by this government for Canadian wheat was 90 cents a bushel basis Fort William, so that there is now a handsome profit to those people who happen to have durum wheat. Certainly, had many producers been told last spring that this concession would be granted, they would not have operated on the plans which they followed during 1942.

Moreover, as has already been pointed out this afternoon, many producers of hard wheat have stored it for the benefit of the people of Canada, the people of the united nations and the inhabitants of the overrun countries who will need it in the future, and they have done so at their own expense on account of the fact that the government refused to allow them for storage on the same basis as they pay the elevators who are carrying the same type of wheat for the government.

It was pointed out that a few million bushels of this durum wheat may now be marketed. The people who are in the position I have mentioned stand to make at least eleven and a fraction cents over what they have received for their hard wheat. This will be a handsome hand-out to some persons in this country.

This afternoon I received certain information in answer to a question which I had on the order paper concerning coarse grains. The question was as follows:

1. How many permits have been issued since August 1, 1942, for the export of oats, barley or other feed grains to the United States?
2. Who received these permits?
3. What type and what amount of grain did each permit cover?

Here is the answer:

1. A total of 1,014 permits including 781 permits covering shipments of oats, chiefly feed oats, 211 permits covering shipments of feed barley and 22 permits covering shipments of other feed grains.
2. The information furnished by applicants for export permits is given in confidence, and the release of such information would disclose to competitors the details of business carried on by individual firms.
3. See answer to question 2 above.

Total shipments of various feed grains for which permits were granted were as follows:

Type of grain	No. of permits issued	Bushels
Oats	781	39,836,966
Barley	211	7,893,757
Rye	5	1,031,800
Buckwheat	14	38,186
Feed wheat	3	9,154
		48,809,863

I do not know what the average profit to the exporters would be under the prevailing price in the United States, with relation to the ceiling price set in this country. But if there were five and a fraction cents a bushel—and I am satisfied it would be more than that on an average—then, on approximately 50,000,000 bushels it would run into millions of dollars of profits.

It has been pointed out in debates in the house that the ceiling prices for which producers in Canada have been asked to produce oats, barley and feed grains are considerably below recognized parity. I was amazed that the Minister of Trade and Commerce (Mr. MacKinnon) did not give at this time some statement to the effect that the government and the wheat board had decided that this profit should go back to the producers, and that they had set up machinery to ensure that this was done, in respect of any grain exported at this time.

Mr. MacKINNON (Edmonton West): I do not wish to interrupt the hon. member, but I should like to say before six o'clock that the point raised by him has been seen and taken care of by the government, through the wheat board.

Mr. ROSS (Souris): It has been?

Mr. MacKINNON (Edmonton West): Yes.

Mr. ROSS (Souris): Arrangements have been made?

Mr. MacKINNON (Edmonton West): Yes.

Mr. ROSS (Souris): How?

Mr. MacKINNON (Edmonton West): Because of the way in which it has been taken care of up to this date, and further because of the way in which it will be taken care of, I shall be in a position to make an announcement in the house within the next day or two, in reply particularly to the question asked by the hon. member for Qu'Appelle (Mr. Perley).

Mr. ROSS (Souris): Will the minister not make it during this debate? It is pertinent, and the minister should have been able to make it before now.

Mr. DOUGLAS (Weyburn): It is too long overdue.

Mr. MacKINNON (Edmonton West): I doubt whether I can make it to-day; in fact I am quite sure I cannot. I expect, however, to be able to make it within the next twenty-four or forty-eight hours.

Mr. ROSS (Souris): When I was discussing the marketing of wheat and the racket which might easily develop in the marketing of durum wheat at this speculative price, I should have pointed out further how unfair this situation is to many people who planted and produced large crops up to almost harvest time last year. I know of a large area in my constituency, running back into Saskatchewan, an area about ninety miles by four miles, in which the people lost their entire crops. Those people, with their harvesting machinery, went back to assist their neighbours in harvesting operations. I do not have to tell farmers here about the difficulties they had in paying their harvesting expenses, under the then existing quota set-up.

I consulted members of the wheat board at Winnipeg on behalf of those people wanting to know if they could take in kind for their threshing grain, and turn it in on their delivery permits, a provision they had been extended with respect to the 280,000,000 bushels. That was distinctly refused. Picture the hardship some of those people had to undergo in arranging to pay for help, and for the usual operations of their machinery, for gasoline, and so on. They certainly had great difficulty in financing their undertaking. Yet under this scheme, in which they should have been allowed to sell their fourteen bushels to the acre, which they would accept on threshing deals, they were not allowed to turn it in to the wheat board. After all that, the other man, who was able to sell fourteen bushels is allowed, as stated this afternoon by the minister, to sell an unlimited quantity of durum wheat he may have grown or purchased over and above that. Certainly this adds to all the confusion our farmers are experiencing at the present time. And when one thinks that within less than thirty days in many places the people will be on the land attempting to produce another crop, we must conclude that that is not what they are entitled to.

On other occasions I have spoken about the on-again off-again policy of the government concerning flax production. A statement was made last December, and was contradicted in January—both statements made by the same minister. A statement was given to the public by a group of experts, who met in Winnipeg early in March, to the effect that the requirements are much greater than asked for by the Minister of Agriculture in his last statement. As far as I know, no member of the government has yet made any statement to the farmers pointing out what they are expected to produce, as far as flax is concerned.

As has been already said flax has been quoted as of March 26 in the United States at $2.98 a bushel, plus United States exchange. In the past year the price of flax in Canada has been set by the government at $2.25 a bushel. I say the amendment is timely, and that the people are entitled to some sort of proper announcement of policy, even at this very late date. We realize that the Minister of Trade and Commerce made a statement with respect to wheat and coarse grains at the opening of the session, but—

Mr. HANSON (York-Sunbury): That was just to forestall criticism.

Mr. ROSS (Souris): As the hon. member says, that was just to forestall criticism. That policy is now completely out of date. It has become to a greater extent out of date during the winter months.

The question of farm debt legislation was raised by my colleague the hon. member for Lake Centre (Mr. Diefenbaker) on March 2. The government seemed a bit bewildered when the question was raised, and promised that a statement would be made within the next few days. In that same week, namely on March 5, the Prime Minister (Mr. Mackenzie King) rose in his place and said that in view of the fact that he expected a delegation representative of the three prairie provinces, within the next few days, he did not think he should make his statement for some time.

In due course that delegation, consisting of representatives of the governments of Alberta, Saskatchewan and Manitoba, came to Ottawa. I believe they met the Prime Minister, and other ministers of the cabinet concerned with this matter. This happened on either March 15 or March 16, perhaps on both dates. The matter was raised again this afternoon by the hon. member for Lake Centre, and I was amazed by the attitude of complacency shown by the Minister of Justice (Mr. St. Laurent) in answering the question. This is the most difficult problem confronting agriculturists in many parts of those prairie provinces. In some instances they do not know whether they will be allowed to remain on their farms, whether they will be allowed to retain the equipment necessary to produce the foodstuffs so badly needed by the united nations in 1943.

Mr. HANSON (York-Sunbury): Too little, too late.

Mr. ROSS (Souris): Too little, and too late again. The matter must be faced by this government, as long as they retain office, no matter how—

Mr. ROSS (Moose Jaw): Any more this year than any other year?

Mr. ROSS (Souris): No; the government are going along just about the same.

Mr. ROSS (Moose Jaw): No more of these cases this year than any other year.

Mr. ROSS (Souris): Yes. It was pointed out by an hon. member this afternoon that it was surprising to see government supporters hurrying out of the house when this discussion on agriculture developed. I am glad to see some ten or a dozen of them remained to listen to or take part in the discussion. I am glad, too, that the two candidates for undersecretary of the Minister of Agriculture remained; and I trust we shall hear something from them, as well as from the Minister of Agriculture and the Minister of Trade and Commerce, with respect to this vital matter, before we are called upon to vote. That is the least we should expect from the government.

Other hon. members speaking with respect to agriculture have touched on the matter of taxation of cooperatives and wheat pools. This is an important matter. There is no hon. member in any group who will rise in his place and say he believes the agricultural producer is receiving what he considers to be a fair share of the national income. If that is granted, then let me say the wheat pools of the prairies are simply organizations of farmers who already admittedly are, in many instances, producing below cost of production and are now to be taxed further, and this government is very lax and is not doing justice to these cooperatives as their members have a right to expect.

I do not wish to take up any more time; I just wanted to make these one or two points during this discussion on agriculture.

Mr. J. G. DIEFENBAKER (Lake Centre): I, in common with the hon. member for Souris (Mr. Ross) who has just taken his seat, had no idea that this motion would be made to-day. But representing as I do an agricultural constituency, it affords me an opportunity to place before the house some of my views in regard to the agricultural situation.

The other day the Minister of Finance (Mr. Ilsley) saw fit during the course of the budget debate to deal with the question of the price ceiling in reference to agricultural products. He castigated the members of His Majesty's Loyal Opposition for indulging in sniping against the government's policy of fixation of prices. As I listened to his remarks in that connection I thought of a debate that was taking place in the legislature of Saskatchewan at about the same time. A motion was introduced there and voted upon on March 18 last. That motion was unanimously supported by every Liberal member in the Saskatchewan legislature. I read the pertinent portion of the motion having to do with the question of the ceiling on farm products:

That this assembly, recognizing the important place of the province of Saskatchewan in food production necessary to our war effort, strongly recommends to the federal government;

1. That further increases in prices paid to producers for essential food products be recognized as the most effective method of assuring production of necessary supplies.

I pause to point out that that particular clause represents the idea which the Minister of Finance condemned in the most measured terms in this house the other day.

2. That appropriate action be taken to guarantee that the present general level of prices of meat animals, dairy and poultry products be maintained as minimum prices for the duration of the war and two years thereafter;

5. That, in view of the excellent prospects for sales of Canadian feed grain in the United States, we urge upon the federal government the desirability of removing existing maximum ceilings from these grains in order that prevailing prices in the United States may be fully reflected in prices paid to Canadian producers and that everything possible be done to facilitate the sale and transportation of Canadian feed grains to the United States.

It was a motion that directly attacked the price ceiling as far as farm products are concerned.

The names of those who voted for it, thereby calling upon the government to grant a higher level of agricultural prices, to grant parity prices for agricultural products, include every minister of the crown in the Saskatchewan legislature, many of them former colleagues of the Minister of Agriculture (Mr. Gardiner) in this government, a number of them members of the cabinet when he was premier of Saskatchewan. The Minister of Finance has condemned various members for asking that the farmer receive the same consideration as other industries, namely, a price that will pay his cost of production, give him a reasonable profit, and put him on a parity with the prices of the things he purchases. Most surprising of all, one of those who voted for the motion was Mr. Taggart, the former food administrator of Canada, who recently had control of food production in this country, and who more than anyone else should be in a position to speak with authority as to whether or not it is necessary in the interest of the prosperity and continuance of agriculture as a great influence in the war effort to have higher prices fixed for Canadian agricultural products.

To-day in Saskatchewan, with a provincial election in the offing, I presume the only discussion in connection with parity prices and the increase in agricultural prices above the present ceiling will be a reference, not to what was said recently by the Minister of Finance in this house, not to the attitude of the government of Canada, but to the attitude taken by the various ministers of the crown in the province of Saskatchewan on that motion.

Mr. DOUGLAS (Weyburn): It does not cost anything there.

Mr. DIEFENBAKER: Yes, it does not cost anything there. It represents to the people of Saskatchewan that the Liberal party stands for one thing in the province although the federal party is diametrically opposed to it.

Mr. HANSON (York-Sunbury): One thing in one place, another thing in another.

Mr. DIEFENBAKER: In other words, consistency demands that the Minister of Finance in this house shall uphold the orders made by the wartime prices and trade board, but in Saskatchewan expediency demands that the ministers of the crown there shall take a contrary attitude.

That motion was passed to emphasize that in order to ensure the necessary food production a course of increasing prices must be followed. The demand this year is for increased production in many lines. The Canadian farmer has made a tremendous contribution and is entitled to take pride in the contribution he has made. The fact that never has there been a suggestion by the Canadian farmer in the dark days of low prices which did not give him a fair and proper return that he would strike or do anything toward reducing production is something for which he is entitled to praise. It seems almost a truism to say that Canadian agricultural production must be increased and that the farmer is contributing much to the war effort of Canada and the united nations. If witness is needed to that fact, I refer to what the President of the United States said on January 12 last.

These were his words:

In spite of the handicaps under which American farmers worked last year, the production victory they won was among the major victories of the united nations in 1942. Food is a weapon in total war—fully as important in its way as guns or planes or tanks.

His words apply with equal force to the Canadian farmer.

At the same time the secretary of agriculture of the United States, Mr. Wickard, in speaking to the farmers of that country, is quoted as follows:

"You people are helping to bring victory sooner as you meet with your neighbours to-day." He added that farmers won the food production victory last year in spite of shortages of help and machinery and vexing but necessary government regulations.

"The devotion and determination and achievement of farmers was wonderful last year," he concluded. "This year the men on the battle lines are depending even more on American farmers. I know you will respond to that call."

The call that was made to United States farmers applies equally to Canadian farmers to-day. Increased production is necessary now in order to feed the nations. It will be needed

in greater measure when the war is over, for then it will devolve upon Canada to assist in feeding a hungry world. Wheat will be in greater demand than ever before. Russia has had her granaries overrun. The Russian steppes must be rehabilitated before it will be possible for them to again produce wheat; and I believe that wheat properly stored to-day for the to-morrow that will come when this war is over, may very well be one of our greatest assets and one of the most important contributions Canada can make to the rehabilitation of the post-war world. To produce what is needed will require man-power, and I have no apology to offer for saying that at all times I have advocated a system of selective service that will ensure that every phase of the war effort receives its fair proportion of man-power. I repeat that food is important to-day. There is a terrible food shortage in Russia; according to a recent issue of the magazine *Fortune*, as long ago as last August and September there was no meat or butter in Moscow, and the average adult had lost fifteen pounds through inability to obtain nutritious food. Famine will soon appear unless food is sent to that country, and this condition prevails throughout Europe, where the nazis have adopted the policy of selective starvation of all the peoples who have come under their control. A revolutionary change is taking place in the economic set-up of Canada, particularly on the plains of the west, where coarse grains and pork products are being produced instead of wheat. After the war the changes which may take place in this economy must be carefully watched. Now is the time to plan to meet that changed economy.

In connection with the matter of price ceilings, the objection of the farmer is that agricultural prices were fixed at a time when these prices were below a parity level in regard to prices of other commodities. Prices of other commodities had advanced by the fall of 1941 to the point where there was a reasonable profit for those who produced them. I do not believe there is an individual who does not appreciate what has taken place under the system of price control in this dominion. Price control worked out in Australia, where it was adopted right at the beginning of the war. However, the farmer says that prices of his products are out of tune with prices received by other producers. The farmer cannot produce inferior farm products and get the same price he was paid for good products, whereas in many instances manufacturers are able to keep within the prices fixed during the basic period by turning out slightly different articles, of a lower or different grade than produced in that period. That is the method by which, as the hon. member for York-Sunbury (Mr. Hanson) says, the prices of many products are kept within the ceiling. The farmer of western Canada believes that if there is to be a price ceiling at a time when he might expect to get much higher prices than he is now receiving, at least he has the right to demand the assurance that when the war is over, there will be a floor under the prices, in order to protect him against the lower prices which may follow as an aftermath of peace. Where is the policy of the government to-day in that respect? I have a great regard for the Minister of Trade and Commerce (Mr. MacKinnon), but to-day he announced a policy of parts, of bits and pieces; some to-day, some to-morrow, and more is promised in forty-eight hours. That is the criticism one hears with regard to the agricultural policy of this government. It changes daily, weekly or monthly; and when an announcement is made by anyone in connection with agriculture, there is an immediate suspicion that some further change will be made which will be inconsistent with the announcement. You will remember, Mr. Speaker, that fifteen days before butter rationing was brought into operation, the official in charge of the administration of the Department of Agriculture said there would be no butter rationing.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. DIEFENBAKER: Mr. Speaker, prior to the dinner recess I was dealing with the necessity of planning in the Department of Agriculture. I come now to the next phase in connection with this matter, the production of flax. In the fall of 1942 the farmers were urged by the Department of Agriculture to aim at a higher flax production in 1943. As a matter of fact, at the dominion-provincial conference held in Ottawa in December it was recommended that there be a sixty-eight per cent increase in production. The farmers made plans to meet the demand, but in the month of January they were advised that that had been an error. The Minister of Agriculture then stated that the government would have to revise its plans and ideas in connection with the production of flax because there were not enough seed crushing plants in Canada and the United States to crush the surplus production over that of the previous year. It was only after a meeting with representatives of the United States that this fact was ascertained.

This shows the lack, not only of long-time but of short-time planning in connection with agricultural production.

Last year the farmers were urged to sow coarse grains, particularly barley and oats. Naturally they believed that there would be a market available in Canada and the United States for that portion of their crop over and above that which might be fed in the production of hogs and live stock. As far as my own constituency is concerned, at the present time there are large quantities of these grains on hand. The farmers cannot dispose of them, and large quantities are still out in the field. Elevators are supposed to accept up to twenty bushels per acre, but they are refusing to make purchases because they have no space. In many instances no cars are available. There is a policy in effect to-day to provide for the shipment of a portion of this feed to eastern Canada, and I suggest that that policy should be extended. Something more should be done before it is too late, in order to assure these farmers, who relied on government promises that a market would be available and in consequence entered into greater production of oats and barley, shall not suffer. Those who relied on the government promises last year are now in a desperate position.

Most of the large farmers and many of the smaller ones cannot sow wheat in 1943 on account of the fourteen-bushel limit which has been imposed; they cannot do so because of the quantities of wheat they have on hand from the 1942 crop. They cannot sow coarse grains and the flax question is still in doubt. If there is any failure in production in the dominion as a whole, it is due to the fact that the farmers cannot place any reliance upon the announced plans of the government. When the Minister of Agriculture spoke in Saskatoon on January 15 he announced certain plans in connection with the production of wheat, oats, barley and rye. There was to be a decrease in the production of all these grains, but an increase in the production of mixed grains. There was to be no increase in the production of flax, but there was to be an increase in the production of hay and clover and a pronounced increase in the production of alfalfa. According to the news report of the British United Press, the minister went on to say:

> Mr. Gardiner stated that the price inducement to meet these goals and acreage payments will be revealed to-day.

The Minister of Finance takes the stand that there shall be no increase in prices of agricultural products, and warns that if there is an increase or if more purchasing power is made available to the farmers, the price ceiling will be destroyed. On the other hand, as I have pointed out, we have the legislature of Saskatchewan and the ministers of the crown of that province unanimously supporting a proposal and resolution to increase the prices for farm products. I suggest to the Minister of Finance that any lecture he has in mind to give with reference to those who support a policy of increased prices for agricultural products should be given to the Hon. Mr. Taggart and to the other ministers of the crown of Saskatchewan who support the party that he represents. Let me follow this a little further. These responsible men in the Liberal party in Saskatchewan voted in favour of the following resolution:

> That in implementing the foregoing policies, we recommend to the federal government the payment of subsidies where necessary to maintain price ceilings on consumer goods.

The payment of subsidies to the producer will increase the purchasing power in the hands of the farmer. If this policy has been found efficacious in so far as such goods as coffee, tea, oranges and the like are concerned, why should the subsidy system be restricted to industry or to the producers of these commodities and be denied to agriculture?

Mr. ILSLEY: It is not.

Mr. DIEFENBAKER: The principle is the same.

Mr. ILSLEY: It is not restricted to industry. There are subsidies payable to agriculture amounting to at least $100,000,000 a year.

Mr. DIEFENBAKER: I appreciate that, but further subsidies are recommended by the legislature of Saskatchewan for the purpose of increasing prices paid to producers of essential food products. They suggest that such policy be recognized as the most effective method of assuring the production of necessary supplies. I would remind the Minister of Finance that the records show that agriculture progresses through a series of ups and downs; at one time prices are high and at another they are low. During the up periods the farmer has an opportunity of earning sufficient to tide him over the periods when his profits will be reduced to nil. If the government adheres to its policy that it will not increase farm prices to the level of the prices of other commodities as of the basic period, then I suggest that the farmers of Canada have a right to demand that when the war is over, the prices they will receive will be no lower than the present price level.

I mention in that connection that the Canadian Federation of Agriculture, whose desire it is to serve the people of Canada and to improve and enlarge Canada's war effort, came to Ottawa during the month of February and

made certain representations to the government. According to the press reports they were received by the Prime Minister (Mr. Mackenzie King) and other members of the cabinet and were assured that their representations would receive earnest consideration. The Prime Minister expressed the government's appreciation of the efforts of the Canadian Federation of Agriculture to cooperate in the agricultural war effort, but as yet nothing has been done to carry the recommendations that were made into effect.

I submit that the time has come for the guaranteeing of live-stock prices for the duration of the war and two years thereafter in order to ensure continued expanding production, and that there should be a resumption of operations of the Wartime Food Corporation on the same lines as were followed during last July and August in order to ensure that beef cattle in Canada shall bring prices reasonably related to prices in the United States. It is impossible to explain to the farmers of Canada, with a joint board on agriculture composed of representatives of Canada and the United States, why it is that there should be such different prices in Canada and the United States for farm commodities. Furthermore, I think the time has come for the inauguration of a comprehensive soil conservation survey as a national responsibility. The government should encourage cooperative enterprise in order that a larger portion of the consumer dollar shall be returned to the producer than would otherwise be the case. A time like this when the farmer is being asked to contribute to the war effort, and is doing it so willingly, is, in my opinion, not the time or occasion for the government to interfere with the growth of cooperative enterprise in Canada by the imposition of income taxation upon cooperative farm institutions.

The attitude of the Progressive Conservative party is set forth in its platform, and is that the farmer has a just cause for complaint in the prices that he is receiving. The Searle index shows, starting with an index number of 100 for 1913-14, that 147 items representing commodities that the farmer buys are now 53·7 per cent higher than in that year, while the price of wheat is now only 5·5 per cent higher than it was in the same year. The purchasing power of a bushel of wheat is therefore only 68·6 per cent of what it was in 1913-14.

Mr. ROSS (Moose Jaw): The Searle Grain company's most recent figure is 78 per cent.

Mr. DIEFENBAKER: What the hon. gentleman says is perfectly correct. The figures I have here were those of some time ago.

I pass on to the question of man-power on the farms. Travel all over the prairie provinces to-day and you will find that most of the farms are almost depleted of man-power. The record of enlistments in the western provinces, as far as the farmer is concerned, compares with enlistments from any other class or group anywhere in this dominion. I know what numbers from my own constituency are listed from time to time in the casualty lists of the Royal Air Force and the Royal Canadian Air Force. I point this out, too, to those who say we need a united Canada in this war, that in these casualty lists of the air force will be seen many names of Ukrainians, Scandinavians and those of German origin who have enlisted from western Canada. These people have gone from our farms.

The objection which the farmer of western Canada has to the government's man-power policy is that it has no policy, that there has been no consistency, that the application of the National Resources Mobilization Act has been unfair in that it has in many instances resulted in taking the last son from the farm from which the other sons have already gone overseas while in adjoining areas three and more brothers do not receive a call. To-day we are approaching a point where unless something is done agriculture cannot continue to measure up to its responsibility. What should be done?

In the United States Mrs. Roosevelt some time ago enunciated a policy which is now being applied, namely, the mobilization of a women's land army similar to that now working in Great Britain. Next, mobilization and training under government supervision of low-income farmers. They have mobilized in the United States an army of these men who have voluntarily assumed the responsibility of citizenship in assisting to keep up agricultural production. These men are given training and are moved back and forth during the seasons of maturing crops.

I do not think we have arrived at a point yet where it is necessary to follow the course that has been taken in the United States of bringing in labour from outside the nation. But I do believe that by now, in the month of March, 1943, sufficient time has elapsed since the beginning of this war for the government to be able to announce to this house and the people of this country how many men there are available in Canada for agriculture. But a survey has not been made excepting on paper and in anticipation. I asked questions in the house on March 1 in regard to the mobilization of our man-power and whether a survey had been made and

have not yet received an answer. The reason must be that the government has no statistics on the subject to place before the house and the country. The first thing that must be done now, in my opinion, is to survey the situation. It is late, but let us do something now instead of postponing action until the day when we shall find ourselves in a dilemma of having no man-power on the farms. A step was made in the right direction early in February by the Minister of Labour (Mr. Mitchell) when he sent out his letter of instructions respecting the call-up of farmers. But letters and instructions sent to boards and the like do not get results unless there is insistence on the part of the government that results be secured.

I hope that within the next week or so we can get a definite announcement of policy on this subject from the Minister of Labour. I know he is overworked, but I trust that an announcement will be made so that the farmer not only in western Canada but everywhere in the dominion will know what labour will be available to him during the coming summer. Furthermore I think, having regard to the fact that wheat and coarse grains farmers operate on a quota, something should be done to finance the farmers' crop while it remains on their farms. This was recommended by the Canadian Council of Agriculture. A system of this kind is being followed in the United States. To-day many farmers are unable to carry on because the quota which they have sold, perhaps no more than eight bushels to the acre, is insufficient to pay the cost of production, including labour, and to allow them anything over. In the United States, in order to encourage production, short-term loans have been established under the regional agricultural credit corporation, and $225 million has been made available at an interest rate of five per cent. I believe the same course will have to be followed in Canada if we are to secure the agricultural production which is necessary to ensure a continuing war effort on our part.

Furthermore, something should be done at this time in respect of the quantities of damp wheat which are to be found on farms all over western Canada. The wheat board should be urged to handle and dispose of this wheat in preference to wheat not in the same condition, so that spoilage and loss will be reduced to the minimum.

These are a few suggestions. I see that my time has almost elapsed. It is important to-day to realize that food is as necessary as other war materials are to the war effort; that without an adequate supply, the fight is hopeless. The government has done much in connection with, and in the encouragement of munitions production. I ask that the same encouragement be given to agriculture as has been assured to industry producing other needed war requirements.

Mr. SPEAKER: During the dinner recess I was considering the amendment which has been moved by the hon. member for Melfort (Mr. Wright). The motion was that I leave the chair for the house to go into supply; and the hon. member for Melfort moved, seconded by the hon. member for Weyburn (Mr. Douglas):

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

"This house desires to record its opinion that before the marketing policy announced by the Minister of Trade and Commerce on January 29 with respect to the 1943-44 crop is put into effect it be revised to bring it into conformity with the needs of agriculture so that the latter may be enabled to make its full contribution to the war effort."

The amendment refers to a statement which was made in the house by the Minister of Trade and Commerce (Mr. MacKinnon) and which will be found on page 11 of *Hansard* of January 29 last. The minister stated:

In order to make provision for the required acreage we are asking farmers to reduce their wheat acreage by not less than 3,000,000 acres. To encourage this, the Minister of Agriculture will submit amendments to the Wheat Acreage Reduction Act, 1942, to provide payment of $2 an acre on each acre by which land seeded to wheat in 1943 is less than land seeded to wheat in 1940 based on the same acreage. If there is new breaking involved, 80 per cent of it will be counted as wheat and 20 per cent as coarse grains. No payment will be made in respect of abandoned land.

The amendment contemplates a revision of the government's agricultural policy, which is part of its financial policy. It can be assumed from the terms of the amendment that it means an addition to the expenditures proposed by the government as I have read them from *Hansard* and as stated in the house by the Minister of Trade and Commerce.

There is another feature to which I must refer the house. As reported in *Votes and Proceedings* of February 23 last, page 93, there was an amendment moved to the address by the leader of the opposition (Mr. Graydon):

And on the proposed motion of Mr. Graydon, seconded by Mr. Green, in amendment thereto: That the following words be added to the address:—

"We respectfully submit to Your Excellency that this house regrets that Your Excellency's advisers have failed (a) to provide an adequate plan for the effective use of Canada's man and woman power; (b) to adopt and carry through

a national labour policy which will ensure maximum production and give to labour its rightful position as one of the major partners in our Canadian democracy; and—

This is the important part.

—(c) to provide adequate measures whereby Canadian agriculture can make its maximum war contribution and receive a fair share of the national income."

The amendment, as I pointed out, though in slightly altered form and with slightly different phraseology, contains the same conclusion as was contained in the amendment moved by the leader of the opposition to the address in reply to the speech from the throne; and therefore citation 384 of Beauchesne will apply. The citation in Beauchesne's *Parliamentary Rules and Forms* provides as follows:

It is a rule in both houses, which is essential to the due performance of their duties that no question or bill shall be offered that is substantially the same as one on which their judgment has already been expressed in the current session.

The judgment of the house has already been expressed on the same question, as contained in the amendment of the leader of the opposition.

On the ground, therefore, that the proposed amendment involves an expenditure of money greater than that declared by the government for the purpose, and on the ground that the house has already expressed its opinion with regard to a similar proposal as contained in the amendment, I would have to rule it out of order.

I also refer the house to citation 559 of Beauchesne:

The constitutional principle which vests in the crown the sole responsibility of incurring national expenditure, forbids an increase by the commons of a sum demanded on behalf of the crown for the service of the state. This principle, however, is apparently disregarded when the recommendation of the crown is given to a resolution empowering the expenditure of public money which, framed in general terms, places no limitation on the amount of expenditure to be authorized by the resolution.

Here the amendment means an increase in the expenditure as stated by the Minister of Trade and Commerce, and therefore is contrary to that rule of the house.

I therefore rule the amendment out of order.

I may add that it seems to me that the amendment, while it is irregular, is also unnecessary, because the debate which is now taking place may continue on the motion to go into supply.

Mr. HANSON (York-Sunbury): It does not stop the debate.

Mr. W. J. WARD (Dauphin): I was a little disappointed with the hon. member for Lake Centre (Mr. Diefenbaker) in that he did not give us something constructive by way of conclusion of his excellent remarks. I believe it was Edward Blake who said that the duty of an opposition was to assist the government by constructive criticism. I take it for granted that constructive criticism would embody some help. The hon. member complained, as all of us who have our granaries full of grain, and some of it piled in the fields do, that we cannot get rid of it. He led us right up to the fourteen-bushel quota, and I thought he was about to tell us where we would go from there. At that point, however, he turned the whole matter back into the lap of the government, and said that the responsibility was theirs.

Then he dealt with the matter of damp grain. I agree that that is a real problem. But again he did not give us one word as to what he would do if he were dealing with damp grain. I am sure the wheat board is doing the best it can with the most difficult problem western Canada has ever known. When you find crops, such as we had in my district, ranging from 45 to 55 bushels of wheat per acre, barley running about 70 bushels, and oats at from 80 to 100 bushels, you have indeed an extraordinary situation, and a condition so different from any we have had in the past that naturally our problem is one with which no one can deal adequately.

In other respects I agreed largely with the hon. member's remarks. Something must be done to improve conditions in western Canada. I noted a few days ago in the press that the civil service is to be dealt with by way of bonus, and that incomes up to $3,000 are to be included. I have no particular criticism with regard to a decision of that kind, but I must say that a civil servant with an income of $3,000 is so much better off than the average farmer who has a lot of grain on his farm and does not know what he is to do with it, or whose grain may be out under the snow, unharvested, or who may have been subjected to the many other vicissitudes which beset the way of the western farmer, that I do feel if we can find money to pay bonuses to people with incomes of $3,000 we certainly should be able to find money with which to further subsidize the farmers. Long since have I argued, both in the house and out of it, that as long as we had a system of tariffs, and all those other systems which go with tariffs, and which taken together make

up our present economy in which urban industries are supported by fiscal and many other arrangements not enjoyed by our farmers, we should subsidize agriculture up to the same level.

Where do we find all the good homes in Canada? Do we find them out on the farm where the people do most of the work? No, we do not. We find them in our cities, and very often they are lived in by parasites who make no particular contribution to the betterment of society. These are facts which cannot be refuted. Will anyone say for one moment that an accountant or a lawyer—and I am not pointing at the Minister of Public Works (Mr. Fournier)—renders even twenty-five per cent of the service to the state rendered by the average good farmer? We have to revise our thinking in regard to agriculture or, before long, we shall not have any farmers.

Mr. MacNICOL: The hon. member is making all the lawyers blush.

Mr. WARD: I said something about my hon. friend's city the other night, and perhaps I should say something more.

Mr. MacNICOL: Start right in, any time you like.

Mr. WARD: I gave some figures a couple of years ago showing how Toronto had grown from a struggling little city of a few years ago to a city with a present population of between 600,000 and 700,000. It has grown up to a great extent on the backs of the western farmers, and the eastern farmer has made his contribution as well.

Mr. MacNICOL: Nothing but clap-trap—if that is parliamentary.

Mr. WARD: However, I did not intend to say that, and I would not have spoken in that manner had the hon. member not interrupted. I received a letter from the manager of my farm who tells me that I must expect to pay not less than $65, and perhaps $75 a month for men this summer. That means an over-all cost of $100 a month for each man. Two or three men on a farm at $100 a month means an expenditure of $200 or $300 for hired help. I know from my experience that that cannot be paid. It is not possible, with dollar wheat.

Mr. GRAYDON: How large is the hon. member's farm?

Mr. WARD: Six hundred and forty acres.

Mr. TUSTIN: The hon. member must be a gentleman farmer.

[Mr. Ward.]

Mr. WARD: Those amounts cannot be paid on fifty-cent oats.

I should like to make a few suggestions to the government. I do not know whether my suggestions will register, but I believe that with wage levels as they are to-day, circumscribed as we are by price ceilings—with the principle of which I agree fully—we should have a guaranteed price on flax of not less than $3 a bushel. Less than $3 will not take care of the risks involved in the growing of that crop. I have been growing flax for the last twenty years, and I have found that its yield varies from five to twenty-five bushels to the acre. We had a twenty-five bushel crop last year, and it would seem likely that we might have a six-bushel crop this year. A six-bushel crop at $2.25 gross means about $1.80. It cannot be grown for that. I say it cannot be grown for less than $3 a bushel, taking the average yield of about six bushels over a long-range period. I do not think it will be possible to grow wheat this year for ninety cents a bushel—although I am not much interested in wheat. It should be at least $1.35.

Comparing our live stock prices with those of the United States I was surprised to find that the basic price of bacon hogs in Canada is exactly the same, dressed, as it is in Chicago, live weight, namely sixteen cents a pound. In other words, the United States farmer gets about twenty cents for his hogs, dressed, while we get only sixteen cents for ours. The same is true of steers. They sell for sixteen cents in Chicago, and bring only twelve cents in Canada.

Something was said this afternoon with regard to wheat. There is about a 45-cent differential between the price of wheat in Chicago and the price in Canada. Of course in any calculation one makes of prices in Canada and in the United States he must remember the duty of forty-two cents a bushel on all wheat going to United States.

While I do not wish to take up much time to-night, I should like now to draw a comparison between that portion of the national income going to agriculture, and that going to labour. We hear a good deal about labour of late. They have their problems, yes. The farmer, about thirty per cent of the population of Canada, with all his investment, running to I think about $2·5 billion in 1942 got 15·3 per cent of the national income while labour got 63·1 per cent, or four times as much, with less than half the population.

Speaking of farm debt. While debt adjustment is not so important in the district which I represent, because we have greater continuity in returns than some other sections of the

west, I believe that in the light of conditions in Saskatchewan and Alberta there is some need of debt adjustment. In some instances it may mean complete wiping out of the debt.

I wish now to refer to the income tax on cooperatives. I cannot believe that the government is serious in the thought of imposing income tax on cooperatives. If that is done it will just drive the cooperatives back to a purely cooperative basis to where they belong. Some have departed slightly; as an example in the drought and depression years the Manitoba cooperative elevator association, out of concern for the elevators in the dried-out districts, decided for the time being to form their association into what we call line elevator companies in order to pool the resources of all the elevators to maintain elevators in operation in the drought areas. It will just drive the cooperatives back to where they ought to be, and then there will be no profits to tax. I hope the government will think twice before attempting to impose income tax on something that is not there, because in a cooperaive there is really no residue on which to impose taxation.

Something has been said in regard to the need for fuller cooperation in respect of agriculture. It has been said that what we need in this country is political cooperatives. The Cooperative Commonwealth Federation have frequently urged that if the cooperatives would associate themselves with the socialist party of Canada, it would be to their advantage. A few years ago I had the privilege of having lunch with the minister of agriculture for Norway. I made good use of the two hours we were lunching by asking questions. I inquired how they had succeeded so well with their cooperatives in Norway. "I suppose you are pretty much socialist?" I said. "Oh, no, no," he said; "we are the very opposite. Socialism would kill cooperation." I hope my hon. friends of the Cooperative Commonwealth Federation get that. He said, "We are all for private enterprise in Norway."

Mr. HANSON (York-Sunbury): May I ask the hon. member a question? Did he not belong to this crowd once himself?

Mr. WARD: Not as far as I know. There was an organization known as the Progressive movement, of which my hon. friend and his friends have stolen the name—time is a great wonder worker, and it may be that my hon. friend and his friends will yet be in the C.C.F. movement down at the other end. The Progressive movement was very successful in its day, did a great deal of good and justified its existence in this house. The minister of agriculture for Norway, a man who should know, was most emphatic in his belief that the cooperatives could live and prosper only under a system of private enterprise.

I wish the Minister of Finance (Mr. Ilsley) were in his seat at the moment. I believe in his price ceiling; I am all for it. Probably no group of men could have done a better job than he and the prices board have done. But I do not think we should maintain stability and prevent inflation at the expense of one class only. The farmer to-day is paying the long price for his country's financial stability. That is not fair. We should lift the lid on some agricultural products. We should put the farmer at least on a par with others in the community, particularly organized labour.

Mr. SENN: Has the hon. member the idea that the farmer is not getting a fair deal as far as the price ceiling is concerned?

Mr. WARD: I have just said so. I believe that flax should be not less than $3 a bushel, I do not believe it can be grown successfully for less. There should also be a higher price for wheat. I suggest $1.35.

If we are to maintain agriculture and keep the young people on our farms we must give greater attention to our farm economy. An hon. member in the Cooperative Commonwealth Federation group this afternoon, I think it was the hon. member for Yorkton (Mr. Castleden), referred to the coming home of the soldiers after the war. That is something to which we must give some thought. The hon. member quoted a figure of eighty or ninety cents an hour for labour in the factories and the farmer getting twenty cents. Surely we should do something about that.

Mr. CASTLEDEN: Did the hon. member just find that out?

Mr. WARD: The hon. member came here just yesterday; if he had been here for twenty years as I have he would know something of the struggle to gain better conditions for the farmer.

Mr. CASTLEDEN: I knew that much anyway.

Mr. WARD: When I first came to this house there was a difference of ten to twenty cents between street and track prices for wheat.

Mr. CASTLEDEN: What is it now?

Mr. WARD: About three and a half cents, about as low as it could be thanks to our farmer organizations. Our cooperatives and

farm grain handling institutions have gone a long way in ameliorating many of the problems of the farmer. I grant you we still have some problems. There is no reason why the farmer should be a war casualty any more than anyone else.

Mr. ANTHONY HLYNKA (Vegreville): Mr. Speaker, too much cannot possibly be said as to the need for a long-range agricultural policy for Canada. This is the fourth session I have had the privilege of attending, and I do not hesitate to say that I have yet to hear a serious and an exhaustive discussion of the subject of agriculture. This question of agriculture seems to be kept in the background; sometimes in the dying days of a session hon. members may rise in their places and voice their patched-up opinions, and then we go home with no plans for the future and nothing to tell our farmers.

I should like to add my voice to those who have spoken already this afternoon and this evening, in expressing my opinion as to the urgent need of a long-range, effective agricultural policy for this country. I believe the farmer of Canada has been stabbed in the back. The government has stood by and watched as the farmer has been operated upon; and the government—this government and the one that preceded it—has done nothing to protect the very basis of our national economy. In my opinion agriculture in Canada must be placed upon a paying basis. No other industry has received such a set-back. The government seems unable to coordinate its agricultural policy, if it has one; it seems to be a matter of hit or miss, and the government does not seem to know where it is going. The farmers of western Canada want to know what will be the agricultural policy of this government not only for the coming year but for the years ahead. Why should the government not announce its policy for two, three or five years ahead? Surely that requires only a mathematical calculation. The government has all the statisticians, agriculturists, agricultural economists and so on that it needs, and with the experience we have had in agriculture so far, surely we should be able to draw some sort of a blueprint for a year or two ahead. Look at the situation that exists at present in the prairie provinces. The government has permitted the stock of the west to be sold and slaughtered, though it knows very well that four to five years are required to expand a herd of beef cattle, and it takes three years to increase the number of milch cows, and fourteen months to increase the number of hogs. If we destroy the farmers who for many years have operated independently, what will be the end? Only a few days ago I pointed out that fewer than half the farmers of western Canada own the land on which they live. That is a serious situation. There is talk about socialism; there you have it. The farmers no longer have any say as to how long or how they are to operate their farms. Let me quote a sentence or two from a so-called extension agreement, because I believe it will indicate the situation that has existed for many years:

> The mortgagor does hereby attorn to and agrees to become the tenant of the company of the said land at a yearly rental of a full one-third share of the whole crop of grain of every kind . . . the said share to be delivered by the mortgagor at his own expense.

I could quote at great length from agreements of this kind to show that farmers are losing their homes. Yet this afternoon when one hon. member asked the Minister of Justice (Mr. St. Laurent) what will be done in regard to debt legislation, and whether the government had come to any decision in that regard, the answer was, as usual, "It is under consideration." That is not good enough. We are being pressed by the farmers; we are receiving letters almost by the thousands demanding that something be done, because these people are losing their homes, losing all they have built up in many years of hard toil. As I have said, the government does not seem to be able to coordinate the various problems that are facing us to-day. It is only natural that our people should look to the government for guidance, that they should expect at least an announcement of policy one year ahead. But we go on dragging along; now spring seeding is not far off and still the farmers do not know what the government wants, what the country will need, whether or not we can sell our grain this coming year, whether our hog production should be stepped up and maintained at that level, and so on. We do not know. To me this seems a hit-or-miss policy, if it can be called a policy at all. We on this side of the chamber can talk in this house until we are blue in the face, but the government seems just to float along and put off everything from day to day. Is it not about time we got down to business and placed agriculture on a paying basis, like any other industry? Personally I am surprised that the farmers have stood for this sort of thing so long. But why have they stood for it? The answer is simply this, that almost every farmer is indebted to some financial institution. If the farmer dared refuse to sell his grain, he would be sold out. He cannot afford that. He is forced, almost at the point of a gun, to produce wheat, whether he likes to do so or

not. Otherwise he will be dispossessed of his land and thrown out on the road. That is the system that has been in force for so long.

At present agriculture provides about 17·4 per cent of our total national income, while more than one-third of our population are directly dependent upon agriculture. Farm products account for about 38 per cent of our total exports. Surely all we have to do is to put two and two together and realize that we cannot continue to operate unless agriculture gets a fair share of the national income. We cannot expect the farmer to pay his debts if he has no income. We cannot expect the farmer to be able to repair his machinery and keep up production if he has not the money with which to buy the things he needs. The following statement appeared in a non-political publication, *Farm Forum Facts*:

Canada cannot play her full part in the war unless national unity is built up to a high point, and unity and a high morale cannot be attained while forty-five per cent of the people of the dominion who make their living from the agricultural industry are receiving less than a fair deal.

Canadian agriculture is facing two very grave problems at the present time—lack of working capital and a serious labour problem. The lack of working capital has been induced by low prices for many primary products, especially wheat, while the labour situation is definitely tending to lower farm production at a time when we should be increasing it.

Let me quote what the former President of the United States had to say about the importance of food in the war. Mr. Herbert Hoover, speaking in New York on January 21 on the food situation, stated:

Food supply has now become secondary only to military operations in determining the outcome of the war. And it will take first place in saving the world from anarchy after the war.

Further on he says:

The burden of furnishing food supplies to the united nations now and to a starving world after the war rests largely upon the American and Canadian farmer.

Agriculture simply must be envisaged as a munitions industry. The farmer must receive men and tools if he is to perform his part.

The news comes daily from all parts of the country that the farmer is sending his dairy cows to slaughter for lack of labour. And this is amply verified by the arrivals at the slaughter houses.

Those words of the former President of the United States are significant. We speak about remedying the situation as far as shortage of farm labour is concerned, and the Minister of Labour (Mr. Mitchell) and other ministers tell us from time to time that the situation has been remedied and that things are working satisfactorily. At least they seem to be unconcerned. I should like to quote from a clipping from the Edmonton *Bulletin* of November 18, 1942. This is an article written by Mr. Grant Dexter from Ottawa, and it states:

Apart from government departments, there is the field of policy. Here the government's action has been two-sided. To begin with there have been sweeping allocations of man-power. Agriculture was frozen on March 23, 1942. Except for voluntary enlistment no agency of government can touch farmers. They are deemed to be necessary to agriculture.

Surely everyone knows that that is not so, that that is not a true situation. I have in my hand a report of national farm forum manpower findings, dated November 30, 1942. A discussion was arranged with various groups in the different provinces of Canada, and the following question was asked and the following answer received:

In what ways have the man-power regulations and farm labour policies up to the present time affected your area in respect to:

(a) freezing of men on the land?

British Columbia—Without exception British Columbia farmers have replied there has been no freezing as far as farm labour is concerned.

Alberta—Ten per cent said it had some effect; all others stressed ineffectiveness, or that it was too late.

Saskatchewan—Answers revealed that farm labour had not been frozen and that the order in council of last March had not been carried out.

Manitoba—The system of freezing men on the land has come too late.

Ontario—Almost every report was critical. Many said the ruling came too late. While regulations have kept some men on the land others are leaving for better paid work, even up to the present time.

Quebec—Freezing men on the soil on wages farmers can afford to pay does not work. Disgruntled help is useless.

New Brunswick and Nova Scotia—All groups feel regulations have not dealt with this matter satisfactorily, mainly because they came too late. Two-thirds of the groups say farm help is still moving to the armed forces and to war industries. Higher wages in other industries are attractive.

(b) Method of military call.

British Columbia—Reports unanimous in disapproval of present system. Many farmers' sons have enlisted in order to avoid being called. Many others have not applied for postponements to which they were entitled. Postponement period is too short; it would be for one crop season or preferably for one year.

Alberta—Most said unsatisfactory or confusing. One said satisfactory, and two, fairly satisfactory.

Saskatchewan—Regarded as spotty and inequitable. Repeated calls to essential men, put these men in unenviable position in the community. Since efficient farming requires at least six months planning, many farmers are confused as to what lies ahead.

Manitoba—Methods of call are unsatisfactory, and postponement is too indefinite.

Ontario—Twelve per cent said satisfactory; eighty-eight per cent unsatisfactory and uncertain. Production could not be planned for short periods. Charges were made that in some cases the law had not been observed and men essential to farm production had been refused postponement.

Nova Scotia and New Brunswick—Eighty per cent not in favour; 10 per cent feel it has some merits; 10 per cent think it satisfactory. Causes a great deal of confusion. Uncertainty of postponements.

My reason for putting this on record is simply to give the impartial findings of the national farm forum. Surely agriculture is important enough to Canada and Canada's war effort for the government and parliament to give it fairer consideration than it has been given in the past. Just the other day I received a letter containing a plea from one of my constituents who said that he had a debt, that the mortgage company was pressing him, and that all he could sell was fourteen bushels of wheat to the acre. I walked across the floor and asked the Minister of Trade and Commerce (Mr. MacKinnon) whether anything could be done and whether he would recommend that I write to the wheat board, because surely, Mr. Speaker, farmers cannot be allowed to lose their land and to be foreclosed upon and have to pay costs, expenses, and so forth when their production is so necessary to the war effort. The minister said: I am sorry; nothing can be done. That is not good enough, Mr. Speaker. If nothing can be done to increase the quota of wheat which the farmer can deliver to the elevator, surely the government has the power to say to the mortgage companies: You fellows had better stop for a while because the farmers cannot pay their debts if they cannot sell their grain; you cannot squeeze blood out of a stone. It is nonsensical for the government to say that nothing can be done because the government has the power to do anything it wants and it can help the farmers.

This morning I received three or four more letters. One was from a man in the armed services who told me that he is being sold out. The mortgage companies care about nothing but their pound of flesh; that is all they are interested in. Surely conditions of this sort should not be permitted to continue.

I have no desire to speak about these matters. Members from the central provinces may speak favourably of the government's farm policies; but members from the west, whether they want to or not, are forced to rise in their places and defend the interests of the people whom they represent in this house. We cannot simply sit here and say nothing when we are receiving scores of letters telling us about the problems of to-day which must be solved. I wish to impress upon the Minister of Trade and Commerce that, coming from western Canada as he does, he should bring these problems before the cabinet to see what can be done. The government cannot let the farmers down at this time. The feeling that exists among these farmers is one that should not exist, especially at this time when we need unity. We need every Canadian to feel that he is being cooperated with and that the government understands his position and appreciates that the farmer is doing his fair share in Canada's war effort. Let us not hamper these men. We are going to appeal to them in the next week or two to buy victory bonds. How can the farmers buy victory bonds if they cannot sell their grain and cannot get a fair return for their products? Therefore I appeal to the government to get down to business and to coordinate these problems that are before the people of Canada with a view to improving conditions.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, when I tried early this afternoon, on the orders of the day, to get a statement from the Minister of Trade and Commerce (Mr. MacKinnon) I had no idea that the hon. member for Melfort (Mr. Wright) was going to bring in the amendment we are now discussing. But I think the hon. member for Melfort has made the right move, because it has brought on a discussion of very important problems affecting western Canada.

About a year ago the hon. member for Haldimand (Mr. Senn) and myself on a motion for supply moved an amendment asking the government to consider the question of parity prices. All hon. members know what happened, and if no greater consideration is given to the present amendment it will be just too bad. It seems almost impossible for anything to jar this government into taking the action which I think it should. I have on numerous occasions this session endeavoured to get a statement from the minister in respect of such matters as are being discussed to-day. Only this afternoon I asked him whether, in view of reports in the western press that the wheat board had been in Ottawa discussing the marketing of grain and the price of grain, he was in a position to make a statement and whether anything would be done to allow our producers to get the advantage of the increase in price which has taken place within the last month. I also asked him to deal with the 8-cent premium on wheat sold by the producers for feed purposes. You will recall, Mr. Speaker, what the minister said. He was somewhat evasive in replying. He dealt with the marketing of durum wheat, which was quite all right, although durum wheat forms only a

very small percentage of the wheat grown in western Canada, only some 2,000,000 bushels, as the minister said this afternoon, being marketed. He also dealt with producers who have enlisted in the armed forces and said that the wheat board had been authorized to permit delivery of the remainder of the 1942 quota in the case of those who are in the armed forces. That was quite right and proper. But on the whole we did not get a very satisfactory statement from the minister.

When I spoke in the budget debate on March 15 I made I think several constructive suggestions, and made them at the proper time and place, and asked the government to consider them. It has been most interesting to me to hear this afternoon many members enlarge upon those suggestions and ask the government to give them consideration. On that occasion I quoted from the platform of the Progressive Conservative party drawn up at Winnipeg, and I also quoted from a resolution now standing on the order paper in my name asking the government as a first step toward establishing a parity price for wheat to take into consideration the setting of an initial minimum export price of $1.10 a bushel, and to give consideration to making payments for farm storage and making an advance on the net value of grain remaining on the farms which comes within the deliverable quota. These are questions which have all come up in the discussion this afternoon. Hardly anyone is satisfied with the policies enunciated by the minister on January 29. As a proof of that, the hon. member for Lake Centre (Mr. Diefenbaker) quoted this afternoon from the votes and proceedings of the Saskatchewan legislature to show what is going on in that province. We know also what the pool and the federation of agriculture think of these policies.

The Minister of Finance (Mr. Ilsley) took an opportunity the other day to give hon. members on this side a sort of spanking, in that he said that we were advocating changes which might break through the price ceiling and cause inflation. But the hon. member for Lake Centre established quite definitely this afternoon that we are not the only ones to whom that verbal chastisement could be administered. The minister might include the members of the Saskatchewan legislature, and in particular the provincial minister of agriculture, Mr. Taggart, with whom no doubt he had several conferences before Mr. Taggart returned home. I understand that there was not the greatest harmony between these two gentlemen before the Saskatchewan minister gave up the federal position which he held.

I have here the votes and proceedings from which the hon. member for Lake Centre quoted. The contents of this resolution are very interesting to me, as embodying suggestions which on several occasions I have made to this house—for instance, on March 15. The hon. member might have cited that part of the resolution which deals with prices. The third suggestion was:

> That it is essential to the economic welfare of Saskatchewan that production of wheat be recognized as our major source of income and the federal government be urged to accept through the Canadian wheat board no less than 280 million bushels of wheat at parity prices with an initial advance of not less than one dollar per bushel.

They do not say what the parity price should be. Let us accept the suggestion of the hon. member for Dauphin (Mr. Ward), that it be $1.35. I will quote that part of the resolution in which the legislature upsets the price ceiling:

> 5. That, in view of the excellent prospects for sales of Canadian feed grain in the United States, we urge upon the federal government the desirability of removing existing maximum ceilings from these grains in order that prevailing prices in the United States may be fully reflected in prices paid to Canadian producers and that everything possible be done to facilitate the sale and transportation of Canadian feed grains to the United States.

Again, I call that to the attention of the Minister of Finance: he had better chastise his friends out there.

> 6. That, in view of the large quantity of grain stored on farms in Saskatchewan which cannot be sold and delivered, we request the federal government to give urgent consideration to some method of permitting our farmers to finance on such grain.

I suggested that the farmer should be given an advance on the portion of the quota on the farm which he cannot deliver. It is not his fault that he cannot do so, and there is no reason why he should not have an advance on it.

> 7. That, in view of the fact that prices paid to producers of coarse grains at local points have frequently been based on floor prices, thereby creating an excessive spread between street prices and quoted market prices, we urge the federal government to immediately take steps to rectify this situation.

Well, if this government does all that the provincial government of Saskatchewan asks them to do, it will certainly "bust" the ceiling price. So that I say again to the Minister of Finance, better go out to Saskatchewan and have a little talk with the legislature, which passed this resolution unanimously.

If we make comparison—one has been made here to-day—with the situation in United

States, we shall find that the farmer there is enjoying much better conditions than we are in Canada. Cash wheat across the line is practically $1.66 a bushel; the May option is $1.45⅛; the cash price of oats is 76 cents, and the option is 63 cents. Here in Canada the board's price for wheat is 90 cents, increased two or three cents by the carrying charge since last August. But the May wheat is now $1.01; it has been a little higher.

I say that if our farmers were placed on a parity as far as storage and an advance is concerned, and, with the increase in price which has already taken place, if the wheat board and the minister, who have been conferring together for the last two weeks, work out a scheme whereby this increase in price will revert to the consumer, they will have accomplished something. I assume that is one of the things they are doing, because, according to an announcement in the Saskatchewan Liberal press, the wheat board is here for that purpose. So that it is high time that we had a statement from the minister. How long is it intended to go on considering this matter? Why do we not get a statement now? If the price and the marketing conditions are unsatisfactory, the desire of the producer to produce is weakened, and it is important that nothing of the kind should happen, especially in view of the man-power situation which has been discussed on many occasions in this chamber. The Minister of Agriculture (Mr. Gardiner) should have made a definite statement before now with respect to his production policy, what he is asking the farmers to do. He will recall that last year it was well into seeding time before the farmers knew what was being asked of them, and it looks as though a similar delay will occur this year. Production and marketing must be considered together, and if the Minister of Agriculture and the Minister of Trade and Commerce (Mr. MacKinnon) are working together, as I believe they are, the Minister of Agriculture should have been in a position before now to make a statement. Is there to be any change from what was announced early in the session? Will there be any orders in council? The farmer is willing to do his share at any time; he will perform what is expected of him; all he wants is to be assured that he will get proper consideration and a fair deal.

The matter of subsidies is something new; we do not know where we stand with respect to them. The Minister of Finance stated in his budget speech and, I think, to-day that over a hundred million dollars would be expended in subsidies for farm products and to the farmers generally. There should be a definite announcement of policy in this respect before seeding time, which is rapidly approaching.

There is much talk about the surplus. We know there is quite a surplus; but I recall that in 1937 the carryover was the greatest in the history of the grain trade, and yet it disappeared. I am not worried about this surplus. When the war is over, world requirements will be so great that the surplus will soon disappear. The surplus may be a blessing in disguise; I believe it is; and if the government will give some consideration to the farmer and extend some encouragement to him to store the grain on his own land, there will not be anything to worry about. The farmers will store grain if they are to be paid for it on a basis equal to that on which the grain trade is paid. Farmers should be allowed storage.

For years I have endeavoured to put forth a long-range policy on prices. The hon. member who has just taken his seat has made reference to the fact that we should have a policy, not only for to-day or to-morrow but that it should be a long-range policy. I review to-day some of the things I said in 1938, and I find that at that time I went into the matter of prices when discussing a resolution before the house at that session. I placed on *Hansard* a record of prices for thirty-six years prior to 1938, and I have those figures before me now. They show that for those thirty-six years, including the period of the war between 1914 and 1918, we had an average price of $1.03. For the fifteen years following the war the price was about $1.15, and for the fifteen years before the war it was about $1.03.

I say that we must look at this problem from the long-range point of view, and that if we had a price of $1.10 or $1.15 fixed permanently we would not lose very much in fifteen years, and I do not think it would cost the treasury of the country anything. There is no doubt some difficulty in the present situation. We have reason to believe the board is having difficulties at the present time, because we know they are in Ottawa, in conference with the minister.

A return was tabled to-day showing that 1,015 permits have been issued for shipments of grain to the United States. That is a situation which has developed only recently, under which permits for the shipment to the United States of grain, including barley, oats and some wheat, have been issued. I was about to ask the minister to make a statement respecting how many permits had been issued, and to whom. I should like to know how many of those 1,015 permits were issued to producers, direct, the price at which the grain

was sold, when it was shipped to the United States, and what portion of that price may come back to the producers. Owing to what has taken place on the Winnipeg market in the last little while it would appear to me that the board may be in some difficulty. No doubt they are in control of the wheat, however, because they took it by permit from the farmer last year. He had to have a permit to sell. The board is in full control and, as I have advocated on previous occasions, now when we are at war the board should take full control of the export and sale, and of the marketing and receiving of the wheat in the elevators. It should take control of the whole system.

What other industry in Canada is running wild, when dealing with millions of dollars and a great variety of products? The board is in full control. The wheat is delivered to them, and if a situation has been brought about, owing to a change in price, then I say the board is responsible because they had the wheat. They have sold it for future delivery. They have been paying storage on it ever since, and now they have to get it into shape to deliver on the option. Who has the option? These are matters about which we should know. If the committee on agriculture would meet, and call officials of the wheat board, giving us permission to bring the matter right up to date, we might get some very useful information.

The Turgeon commission which inquired into the grain trade said there should be proper control over the organization in Winnipeg, and that it could serve no useful purpose in periods of emergency. If we have not an emergency to-day, then we never had one. So that I say it is time for the board to bring the whole thing under its influence and control. If that were done we would not have a situation such as we have to-day, where there has been an increase in the price of wheat, and storage has been paid on the wheat, but none of it is going to the farmer.

Therefore I make a plea to have this whole problem of marketing and producing gone into thoroughly. We should have a definite statement from both ministers as to what they propose to do in 1943.

I do not think it is necessary to prolong this debate. It has served a useful purpose, and many worth-while suggestions have been brought to the attention of the minister. I am asking the Minister of Trade and Commerce, who is at present in his seat, if he proposes to-morrow to make a statement to the house with respect to the whole policy, or as to any change in policy, and what he proposes to do to see to it that the greater portion of the increased price reverts to the farmer. Will he see to it that the 8-cent premium on feed grains goes to the farmer; and will the Minister of Agriculture make a statement, too?

If the debate does nothing more than bring the minister to his feet to announce a clear-cut policy which the western farmer will understand, it will have served a useful purpose.

Mr. HARRY LEADER (Portage la Prairie): Mr. Speaker, being a farmer, I think a debate of this nature should be right down my alley. I hesitate to prolong the debate, knowing there is some very important work to be dealt with, and dealt with immediately. However, I do not make any apology for offering a few remarks to-night.

I do not think there is much difference in the minds of hon. members from western Canada respecting the difficulties encountered by the grain farmers. I refer to the grain farmers, because they are the ones who are and have been in difficulty. I have followed diversified farming for thirty years, and I know I, and those who have followed the same line, have stood the shocks which pertain to agriculture much better than have the grain farmers. I am sure I am right in making that statement.

Nevertheless in western Canada we have many farmers who have no other means of support, and no other resources than those they derive from grain farming. Therefore it is the duty of parliament, of the government and of hon. members representing farming constituencies to point out the problems, and offer advice to the ministers who have this important work in charge.

The Canadian wheat policy looks anaemic compared with the policy in force in the United States. The United States encourages the storage of wheat on the farms, where it should be stored; our policy forces the farmers to move their grain to the public elevators. The huge storage charges which we pay to the elevators are a direct loss to the farmers and a burden to the taxpayers of Canada. The statement has been made in this house that we pay annually $50 million in storage charges. That is a burden on all the taxpayers of Canada. But I will deal with storage charges later.

I have every sympathy for the government in what they are trying to do in very difficult circumstances. The hon. member for Qu'Appelle (Mr. Perley) said a few moments ago that we should have a long-range policy. Generally I would agree with that, but during these extraordinary times I do not think we can formulate a long-term policy in Canada in regard to agriculture, or anything else as far

as that goes. But what caused the low prices now prevailing for grain in Canada was the establishment by the government of these fixed prices in the basic period when the price was away below parity. That is recognized by everyone. A mistake was made there. We should have had a higher price on grain in Canada before they established the set price; there should have been a nearer approach to parity, as they have in the United States. The Minister of Agriculture (Mr. Gardiner) about a year ago took as the basic period for the price of wheat 1926-29, for which period the price was $1.41. The set price of wheat to-day is 90 cents, or a disparity of 51 cents a bushel. For oats the average during the same period was 59·7 cents; to-day it is 51½ cents, or a disparity of about 8 cents a bushel. For barley, during the same period, the price was 73·6 cents; to-day it is 64·8 cents, or a difference of approximately 9 cents. These prices constitute an injustice to the farmer.

I have here some comparative prices between Chicago and Winnipeg which I should like to put on record. These are approximate; I am not giving fractions. The Chicago prices were taken from the *Wall Street Journal,* of March 20 I believe, and the Winnipeg prices from the Winnipeg papers.

For May wheat the Winnipeg price was $1 a bushel; 1,000 bushels would be worth $1,000. In Chicago the price was $1.46 a bushel; 1,000 bushels would be worth to the farmer $1,460, or a difference on that carlot of $460 in favour of the United States farmer.

For May oats the Winnipeg price was 51 cents a bushel; 1,000 bushels would be worth $510. In Chicago they were worth 62 cents a bushel; 1,000 bushels would be worth $620, or a difference in favour of the United States farmer of $110.

For May rye the Winnipeg price was 66 cents a bushel, or $660 for 1,000 bushels. In Chicago the price was 87 cents, or $870 for 1,000 bushels, a difference of $210 in favour of the American farmer.

For May barley the Winnipeg price was 64 cents. I have not the corresponding United States price, but I have Chicago May corn. We know that corn weighs more per bushel than barley, but feeders claim that a bushel of barley is equal to a bushel of corn for feeding purposes. May corn in Chicago was $1.01 a bushel, or $1,010 for 1,000 bushels, a difference of $370 in favour of the United States farmer.

Let me now give a comparison of live stock prices, Winnipeg and Chicago.

For top steers, Winnipeg, 12 cents a pound, or a 1,000 pound steer would be worth $120. Chicago, 17 cents a pound, or $170 for a 1,000 pound steer. That steer is worth $50 more to the farmer in the United States than to the Canadian farmer.

For veal calves, Winnipeg, 15½ cents, or a 200-pound calf would be worth $31. In Chicago the price was 17½ cents, or $35, a difference of $4 per calf.

For lambs, 14¼ cents in Winnipeg, or $14.25 for a 100-pound lamb. In Chicago, 16¾, or $16.75, a difference of $2.50 per lamb.

For dressed hogs, Winnipeg, 16¼ cents, or $24.50 for a 200-pound hog. In Chicago, 15¼ cents live weight, or $30.50 for a 200-pound hog, a difference of $6. In case some hon. members do not understand how I arrive at that difference, a hog will dress out 25 per cent. Therefore a 200-pound hog, live weight, will dress out only 150 pounds. That is how I arrive at the difference of $6 in favour of the United States hog.

I now come back to wheat. I have in my hand a resolution passed by the Marquette local of the federation of agriculture. This was sent to me some time ago. It reads:

> That we, the Poplar Heights local of the M.F.A. hereby go on record as being strongly in favour of the wheat board accepting carlot shipments direct from the farmers, and that storage be paid to the farmers as well as to elevators as a matter of equity.

For a moment I wish to deal with the matter of storage. No one in this house can attack my constant plea that storage should be paid for grain stored on the farm, for just as many bushels as it is possible to store there. That is where the wheat should be stored, rather than in our country elevators; and it can be stored more cheaply on the farms. The old bogey was that the wheat had to be in the elevators because then it was in a position for export. Does anyone swallow that for a moment to-day, when we have hundreds of millions of bushels of wheat in Canada? It is in a good position when it is in the farmer's own granary, with our modern facilities by which we can load a car and get it out in a day. That is what the farmers can do, so that we should take it with a grain of salt when the grain men tell us—and it will be the grain men—that they want to get the wheat into the elevators because then it is in a position to be sold if a buyer is in the market. That argument does not hold good in these times. I have in my hand a letter from Mr. William McArthur, director of the grain division of the United States department of agriculture. I asked Mr. McArthur for certain information, and I wish to thank him for his courtesy in sending it to me. He tells me that in the United States they lend farmers money on the grain stored in the granaries on the

farms, and they pay a parity price, which last year was $1.14. I should have said that they lend at the rate of eighty-five per cent of parity price, and that last year this came to $1.14 a bushel.

Mr. PERLEY: Plus one cent a bushel per month for seven months.

Mr. LEADER: Then Mr. McArthur tells me what I think nearly every hon. member knows, that they paid seven cents a bushel for grain stored on the farms in 1942. They pay this seven cents a bushel when they lock up the granary and give the farmer his advance payment. They give the farmer seven cents a bushel in cash and say, "If you want to go ahead and build a granary, this will help you." Is that not a policy of which anyone should be proud? Last year in this house I read a letter from a similar source giving the opinion that the result of this policy had been the construction of a great many good, substantial granaries for the use of the farmers. These buildings are there for forty years; they are not dismantled in a year or two. This would be an encouragement to a farmer to go into diversified farming, which really would be the salvation of the farmers of western Canada, and when that comes about, the farmers of eastern Canada will have to look out, because we can produce equally as good hogs or cattle or any other sort of live stock and produce them much more cheaply.

Then I want to tell the house how many bushels of grain were stored on the farms of the United States last year on which this payment of seven cents a bushel was made. The total was 182,000,000 bushels, and the amount of eighty-five cents a bushel was lent on 404,000,000 bushels. In regard to the 1943 policy, Mr. McArthur says:

> The wheat programme for 1943 has not been sufficiently developed to discuss in detail. It seems probable that it will closely resemble the programme of 1942, except loan rates which may be somewhat higher.

Recently the United States government removed many of the restrictions on growing wheat, and the farmers have been given practically a free hand to go ahead and sow all the wheat they wish, within the prescribed acreage. I should like to quote something I saw in the New York *Herald-Tribune* of February 24 of this year, under the heading, "Wickard ends wheat quotas to ensure food." They are beginning to think there may be a food shortage in the United States. Many of the Canadian people are wondering if the same condition does not apply in this country. This article states:

> Under marketing quotas farmers were free to sell, use or feed on their A-A-A allotments. Wheat from 1942 crops sold, used or fed from excess acreages was subject to a penalty tax of fifty-four cents a bushel. The penalty would have been around sixty cents on the 1943 crop.
>
> Under this change farmers who plant at least ninety per cent of their A-A-A may overplant their 1943 wheat allotments and still be eligible for benefit payments and wheat loans.
>
> To-day's action releases for sale or use without penalty excess wheat from 1942 crops which farmers may be now holding in storage.
>
> U.S.A. had in store last year a record crop of wheat—1,613,000,000 bushels, or more than enough for two years' supply, and asked at that time the lands be sown to other crops. The disappearance has been rapid owing to wheat used for alcohol production and feed for live stock, hence the removal of restrictions.

It may be that, as the hon. member for Moose Jaw (Mr. Ross) said the other evening, we are threatened with a food shortage in Canada within the course of a year or two. That may be so, but I do not agree. I can see nothing but these hundreds of millions of bushels that are keeping the price of wheat down. I was never in favour of the bonuses which were paid to the farmers of western Canada. I have said in this house many times; I say it again, and I am ready to prove it, that we should pay the farmer a legitimate price for a certain number of bushels, tell him how many bushels he can sell for that year, and then say, "That is all the wheat we can take, but we will give you a living price for the wheat we can take." For the last three or four years I have suggested that this price should be at least $1 a bushel. "But if you want to grow more than that, you must look after it yourself." If that had been done, Mr. Speaker, we would have avoided payment of the $50,000,000 for storage which the taxpayers of this country must pay the elevator interests, and I believe that would have solved the problem of our surplus wheat, because no farmer will sow more wheat when he has a granary full of it which he cannot sell. That is the situation to-day as it affects hundreds of farmers in western Canada. I can speak with some knowledge, because I am one of them. I have enough wheat in my granary to fill my quota of fourteen bushels per acre for the next four years, and I cannot sell a bushel of it. I do not intend to sow more wheat in 1943, and I am advising all my tenants not to sow a bushel of wheat this year. What is the use? We are supposed to look after this wheat ourselves because the government are not paying any farm storage this year. I hope they will change their minds, because we did not go into this thing deliberately; we were led into it. In the future let us do away with this policy of paying bonuses and pay a legitimate price for what the government can accept. They can leave it to the farmer to decide whether he will grow wheat or coarse grains or flax.

Some one said that there had been some change in the announcement made earlier in the session in regard to the 1943 policy. There may be more changes made. Some one on the other side said that he would like to know before the Easter holidays what the changes are to be. It would be profitable to know what those changes are to be so that we can take the information back to our people. The hon. member for Qu'Appelle said a few minutes ago that there are some things in regard to the grain policy that we should know. I have always been struck with the lack of information from the government with regard to wheat. We cannot find out what price we are getting from the old country, and I do not see how it would hurt us to know. We should have that information, and we should know how many bushels we sell each year and how many bushels are in storage. There is no reason for all this mystery. If the government would take us more into their confidence we would be more anxious to co-operate with their policies. I believe they are trying to do the best they can with a very difficult situation. I said that at the beginning and I wish to reiterate, but I do think some changes in regard to the 1943 wheat policy are desirable.

Mr. A. H. BENCE (Saskatoon City): Mr. Speaker, the subject now under discussion affects Saskatchewan more than any other matter which could be discussed in this house. Coming from the centre of that province, I wish to say a word or two about the grain policy of the government. One matter upon which I desire to comment has to do with wheat, and the other is in connection with flax, produced for oil purposes. Last year when wheat was being discussed in this house I protested against the price which was set on No. 1 northern at Fort William. I could not see any basis of parity for the price of 90 cents a bushel which was set.

There seemed to me some misapprehension in the minds of many hon. members as to just what was the actual wheat problem. They seemed to be impressed with the large carry-over which we had. The fact is that the government neither last year nor this are paying for all the wheat that is produced in the country. They are paying merely for that amount of wheat which they estimate they will use during the current year. I suggest to the government that they should treat the wheat they are willing to purchase on exactly the same basis as they treat other matters essential to our war effort. Last year I asked the administration to give an explanation as to how they arrived at the 90-cent price, but as far as I know it has never been given.

In connection with the 280,000,000 bushels of wheat which the government proposes to take off the hands of the farmers this year and use for export and domestic purposes, we want a price which compares with prices being paid for other commodities produced in this country. Many figures have been given in this house in connection with parity. I do not propose to repeat them, but I suggest to the administration that it should have used the same basis for establishing the price of wheat as it used to establish wages, namely, the period of highest wages from 1926 to 1929.

The wheat farmer does not want charity; all he wants is a price which is equitable compared with what other producers are receiving. An attack has been made on the members of the house who have risen in their places to speak on behalf of higher prices for wheat and other agricultural products, the claim being made that it was an attempt to breach the price ceiling. It was nothing of the sort. The anti-inflationary measures were introduced by order in council, not by legislation, but I have always endeavoured in every way possible, both in and out of the house, to support those measures. From time to time I have drawn to the attention of the administration certain matters which I thought should be impressed upon the public of this country in order to make those measures effective.

I have pointed out before and I point out again that there seems to be undue emphasis placed upon the question of price ceilings, whereas in my opinion the important thing to do is to place the emphasis upon the draining off of excess purchasing power. There is no price ceiling scheme, no anti-inflationary measure that can possibly work unless there is an adequate system of draining off equitably from all the Canadian people that excess purchasing power which may be used in the purchase of consumer goods. If that pressure is allowed to stay on, then no price ceiling legislation in the world can prevent the inflationary spiral from getting into the ascendence.

It seems to me that it must be evident to the administration that the whole system of anti-inflationary measures must necessarily fall down if the remuneration paid to one part of the producing population is out of proportion to that paid to other parts. We cannot possibly have our anti-inflationary measures work out if we do not have complete equity under our price ceilings. There must be a common relationship between all the producers of this country. They must be able to compete in the labour market and in other markets with

the other producers. It seems to me that there has not been sufficient emphasis placed upon that factor. Unless something is done about it we are bound to find that that portion of the producing public which is not receiving a return commensurate with that received by other parts of the producing public will necessarily fall down in its production. We shall then find that we are not producing the things that are so essential to our war effort.

In my opinion we are making a mistake by not tackling the problem of providing a proper and equitable system of rationing the purchasing power of this country. If the purchasing power were rationed on an equitable basis, we would not have nearly as much trouble as we are having at the present time in connection with our agricultural population. It must be obvious to all that if you give more in proportion to some parts of the producing population than you give to other parts, your production will suffer, because that part which is not receiving as much will be unable to get labour and the other things to which I have referred. That is all I have to say in connection with the relationship of the price ceiling on wheat to the general anti-inflationary measures of the government.

I wish to go back to a problem I have raised in this house on three occasions this session, and I raise it again to-night in the hope that we shall get from this administration a statement of its policy. I refer to the production of flax for oil purposes. I am very sorry indeed that the Minister of Agriculture (Mr. Gardiner) is not in his seat at the moment, but the Minister of Trade and Commerce (Mr. MacKinnon) is here and I urge him before this debate is concluded to let the farmers know exactly what is required of them in the production of flax. It is one of the most important things that is being produced by the agriculturists of this country at the present time.

I do not propose to reiterate unnecessarily some of the arguments I placed before the house on former occasions. The situation is just this. At the present time we are still standing on the statement made by the Minister of Trade and Commerce on January 29 when he advised the flax growers of this country as follows:

> We are, therefore, not asking farmers to increase flax acreage over 1942. If there is any change in the requirements of flaxseed, farmers will be notified later.

Is the minister in a position to-day, or will he be shortly, to inform the producers what is required of them in this regard? Time is getting short.

I do not know whether the administration or any of its members has ever publicly asserted the importance of the production of flax for oil purposes in this country. By inference at least they have given us to understand that it was very important that we should increase the production of flax for various purposes. In that connection I gave notice of motion the other day for the production of papers in this house. The motion came up for consideration this afternoon. I was very sorry I was not here when it came up. It was one of the few afternoons when I was not here at three o'clock. My motion, which will be found on page 16 of *Routine Proceedings and Orders of the Day*, was this:

> For a copy of the report dated September 18, 1942, by the Minister of Agriculture to the committee of the privy council with respect to the production of flaxseed of oil-bearing type.

I am advised that when the motion came up this afternoon the Minister of Agriculture replied that the report was privileged and he did not propose to bring it down. When matters of legislation are brought into this house it is usual for the minister concerned to give a statement of the reasons for the legislation. Even if he does not make such a statement, he is in a position to be questioned by hon. members as to the reasons. But the same is not true of orders in council. It is possible for the administration to do by order in council certain things which they wish to make the law of this land without giving to the House of Commons and the people of this country their reasons for the legislation. That is what happened in this case. On September 23, 1942, order in council P.C. 8602 was passed with reference to the purchase of royal flax seed. The first paragraph of the order in council reads:

> The committee of the privy council have had before them a report dated September 18, 1942, from the Minister of Agriculture, representing that there is an urgent need to increase the production of flaxseed of oil-bearing type to meet war needs.

That is the report I had in mind when I gave my notice of motion for the production of papers. I assert to you, Mr. Speaker, and to this house that the House of Commons and the people of this country, when a statement like that is made as to the reasons for the passing of an order in council, are entitled to know the details. When a responsible minister of the crown prepares for the privy council a statement—and it is apparently a written statement because it says: "report dated September 18, 1942"—in which it is said that there is an urgent need for increased production of a commodity in which a large bulk of agricultural producers of this country are interested, I say that that information should be given to this house in detail. It passes my understanding completely why a minister or anybody else would refuse to

bring down a report which is related to something that is so important to the war effort at the present time.

In December of last year it was decided by the administration to increase the flax acreage in this country by 1,000,000 acres. Then, a month and a half later the Minister of Agriculture stated that the farmers were not required to increase their flax acreage, but that it was desired that they sow the same acreage as they did the year before. Then the Minister of Trade and Commerce made the statement in the house to which I have referred, which was to the same effect as the statement of the Minister of Agriculture. But subsequently to that there have been statements by men holding responsible positions in the civil service, technical men and women, who have stated that there was an urgent need for the production of flaxseed for various purposes.

Flaxseed is required, not only for the production of linseed oil, which is used for various purposes in connection with our war effort, but also for the production of a very necessary feed for live stock—oilcake. My information is that the producers in this country are clamouring for this oilcake, because with the increased live-stock production programme they require more and more of this nutritious protein. Yet, despite the fact that they are asking for the production of more and more of this oilcake the administration have not yet given a statement as to the requirements for this year. We produced approximately 14,000,000 bushels of flax last year. We can process only 6,395,000 bushels of flax with our own processing machinery. Despite the fact that there is a great need for this oilcake for the feeding of live stock, nevertheless during the last two or three months one of the large flax processing plants in this country was out of production for over a month because it could not get flaxseed. It seems to me that the Canadian people are entitled to an explanation of the reasons for this kind of thing.

There are certain questions which I wish to postulate to the ministers who are in charge of this matter.

Mr. HOMUTH: That is a good word. They will never answer because they will not understand it.

Mr. BENCE: My first question is this: I am informed—I do not know whether my information is correct or not, but the minister will be able to correct me if I am wrong—that last year, before the 1942 seeding of flax, certain interests in the United States offered to buy from this country 10,000,000 bushels of flax from the 1942 crop, but that for some reason or another—I do not know what—the administration refused to enter into any agreement for the sale of this quantity of flax. I should like to know, if that is a fact, what was the reason for the refusal, and did the price ceiling set up in this country have anything to do with such refusal? Second, what offers have been received from the United States with respect to this year's crop? Has the government been asked by the government of the United States, or any of its agencies, or any private agencies there, to increase our flax production during 1943? I have heard that it has. But whether my information is correct or not, I ask the administration to inform the house within the next day or two what the exact situation is with respect to production this year. Do we anticipate exporting flax? Is there any intimation which the minister can give—I do not want anything which would be contrary to censorship regulations—as to approximately how much flax we in this country should produce in addition to what we can process?

To my mind this is a very serious problem, important not only from the point of view of the producers—and I come from a part of the country which raises at least one-fourth of the total production of Canada—who have to plan with respect to matters of seed, manpower and allocation of acreage, but important also from the viewpoint of the processors of this country and of those agriculturists who require this particular live stock feed which is so necessary for the raising of their product, and who wish to know whether they will be able to get it this year or not.

Mr. VINCENT DUPUIS (Chambly-Rouville): I should like to say a few words on this important question. I have listened with great interest to all the arguments advanced in favour of helping the farmers of this country, and I assume that all that has been put forward, by either one group or another, has been presented in the good spirit of constructive criticism.

With your kind permission and the permission of my colleagues, who, after all, will understand me just as well, I will say what I have to say, in French.

(Translation): Mr. Speaker, the agricultural question, taken as a whole, is one of national importance. It becomes in war time international in scope, since, as Napoleon once said, an army fights on its belly. Notwithstanding the enthusiasm and zeal with which the military would send our young men on every war front of the world in greater numbers to meet the enemy whom all wish to destroy, I do believe that there is

a growing scarcity of farm labour to a point where our farmers, especially such as live fifty or seventy-five miles from the main centres of population, will be forced to abandon their farms precisely for lack of sufficient help to carry on their operations.

It is well to remember that large families are to be found mostly in rural districts. Statistics for 1931—I have not those for 1941—show 28,796 families in Quebec province with six children, 21,000 with seven children, 14,000 with eight, very nearly 10,000 with nine, 6,000 with ten, 3,500 with eleven, and 16,000 with twelve children. As these large families are to be found mostly among farmers, the situation entails greater hardship and becomes all the more impossible due to the fact that too many farmers' sons are taken off the farm. Heads of families who had planned intensive market gardening, for instance, as exists in the vicinity of Montreal, or dairy farming with a large dairy herd, will find it necessary to reduce their herds, to limit their intensive market gardening or even to give up entirely.

Every hon. member in this house representing the farming population of this country is anxious, I am sure, to relieve the difficult situation in which the Canadian farmer finds himself, whether as regards wheat growing in the west or mixed farming in the east. It is evident that notwithstanding all that governments may have done to assist the farming community, much improvement is yet possible. When the wartime prices and trade board fixes ceilings for farm products in war time, it may happen, due to the lack of experience of otherwise well-meaning officials, that prices established are insufficiently high for farmers to meet their difficult situation. Taking, for instance, the maple industry: whereas the farmer who owns a maple bush could, in ordinary pre-war times, hire skilled hands at a monthly salary of from $30 to $35, now, due to the scarcity of labour, if he wants to take on skilled hands for the production of maple products, he must pay between $60 and $75 a month, and even at that high rate he will not easily find them. If, therefore, the farmer has to pay twice as much for his labour, it obviously follows that he will have to sell his maple products at double the price. But the fixed price is nothing like that. It is well worth asking the hon. minister concerned with those matters to cause the wartime prices and trade board to raise the price of maple products. The matter is highly important, in view of our present sugar rationing policy. Two farm products deserve encouragement: maple syrup and sugar, and sugar beets. I note that large-scale sugar beet production is being planned in various sections of the country. According to figures supplied by the "Farm Economist", a dominion government publication, plans are being laid for 63,000 acres of sugar beets in 1943 and an increased production of refined sugar. If such an objective is to be reached, Mr. Speaker, the farmer will necessarily have to be encouraged to do so. I am sure that all hon. members who hear me will agree that the farmer, who plays a highly important part especially in war time, has a right to a reasonable return for the sale of his products.

It must be admitted that in spite of all appearances to the contrary the farmer is forced to pay innumerable indirect taxes. Moreover, the price of everything a farmer needs, including farm implements, is so high that after paying for everything he has not a penny left, if he does not show a deficit. It is unreasonable for the government of any country to countenance such a state of affairs. I am fully convinced that our ministers want to help farmers by every possible means, and no one would be more pleased than the member for Chambly-Rouville if the government decided to grant the legitimate requests of farmers in this country by granting bonuses, as they have done for milk, for cheese and bacon.

Since I am now speaking about bacon hogs, I must say that I am not satisfied with the treatment meted out to farmers in that connection. I understand that the government is not directly concerned with the operations of slaughter-houses. However, I feel that if the government knew the facts as they have been reported to me, they would endeavour to straighten out the situation. As you know, Mr. Speaker, the bonus is paid on bacon hogs only if they weigh from 180 to 220 pounds, I believe. If a hog is one pound over or under weight, not only is the bonus not paid, but the hog is placed in a lower grade and such a low price is set on it that it does not pay the farmer to put it up for sale, considering what the farmer has to pay for the feeding and the care of those bacon hogs. I think that the government should appoint bacon hog producers as representatives of the farming community, who would be stationed at the slaughter-houses where they would check the weight of those bacon hogs, thereby protecting the farmer's interests. I do not mean that the abattoir owners rob the farmers, but I do say that the latter must accept the arbitrary decision of interested people. Were the government to hold an inquiry in this matter, perhaps they would find that even in the cattle trade, and in the abattoirs, there may be trust operators against whom the farmer should be protected.

When a farmer, through a trucker or a hog dealer, sends one hundred or one hundred and fifty hogs to the Montreal market, there is no

one in a position to decide how many of them fill the conditions required by the government to warrant the payment of the bonus. The hogs are not weighed in the presence of the farmer or the trucker at the abattoir. They are told to return a week later and be told what amount they are entitled to, how many animals command a premium and how many are subject to a cut. When the farmer or his representative returns the following week, he finds out that, perhaps sixty out of one hundred hogs did not entitle him to the bonus but were subjected to such a cut that no profit can be derived from raising them. This condition should be remedied at once. On behalf of the agricultural population of Chambly-Rouville, I urge the minister to see that this intolerable situation be corrected.

Mr. Speaker, I do not wish to make lengthy observations at such a late hour but, to summarize, I am convinced that the agricultural class of this country deserves as much consideration as that of the United States. Comparing the rural population of both nations, I find that the conditions of the Canadian farmer leave ample room for improvement. For this reason, I should like to state that every step the government can take to help the farmer will promote the war effort and the consequent improvement in the situation will allow him to increase his production and ensure that our soldiers being well fed will possess the stamina and strength necessary to prosecute the war to a victorious conclusion.

Mr. E. G. HANSELL (Macleod): A good deal has been said this afternoon with respect to the failure of the government so far to announce an adequate agricultural policy for 1943. The criticism seems to relate to that part of agriculture involving beef cattle, and hogs, and I think flax came in for its share of discussion.

There are two commodities that are rationed more or less severely in Canada, one being sugar and the other butter, both essential to life, and both agricultural products. As far as sugar is concerned, the sugar beet acreage has been increased this year, but I am wondering whether in this long-range policy that we have been advocating so much the government has a long-range policy with respect to the production of sugar beets and the refining of sugar in Canada. We are not getting, through the medium of our own sugar beet production and our own sugar refineries, the sugar that Canadians require. There is no reason in the world why the agricultural industry of Canada could not do this. We have a surplus of wheat. I know of course that all wheat farms could not suddenly be turned to the production of sugar; for one thing the land may not be suitable. But it occurs to me that the government could very well search out that land which is most productive, according to type of soil, climate and so on, and say, Now we need more sugar; here let us raise more sugar beets. Let us pay some attention to the increase of sugar refining in Canada so that we can produce more sugar than we do.

We all know that we are going short of butter. As to how much there is in storage and for export I know little, but I know that the Canadian consumer is rationed and is short of butter. What is the position with respect to the production of butter or cream? I was talking to two men in my constituency not long ago, and one pointed to the other and said, "Our friend here raises cattle. He claims that he knows it is an advantage to him to let the calves run with the cows because the price of beef and calves is now a little higher so that pays him better than producing cream for butter. That being so, we can see at once that there is not an equilibrium of prices that would cause the farmers to level off and produce our entire requirements at a proper price for everything.

We hear a great deal with respect to parity prices. The continued demand that agriculture is making is for a parity price for all things, so that the farmer would not have to pay more for the commodities he requires and receive less for what he produces. That is a sound argument. It seems to me that the government could do much more than it is doing along that line. I am heartily in accord with the remarks of the hon. member for Vegreville (Mr. Hlynka) this evening when he said we can stand here and talk until we are blue in the face and it does not seem to matter much. Some of us have been here long enough to know that talking does not seem to be of much avail. We talk the best common sense we know, whether it is good or bad remains to be seen; we argue these matters out as we understand them, and yet no action is taken. I am alarmed sometimes when I see so many hon. members on the government side of the house representing agricultural constituencies, and yet when it comes to matters of agricultural policy they usually rise in their places in defence of the government. There are one or two exceptions. I was surprised—perhaps it is rather disagreeable of me to make this remark—to look over the house this afternoon and observe that out of all the agricultural districts represented on the Liberal side of the house there was only one western member in his seat when this important discussion was going on. I refer to the hon. member for Medicine Hat (Mr. Gershaw).

Mr. MacKINNON (Edmonton West): That is, private members.

Mr. HANSELL: Yes; the Minister of Trade and Commerce of course was in his seat, because the whole discussion centres around his department. He was here and paid good attention; he is even paying attention to my speech. At the same time the minister comes from a city, although he does come from the west.

Mr. MacKINNON (Edmonton West): It is part of the country, too.

Mr. HANSELL: Yes, Edmonton is growing so fast it will soon be a city. However, there is the Minister of Agriculture (Mr. Gardiner), representing a western agricultural constituency; the Minister of Mines and Resources (Mr. Crerar), a western member representing an agricultural constituency, who has been here for many years. Here are all these other members on the government side of the house representing agricultural constituencies. Am I to understand that with all these hon. members, and with all those on this side representing agricultural constituencies, those of us who represent the farmers of the west and of the east—for what affects one affects the other—cannot reason with the government and bring to bear enough pressure to cause the formation of an adequate agricultural policy for this country? It seems that we cannot. It appears to me that some of these hon. members represent the party instead of the people.

I was dealing with matters of prices. We have a price control board in Canada. I will not criticize the work of that board, but when it was first brought into existence it more or less froze prices of everything as they were during a certain period. Perhaps they had to do that; I am not offering any criticism in that regard, but since that time they have made several adjustments. I see no reason at all why we could not have in Canada a similar board which would function in such a way as to bring about parity as between all prices, so that agriculture would be raised to the level of other industries in Canada. We have a tariff board in this country; I can use that as an illustration. Almost everything coming into Canada has a tariff on it; if it is free from duty that is so only because the tariff board lets it come in free. A thousand and one tariff items have been dealt with by this board over the years. It has functioned in such a way that it can put its finger right on the spot when it deals with any question of the tariff. There is no reason in the world why some body similar to the wartime prices and trade board could not go into the matter of parity prices and establish prices for all things so that the farmers of both east and west would know exactly where they stand in relation to their business. If this could be done prices could be adjusted accordingly, and the farm debt problem could be brought into the picture. I do not know of a more effective argument along this line than the one advanced by the hon. member for Acadia (Mr. Quelch) the other day when dealing with this question of debt and production. He used a terse little illustration; he said that if a farmer owes a debt of $1,000 and wheat is fifty cents a bushel, it takes 2,000 bushels of wheat to pay off his debt; but that if wheat is $1 a bushel, it takes only 1,000 bushels to pay off the debt. That cannot be disputed. Yet when it comes to arranging prices, these matters are never taken into consideration.

I see it is nearly eleven o'clock, Mr. Speaker, and perhaps the Minister of Finance (Mr. Ilsley) has something he would like to say before we adjourn. I suggest, however, that there is no reason in the world why Canada cannot have a balanced economy. We are not arguing for any favours for one industry at the expense of another. Let us have a balanced economy throughout the country, so that the farmers may be fairly dealt with, so that their prices may be adequate in relation to the prices they have to pay for goods and services. That can be done; to say it cannot is just the height of foolishness. I leave that thought with the government and with parliament to-night.

On motion of Mr. Douglas (Weyburn) the debate was adjourned.

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

Tuesday, March 30, 1943

The house met at three o'clock.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 11, for the relief of Sheila Joan Milligan Hodgson.—Mr. Abbott.

Bill No. 12, for the relief of John Elliott Cockerline.—Mr. Hill.

Bill No. 13, for the relief of James William McDonald.—Mr. Hill.

Bill No. 14, for the relief of William James Chafe.—Mr. Emmerson.

Bill No. 15, for the relief of Nettye Steinberg Litner.—Mr. McIlraith.

Bill No. 16, for the relief of Mollie Jaslow Mitnick.—Mr. Casselman (Grenville-Dundas).

Bill No. 17, for the relief of Eleanore Jeanne Lonn Yanofsky.—Mr. McIlraith.

Bill No. 18, for the relief of Ada Lahn Corber.—Mr. McIlraith.

Bill No. 19, for the relief of Bessie McKenzie Balfour Whiteley Willard.—Mr. Boucher.

Bill No. 20, for the relief of Marion Catherine Bremner.—Mr. McIlraith.

Bill No. 21, for the relief of Feodor Karpenko.—Mr. Fulford.

Bill No. 22, for the relief of Dorothy Platt Vaz.—Mr. Whitman.

Bill No. 23, for the relief of Marion Ellen Topp Doré.—Mr. Casselman (Grenville-Dundas).

Bill No. 24, for the relief of Celia Lazarowitz Cohen.—Mr. Whitman.

Bill No. 25, for the relief of Frederick Hubert Fairbanks.—Mr. Hill.

Bill No. 26, for the relief of Maude May Frances Adlam Clare.—Mr. Hill.

Bill No. 27, for the relief of Gladys Mae Bond Jarvis.—Mr. Emmerson.

Bill No. 28, for the relief of Max Shulman.—Mr. Emmerson.

Bill No. 29, for the relief of Walter Pestun, otherwise known as Walter Preston.—Mr. Tomlinson.

Bill No. 30, for the relief of Sonia Litvack Shalinsky.—Mr. McIlraith.

Bill No. 31, for the relief of Evelyn Margaret Cooke Phippard.—Mr. Macdonald (Brantford City).

Bill No. 32, for the relief of Muriel Anna Chapman Longmore.—Mr. MacInnis.

Bill No. 33, for the relief of Joseph Fernand St. Louis.—Mr. MacInnis.

Bill No. 34, for the relief of Alexander Morgan.—Mr. Whitman.

Bill No. 35, for the relief of Norma Mady Albert Chamandy.—Mr. Macdonald (Brantford City).

Bill No. 36, for the relief of Gerald Clarkin.—Mr. Emmerson.

Bill No. 37, for the relief of Edith Rose Smith Gendron.—Mr. Emmerson.

Bill No. 38, for the relief of Alice Bernadette Choiniere Horner.—Mr. Abbott.

Bill No. 39, for the relief of Eva Pearl Gilbert.—Mr. McIlraith.

Bill No. 40, for the relief of Emma Cowsill Hill.—Mr. Fulford.

Bill No. 41, for the relief of David Joseph Kennedy.—Mr. Hill.

Bill No. 42, for the relief of Leopold Boucher.—Mr. Emmerson.

Bill No. 43, for the relief of Beatrice Ashwell Dyson.—Mr. Abbott.

Bill No. 44, for the relief of Freda Sybil Nisbet Baldwin.—Mr. McIlraith.

Bill No. 45, for the relief of Sam Hadis.—Mr. Fulford.

Bill No. 46, for the relief of Carmen Hilda Olesker Gold.—Mr. Macdonald (Brantford City).

Bill No. 47, for the relief of Léo René Doré.—Mr. Hill.

Bill No. 48, for the relief of Mary Sophia Viora St. Pierre Malhiot, otherwise known as Mary Sophia Viora St. Pierre Mayotte.—Mr. Whitman.

Bill No. 49, for the relief of Violet Victoria Green Auclair.—Mr. Abbott.

Bill No. 50, for the relief of Laurette Jobin Lalumière.—Mr. Macdonald (Brantford City).

Bill No. 51, for the relief of Elizabeth Gunn Sparling.—Mr. Claxton.

Bill No. 52, for the relief of Bella Lerner Efros.—Mr. Whitman.

LABOUR CONDITIONS

MONTREAL TRAMWAYS STRIKE

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I have an inquiry which I should like to direct to the Minister of Labour. Will he be good enough to give a full statement to the house with respect to the strike of the employees of the Montreal Tramways company, so that hon. members may have full information?

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I think it might be just as well, in view of the inquiry of my hon. friend, to place on the record definite particulars in regard to this matter.

There is an agreement between the company and its employees which was entered into in July of 1940. The agreement was consummated between the company and a negotiating committee representing the employees. Clause 109 of that agreement reads as follows:

> The negotiating committee referred to in this agreement, consisting of Messrs. Elphege Beaudoin, Raoul Trepanier and Osias Neveu, will continue in office during the life of the agreement.

The members of the committee were all officers of local 790 of the Amalgamated Association of Electric Railways and Motor Coach Employees of America.

At the time the agreement was made it can be assumed that the majority of the employees were members of this union because the agreement was confirmed by a majority vote of the employees at that time.

Subsequently another labour organization, the Canadian Brotherhood of Railway Employees and other transport workers, entered the field and began to organize the employees of the company, and on March 2, 1943, sub-

mitted to the Department of Labour an application for the establishment of a board of conciliation and investigation under the provisons of the Industrial Disputes Investigation Act.

It was set out in the application that the cause of the dispute was the claim of employees to be represented by the person or persons of their choice and that such request had been refused by the company.

Following the usual practice an industrial disputes inquiry commissioner was authorized to investigate the nature and cause of the dispute with a view to adjusting it. All the interested parties made representations to the commissioner, including members of the negotiating committee, officers of the Canadian Brotherhood of Railway Employees and other transport workers, representatives of the Catholic syndicate and the assistant general manager of the company. While the report of the commission was before the department for consideration it appears that the negotiating committee requested permission of the company to take a vote on the premises of the company, which permission was granted by the company. This negotiating committee, of course, were members of the amalgamated association of street railway electrical employees. The ballot to read as follows:

The National War Labour Board has just been changed. This change gives the negotiating committee the opportunity to make new attempts with regard to wages. Are you in favour of according the negotiating committee all the support it will need to undertake these attempts on your behalf?

Thereupon the company was advised by the representatives of the employees who were members of the Canadian Brotherhood of Railway Employees, and other transport workers, that if such ballot were held, all employees, members of the brotherhood, would cease work on Monday, March 29.

So much for the background of this strike. The contract made between the company and its employees was made for a period of three years or for the duration of the war, whichever was the longer. No doubt the company thought its labour relations were settled for the duration; however, the Canadian Brotherhood of Railway Employees quite evidently have enlisted the affiliation of, if not a majority of the employees, certainly a very large proportion of them. This is evidenced by the fact that the strike has taken place. The hon. gentlemen will note that the contract covered a considerable period of time.

The threat of a stoppage of work was made known to officials of the department on Saturday, March 27, and was confirmed in a telegram from Mr. D. E. Blair, General Manager of Montreal Tramways company, to me which was received late last Saturday evening.

Saturday and Sunday were devoted to efforts to reach an understanding which would provide for settlement of the dispute. On Sunday, March 28, I sent telegrams and in order that they may be on record, I am going to read the telegram sent to Mr. Blair:

March 28, 1943.

Mr. D. E. Blair,
Vice President and General Manager,
Montreal Tramways Co., Montreal, Quebec.

Replying your telegram twenty-seventh regarding possibility of strike employees your company occurring to-morrow morning, in view of serious nature of situation it is my intention to establish at once a commission or board of conciliation and investigation with a view to conciliation of the existing dispute. It would appear however that if a stoppage of work to-morrow morning and consequent disruption of traffic is to be avoided company should postpone decision on request of negotiating committee for ballot to be taken to-morrow on company premises. Please let me have your decision on this point by seven p.m. to-day in order that departmental officers may communicate with all parties claiming to represent employees.

Humphrey Mitchell.

I also wired the representatives of the unions concerned as follows:

Mr. A. R. Mosher,
President C.B.R.E. & O.T.W.,
230 Laurier Ave. West,
Ottawa.

In connection with letter received yesterday by Mr. D. E. Blair General Manager Montreal Tramways Company signed by Presidents locals 210, 214 and 219 of your organization and your own telegram to him of March 27 relative to strike action to-morrow of members of above locals in protest against ballot proposed to be taken by presently recognized negotiating committee, I have decided in view of serious effects of any disruption of Montreal tramways or bus services to appoint a commission or board of conciliation at once with view to conciliation of existing dispute. In meantime desire to warn you that strike of employees of company members locals your organization referred to above would be illegal and you are urged to take necessary steps to prevent the action contemplated by them.

Humphrey Mitchell,
Minister of Labour.

Mr. Elphege Beaudoin,
Business Agent,
Union D'Employ de Tramways de Montreal,
1153 St. Denis, Montreal.

Have received telegram from D E Blair General Manager Montreal Tramways Company relative to threatened strike of certain employees of the company members of three locals of Canadian Brotherhood of Railway Employees and other transport workers in protest against proposed ballot to be taken to-morrow among all employees of the company by your negotiating committee with permission of company management. In view of serious disruption of tramway and bus services in Montreal which will ensue from strike of any substantial number

of employees of company I have decided to establish at once a commission or board of conciliation to endeavour to conciliate the dispute. Urge your committee in meantime to postpone proposed ballot and let all matters come before this tribunal. Such postponement will not in my opinion prejudice the interests of membership your organization. Hope you can give me an affirmative reply this evening.

Humphrey Mitchell.

To these telegrams the following replies were received:

Hon. Humphrey Mitchell,
Ministry of Labour, Ottawa.

Your telegram has received our careful consideration. As we have indicated we granted permission to the negotiating committee to hold ballot and we do not see our way clear to withdraw permission except on their request. Have spoken to Mr. Beaudoin who refuses to postpone ballot.

D. E. Blair.

Hon. Humphrey Mitchell,
Minister of Labour, Ottawa.

A stoppage of work by employees of Montreal Tramways Company will be as unwelcome by me as anyone. If the government with the authority it has cannot restrain the company from collaborating with those seeking to place its employees in an untenable position it is unreasonable to expect me with the limited authority I have to prevent employees from refusing to report for duty.

A. R. Mosher.

Hon. Humphrey Mitchell,
Minister of Labour, Ottawa.

Postpone ballot only moderate routine. Our members will not stop work. CBRE should be made to understand that this is no reason for a strike. Our local established in Montreal since nineteen eighteen and intends to stay. Executive meeting presently and will take decision during the night.

Elphege Beaudoin,
President Local 790.

As everyone knows, the strike occurred on Monday morning, March 29, and the situation is very serious, mainly because important war productions are seriously handicapped because men cannot get to work.

This condition cannot be permitted to continue. I have already sent Doctor H. C. Goldenberg to Montreal as commissioner under the Industrial Disputes Investigation Act to see if he can bring the parties together. I selected him because he was born in Montreal, is bilingual, and an important officer of the Department of Munitions and Supply, which department is vitally interested in this dispute. Doctor Goldenberg is in a position to make strong representations on behalf of both departments. He has had a great deal of experience in matters of this kind.

I feel quite confident that the better judgment of both the management and the men will prevail and that the men will be back to work very shortly.

[Mr. Mitchell.]

Mr. LIGUORI LACOMBE (Laval-Two Mountains): I should like to ask the Minister of Labour when the government will take the necessary measures to provide transportation facilities for workers engaged in war industries and the civilian population of Montreal, made necessary by the strike of the Montreal Tramways employees.

Mr. MITCHELL: I think that question was covered in the answer I gave to the leader of the opposition.

CIVIL AIR TRANSPORT

INTERDEPARTMENTAL COMMITTEE ON INTERNATIONAL SERVICES

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to ask the Minister of Transport if an interdepartmental or other committee has been set up by his department to consider and study the problems of Canada so far as commercial aviation in the international field is concerned. It would appear from news dispatches from time to time that other nations are giving careful study and making comprehensive plans with respect to this very important problem and it is for this reason that I am anxious that the minister shall acquaint the house with the steps which this government is proposing to take in this regard.

Hon. C. D. HOWE (Minister of Munitions and Supply): The government has established an interdepartmental committee on international aviation which has been at work for some months. It meets frequently and I think is making itself familiar with every phase of the situation. This committee is submitting recommendations to the government from time to time as the situation warrants.

CANADIAN FORCES

ALLEGED IRREGULARITIES IN CONNECTION WITH PARCEL DELIVERIES OVERSEAS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to ask the Postmaster General when he will be in position to make the statement which he told us last week he would make with respect to the safe arrival of mail directed to those in our armed forces overseas.

Hon. W. P. MULOCK (Postmaster General): I will make the statement as soon as the inspectors now inquiring into the allegations have completed their investigations. I may say that so far there has been no substantiation of the charges made.

SUPPLY

MARKETING OF WESTERN GRAIN CROP—AMENDMENT OF MR. DOUGLAS (WEYBURN) ON MOTION OF MINISTER OF FINANCE

The house resumed from Monday, March 29, consideration of the motion of Mr. Ilsley for committee of supply.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, a discussion of the government's grain marketing policy is long overdue in this house. The Minister of Trade and Commerce (Mr. MacKinnon) made a statement on January 29 regarding the government's grain marketing policy for disposing of the 1943-44 crop. This is the only statement that has been made, and from that time until now no opportunity has been presented to hon. members to offer suggestions or to enter into any discussion with reference to this policy. Therefore I think that the hon. member for Melfort (Mr. Wright) has rendered a real service by bringing up this matter and placing it before the house.

A habit has developed in this house of having ministers of the crown make important statements of policy on the orders of the day. There is then no opportunity for discussing them or for asking questions, and above all there is no opportunity to offer constructive suggestions. It seems to me that this house should not only assent to, or dissent from, legislation; one of our functions should be to make suggestions as to how legislation can be improved and to inform ministers how any particular piece of legislation will affect the constituents whom we represent. That has not been done. Again and again hon. members are being presented with a fait accompli. We are told, "Here is the policy; take it or leave it."

Once or twice the hon. member for Melfort tried to get some statement from the minister to the effect that the grain marketing policy of the government would be referred to the agriculture committee. The minister agreed to this, but so far the policy has not been submitted to the agriculture committee, and there has been no opportunity for discussing it. If it serves no other purpose than to have brought about this discussion in the house and to have elicited statements from responsible ministers, the debate will have been worth while.

Not only has parliament been ignored in this matter; organized agriculture has been almost completely ignored. When the minister made his statement on January 29 he said that there had been conferences with various bodies, and he included among them the Canadian Federation of Agriculture. We were all a little surprised when some of the officials of that organization at a meeting in Calgary appeared to be quite indignant and said that they had not been consulted. We begin to see now why they were indignant. Since that time the brief which the Canadian Federation of Agriculture, presented to the government on January 19, has been made public. This brief was presented to the government ten days before the minister made his statement in this house. Nine points were submitted to the government, and the government has completely ignored them all with the exception of one. Submission No. 1 in the brief submitted by the Canadian Federation of Agriculture asked for an initial price of $1 per bushel, basis Fort William. This was ignored. No. 2 asked for a domestic price of $1.35 per bushel. Ignored. No. 3 asked that there should be no reduction in the total deliverable quantity of wheat in the coming year and that farmers should be allowed to deliver grain of the 1942 crop year on the 1943 quota. This submission and this alone was accepted by the government. No. 4 asked the government to pay storage on the deliverable portion of a farmer's grain. Also ignored. No. 5 asked that the guaranteed price for flax should be increased from $2.25 to $2.50 per bushel. This also was completely ignored. No. 6 asked for a system of advances to be paid on that quantity of the farmer's crop which he must hold until the government has sufficient facilities to take care of it. This too has been ignored. No. 7 asked for a comprehensive soil survey. No. 8 asked for $4 an acre to be paid on land taken out of cultivation and seeded to grass. This too was rejected. No. 9 asked that the Canadian wheat board be authorized to handle coarse grains on the same basis as wheat is now being handled by that board. This also has been completely overlooked.

Here is a marketing policy brought down by the government on the opening day of this session, a policy which neither the house nor any committee of the house has had an opportunity to discuss. Of the nine recommendations made by the leading organized agriculture body of Canada only part of one of the nine has been accepted by the government. Therefore I think it is high time that private members of this house took the only opportunity which presents itself, namely, on the motion to go into supply, of asking for a full discussion of the policy and for a statement from the minister.

I want to cite five things about this policy. First, the grain marketing policy outlined by the minister on January 29 and carried on by the government for the last eight years has been a policy which deliberately sought to

sabotage and discredit the wheat board in the eyes of the wheat producers of western Canada. The Liberal party never wanted a wheat board. They opposed the legislation in 1934 and 1935. They opposed the compulsory features of it. They were responsible for having put back into it the operation of the open market and the continuance of the Winnipeg grain exchange in our grain economy. When they were elected in 1935 they began the long process, which is still continuing, of discrediting and sabotaging the wheat board. One of the first things done was to appoint new personnel. The chairman appointed at that time was Mr. J. R. Murray, the former secretary of the Winnipeg grain exchange and one of the men who had led the lobby against the wheat board act when it was being passed by parliament the year before. I said in this house at the time, in 1936, that putting Mr. Murray in charge of the wheat board was like putting a skunk in the henhouse to raise chickens, and I have never had any reason to revise my judgment in that matter.

What happened? In 1936 one of the first things done was to say that the farmers could not deliver their wheat to the wheat board even if they wanted to; as long as the price of wheat stayed above ninety cents a bushel the farmer had to sell his wheat on the open market. Every hon. member from western Canada knows what the result was. What happened was that in the fall of 1936—because that policy stayed in operation for two years—farmers sold their wheat at a price basis Fort William varying between ninety cents and $1 a bushel. The next spring wheat was selling on the Winnipeg grain exchange at as high as $1.47 and $1.48 a bushel. Who made the difference, the spread between what the farmer sold at in the fall of 1936 and the price in the open market in the spring of 1937? The speculators made it. We had the bitter spectacle of the farmers having seed grain advanced to them through this government and the provincial governments, for which they signed notes at $1.45 a bushel—for seed wheat much of which had been bought on the prairies at less than a dollar a bushel the previous year.

In other words the policy with reference to the wheat board seems to have been that on a falling market the wheat board will be rushed in to carry the load, while on a rising market the speculator will be allowed to come in and reap his gain at the expense of the farmer.

In 1940 once more the price was up above the price which the farmer was receiving. At that time we had a general election. The Minister of Agriculture (Mr. Gardiner) will remember that the statement was made frequently during that election—

[Mr. T. C. Douglas.]

Mr. GARDINER: I heard that speech you are now making during that campaign.

Mr. DOUGLAS (Weyburn): It is just as true now as it was then. The statement was made then by the Minister of Agriculture and others that because the price that was being paid for the farmer's wheat was considerably higher than the farmer was getting, there would be something payable on his participation certificates. He was getting seventy cents a bushel. The Regina *Leader-Post* of February 9, 1940, said:

> Canadian farmers who delivered wheat to the wheat board, under present price conditions should receive from five to eight cents a bushel for their wheat for participation certificates, with chances of better prices yet prevailing, Hon. J. G. Gardiner, federal minister of agriculture, told an audience of nearly 700 people here Thursday night.
>
> Sale of wheat now held by the board at a price between 82 and 85 cents should make such a further payment possible providing storage charges and other costs can be avoided, he said.

Hundreds of farmers across the prairies hold these participation certificates, and to every farmer they are a mute reminder of the failure of the government to make good that promise. But worse; it makes the farmer feel that these pieces of paper are worthless, consequently that orderly marketing is worthless and that the wheat board is worthless, because those who sold on the open market got a better return than they did. The net result in the long run will be that unless this policy is changed the farmers who were most anxious to have a wheat board are going to lose faith in the board. That is why I say that if this government had deliberately set out to sabotage and discredit the wheat board they could not have done a better job than has been done by the programme that they have followed over these years.

Now we come to the present situation. The Minister of Agriculture did not hear this in 1940. The situation to-day is, as was pointed out by the hon. member for Melfort yesterday, that wheat and coarse grains are higher on the open market than the price the farmer is receiving through the board. Secondly, the price of wheat and coarse grains in the United States is much higher than the price on the open market in Canada. Who is getting the benefit of the spread between the price on the open market and the price which the farmer receives from the board? There is an 11-cent spread at the present moment on No. 1 wheat; it is $1.01 in the open market and 90 cents on sales to the board. I have here a list of the spreads in the different grades as of March 11 last, varying all the way from 6¼ cents to 16⅞ cents, while on the tough grades the spread varies all the way from 7½ cents to 18⅞ cents.

Who is getting the benefit of that? Is the farmer getting the benefit of that spread? He is not, if we can believe the reports that are coming from the west. I have here a clipping from the Regina *Leader-Post*, of a dispatch from Winnipeg dated March 12, which says:

Western farmers will shortly be given an opportunity to take advantage of the recent aggressive advance in Winnipeg wheat prices, it was indicated in the grain trade here Friday.

While George McIvor, chairman of the wheat board, is in Ottawa conferring with government officials, it is known that line elevator association officials had conferences with him on the price situation before his departure. It is understood that the line elevators have worked out a plan and will issue a price list based on open market quotations at an early date. The elevator companies have had to deal with war shipping delays and a shortage of railway equipment, which interfered with normal hedging operations.

From Ottawa it was reported that while wheat prices are running above the wheat board price, farmers could take advantage of this rise on the open market if the elevator company could obtain insurance against shipping delays. There has been an acute shortage of grain cars, and naturally the elevator companies are unable to pay the higher prices if they cannot be sure of cars in which to ship the wheat thus sold.

There is, apparently, a demand in the west that the wheat board should provide guarantees against shipping delays, but inquiry here reveals little support for such a solution. The government, however, has been making extraordinary efforts to obtain more cars, and it is thought the situation will improve steadily. As more cars became available the need of insurance against shipping delays would diminish.

What has been happening? The average line elevator company is not prepared to accept delivery of wheat at the open market price unless it can be sure of shipping it out immediately. Therefore, if he cannot get cars, the farmer must sell to the wheat board at 90 cents. Who gets the benefit of the $1.01 in the open market? For a considerable time now the wheat board has been selling wheat at the head of the lakes to commission men and speculators. These firms now have large surpluses of wheat. They are the people who have the wheat on hand and are able to take advantage of the open market. The farmer cannot take advantage of it unless he can get cars. I believe the people on the grain exchange who bought this wheat for much less than it is worth to-day are the people who can take advantage of the open market; and they are the people who are getting any benefit that is accruing out of this increased price in the open market.

Again I would ask, who is getting the advantage of the difference between the Winnipeg open market price and the United States market price? Once more it is not the farmer. A return already has been brought down showing the number of permits granted for the export of coarse grains. We have not yet received a list of the permits granted for the export of wheat, but I imagine we shall get it in time. Why is not the wheat board exporting wheat and coarse grains? Why is it not carrying on these negotiations and sales, in order to ensure that all the money received for the wheat and coarse grains will go back to the farmers who grew them? Instead I believe the people who stand to benefit by the spread between Canadian and United States market prices are the exporters and commission men, the people who speculate in foodstuffs, in the sweat and toil of the prairie farmer. Well, Mr. Speaker, that is not good enough. Surely in war time this government and this parliament is not going to allow any group of people to speculate, to gamble or to profiteer in the foodstuffs that are so essential for the winning of the war, or upon the livelihood of the people who work on the farms of this country.

Therefore, sir, before going on with the remainder of what I have to say, I want to move, seconded by the hon. member for Melfort (Mr. Wright):

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

"This house desires to record its opinion that the grain marketing policy of the government is detrimental to the public interest and that steps should be taken to abolish trading on the Winnipeg grain exchange, in order to prevent speculation and profiteering at the expense of the farmer."

Following that amendment I want to suggest that the government, through the wheat board, should accept delivery of coarse grains in the same manner that they have been accepting delivery of wheat; and that instead of turning these grains over to speculators, commission men and exporters when they reach the head of the lakes, the wheat board should not only accept delivery of the wheat and coarse grains but should also accept responsibility for the negotiations preceding sale, and the sale of these commodities. If that were done the farmer would be sure that every cent coming from the sale of these products would be returned to him. He would know that no one was speculating, that no one was getting a slice out of his share, somewhere between him and the ultimate consumer. That would mean that the wheat board would have to pay a fair and reasonable price for these commodities; and it is certain that at the present time, as shown by the open market prices in Canada, in the United States and in Great Britain, the farmer is not receiving a reasonable price. He is receiving a price that is far below parity, even for coarse grains, in spite of the fact that the Minister

of Agriculture stated that coarse grains were the limiting factor upon how much live stock we could produce in this country.

The impression sometimes goes out that the farmer has more or less rounded the corner, and that he is well off now because the war is on. As a matter of fact, going over the farm income for 1942, though it has materially improved, I find that the total gross cash income for the average farm in Canada last year was $1,474.09. For Saskatchewan the gross cash income per average farm was $1,361.21. That is the gross income. Out of that must be paid the threshing bill, hired help, taxes, insurance, interest on the debt, and farm operating expenses. Often these farms employ two or three persons; that is, the husband and one or more members of his family, all of whom have to get their income and sustenance, as well as their operating expenses, from the figures I have just mentioned.

The argument that has been advanced by the Minister of Finance (Mr. Ilsley) whenever we talk about better prices for farm products is that we are going to puncture the price ceiling. On March 22 he quoted a responsible minister in the New Zealand government, to show that in that country also they were extremely unwilling to alter their price structure. He quoted Mr. Sullivan as saying:

> Thus, if stabilization brings about the fixing of wages or farm prices at their present levels, some sections of the community may feel that they are being made to contribute more towards stabilization than others. It may be only rough justice but it will be far preferable to the complete injustice which inflation run amuck would bring about.

I agree with that. But what the Minister of Finance does not tell the house is that in New Zealand a labour government which was elected in 1935 set about in 1936 to bring about a parity between farm prices and the prices of things the farmer must purchase. He did not say that they had been able to establish that parity price in pre-war years, and maintain it. The result was that when they did fix their price ceiling it was fixed on a more or less equitable basis as between agriculture and industry.

But that was not so in Canada. In this country the Minister of Finance took the arbitrary period from September 15 to October 11, 1941. He picked those dates out and said that they would be the base. All hon. members know what the situation was at that time. In 1941 the index commodity figure for field products was 56·5, for animal products 95·8 and for the average 89·9, and the figure for the cost of living was about 114. The last figure for 1942, the latest we have—and I take it from the *Economic Annalist,* issued by the Department of Agriculture—indicates that even in 1942, although the situation was somewhat improved, the disparity was still marked. Field products were 66·4, animal products 107·4, the average 81·8 and living costs 118·4.

So that it is not comparable to say that New Zealand is maintaining its price ceiling, and that therefore our price ceiling is fair and that any interference with it is going to destroy our war-time economy. If the Minister of Finance is prepared to make the necessary adjustments to bring a depressed industry like agriculture up to the level of others, and then fix a ceiling, he will have no more hearty supporters than those of us in this group.

Someone quoted yesterday the Searle grain index which points out that on 147 items which farmers buy the figure is 153·7, the year 1913-14 equalling 100. The paragraph continues:

> This means that these same things cost farmers of the west at the present time 53·7 per cent more than did similar items of the same quality in 1913-14. The price of wheat is now 19·9 per cent higher than it was in 1913-14. The purchasing power of a bushel of wheat is now, therefore, only 78 per cent of what it was in 1913-14.

We have heard discussions about parity prices. May I point out that so far as this group is concerned our discussions of the subject did not begin within the last year or two. We have been advocates of parity prices for farm products much longer than that. Our manifesto at Regina in 1933 said:

> 4. The restoration and maintenance of an equitable relationship between the prices of agricultural products and those of other commodities and services.

And our 1936 convention in Toronto passed this resolution:

> The C.C.F. believes that similar legislation should be enacted immediately in Canada to provide for adequate returns and a proper standard of living for the Canadian farmer through a guarantee of minimum prices based upon the general level and price standards of other commodities.

When the Minister of Finance takes the stand that any argument about farm prices is an attempt to destroy the price ceiling structure he has set up, he overlooks the fact that already certain important commodities the farmer is compelled to buy have been allowed to break through the price ceiling structure.

Last fall, just about the time the farmer was going to buy lumber to build his granaries, lumber was allowed to increase to the extent of $12 per thousand. Repairs for farm implements have been allowed to go up. The price of newsprint has been allowed to go up $4 a

ton. I am not complaining about these increases; they may have been necessary adjustments. But I am pointing out that some of the things the farmer has to buy have been allowed to puncture the price ceiling. It seems to me the time has come for a general revision of the price structure, so as to bring farm prices into line with those of other commodities.

The third point I would bring to the attention of the house with reference to the government's policy is that I believe it should accept some responsibility for assisting the farmer to carry his crop until it can be delivered. At the present time the entire responsibility of carrying the crop until the government is in a position to dispose of it is loaded entirely upon the farmer. He must finance threshing operations. He must meet immediate current costs. He must find material to build granaries and store wheat. He must look after his family, and at the same time pay interest on his debt. All this he must do without having received any of the cash income he expects from his crop.

In my own constituency last fall, in district after district farmers told me they were selling some of their stock in order to be able to pay threshers. Particularly was this so in the area where cars were scarce. There was a quota of five bushels per acre, and many of them had not been able to get space even for that five bushels. They had to sell pigs or cattle to get enough money to meet their immediate obligations.

Mr. EVANS: Did they have to sell stock before it was ready?

Mr. DOUGLAS (Weyburn): Yes, in some cases they were compelled to sell before they were ready, and in other cases they had to sell stock they did not wish to dispose of, or the disposal of which hurt their herds.

It is not the fault of the farmer that he could not deliver his wheat and coarse grains; neither is it the fault of the government. But the government has a responsibility in the matter. It has said, "You can deliver only a certain quantity. You can deliver it only as we have space and shipping facilities for it." Therefore it seems to me that some assistance will have to be given the farmer to help him through that period.

We suggested last year and the year before, and we are suggesting now, that an advance should be given on the deliverable portion of the farmers' wheat and coarse grains. It would not be a difficult matter to put it in the granaries, then to seal the granaries and give the farmer an advance of seventy cents on his wheat, basis Fort William. Give him an advance on his oats and barley until such time as it is possible for him to ship.

I certainly say the farmer is entitled to storage. As a matter of fact there is no better place for the storage of wheat than on the farms. That is the cheapest place it can be stored, and the farmer should be encouraged to store on his farm when he has enough room. He should be encouraged even to put up granaries, and the storage should be paid, as was done last year. One of the worst crimes one can imagine is to have wheat poured out on the ground, as I saw it in many places last fall, and covered over with sheaves or enclosed by snow fences to keep the cattle out, in the hope that it would survive the winter. When you consider that, as the hon. member for Moose Jaw very well pointed out the other day, that we may actually be faced with a shortage of grain on this continent, that in addition we may be called upon to feed the liberated peoples of the world, that the Minister of Agriculture has a tremendous programme for the production of beef, bacon, butter and cheese which in turn are dependent upon coarse grains, and that we have no guarantee that we are going to have good crops year after year, that one crop failure that would use up our surplus of coarse grains would mean a curtailment of the minister's live stock and bacon programme—

Mr. GARDINER: Not at all.

Mr. DOUGLAS (Weyburn): The minister said last year that we had only one month's supply ahead.

Mr. GARDINER: That is not this year.

Mr. DOUGLAS (Weyburn): No, but if we had no coarse grains in 1943 the outlook for raising large numbers of stock in 1944 would not be very rosy. It would be a crime in my opinion if any wheat or coarse grain is allowed to rot on the prairies simply because the farmer cannot finance his crop until he is in a position to sell it.

I want to make another suggestion to the government in considering its wheat policy. The farmer's crop ought to be free from seizure by creditors. At present there is a great deal of bewilderment as to what the exact situation is. First of all, the municipality says to the farmer: You cannot get a permit to deliver your wheat until you have paid your taxes. That is right and proper. But some municipalities went further and said: You cannot get a permit until you have paid part of the seed grain advances of 1937 and 1938. That is a different story. To start to collect seed grain advances at a time when the farmer can deliver only five or six bushels and has all his obligations to meet was in my opinion a criminal act. But some of the municipalities did that.

Then when the farmer gets a permit and begins to deliver the creditor steps in and says: We have a right to one-third of whatever is left. The quota may be ten bushels. The first four bushels may have gone for taxes and to meet other immediate obligations. Of the remaining six bushels the creditor claims two, leaving the farmer only four bushels with which to meet his threshing obligations and other expenses, which cannot possibly be met out of four bushels.

Mr. GARDINER: Taxes were not taken out of the first quota.

Mr. DOUGLAS (Weyburn): Out of the first four bushels.

Mr. GARDINER: No, not necessarily.

Mr. DOUGLAS (Weyburn): If the minister knows of any instance in which a farmer delivered wheat without paying taxes, I should like to know where it was.

Mr. TRIPP: I could name a lot.

Mr. DOUGLAS (Weyburn): Then you are very fortunate.

Mr. GARDINER: Where the municipalities made provision against it, that was not done.

Mr. DOUGLAS (Weyburn): I will say this to the minister: I know very few municipalities that made provision for it. A great majority of them needed the money, particularly in the former dried-out areas, and they refused to give the farmer a permit until his taxes were paid. I do not blame them for that. All I am saying is that for a farmer to have to give the creditor one-third of the five or six bushels remaining, leaves him insufficient to meet his immediate obligations and carry on his operations. I suggest that the government take this matter in hand. It should not be left to the municipalities. After the taxes are paid the first ten bushels should be left to the farmer to meet his threshing bills and other obligations.

Mr. GARDINER: What about the province?

Mr. DOUGLAS (Weyburn): The minister may say it is up to the province.

Mr. DONNELLY: It is up to the municipality to say how much.

Mr. DOUGLAS (Weyburn): The member for Wood Mountain (Mr. Donnelly) can make his speech later if he wants to. The municipality has no power to say what the creditor shall take.

Mr. DONNELLY: The municipalities are the ones who decide in regard to taxes.

Mr. DOUGLAS (Weyburn): I was on the question of taxes five minutes ago. The hon. member should speed up his mental processes a little. I am talking now about creditors who have an agreement of sale or a mortgage which calls for one-third of the crop going to the creditor.

Mr. GARDINER: And in mentioning that you said that the taxes took the first four bushels.

Mr. DOUGLAS (Weyburn): That is right.

Mr. GARDINER: But now you say you did not say that.

Mr. DOUGLAS (Weyburn): I had finished with that point. What I am saying now is that the federal government which took the responsibility of imposing this quota has the power, if it wants to use it, to say how the farmer shall dispose of that part of his crop which he is allowed to deliver.

Mr. GARDINER: The wheat board did that. They took care of the first quota.

Mr. DOUGLAS (Weyburn): Exactly, and after that what?

Mr. GARDINER: Where the municipality took care of the taxes the whole thing was taken care of in the first quota.

Mr. DOUGLAS (Weyburn): I am referring to what happens from there on. The mortgage company steps in and claims one-third of the five or six bushels which the farmer has left, and that does not leave the farmer enough to meet his threshing bills and look after his family and carry on his farming operations. I am asking that the first ten bushels shall be free from seizure by the mortgage or loan company. The first charge will be the farmer's taxes, and I am asking that the remainder of the grain shall be the farmer's to pay his threshing bills and living allowance, and that the mortgage and loan companies shall wait until the quota goes over ten bushels.

I am also asking the government to see that steps are taken to deal with that part of the stored crop which belongs to the creditor. The farmer is required to store one-third of his crop, which is not the farmer's grain; it belongs to the creditor. The farmer has to store in his granary something which does not belong to him and although he is storing the creditor's crop the interest on his debt, for which the crop is payment, continues to grow. I do not think the creditor should have it both ways. Either the creditor should be compelled to accept delivery or he should pay for storage. The interest on

the farmer's debt ought to be stopped the moment the farmer puts the grain in the granary as payment for the creditor.

I want to suggest one thing more before I sit down. The question of debt legislation enters into the picture because the debt situation has been further aggravated by this grain marketing policy and by the delivery quotas which of necessity have been imposed because of the war. But there has been uncalled for delay. The decision of the supreme court was handed down last July. Since that date two debt conferences have been held in western Canada. Both have made recommendations and suggestions to the government. The provincial governments of the three prairie provinces have also made representations. Yesterday when the member for Lake Centre (Mr. Diefenbaker) asked the Minister of Justice (Mr. St. Laurent) what action was being taken he was told that the Minister of Finance was greatly burdened. There is no one in this house who does not know that the Minister of Finance is greatly burdened and carries great responsibility. But the farmers are also greatly burdened; are the farmers supposed to wait until the Minister of Finance is less heavily burdened? Is there not someone in the government, some official, who could give consideration to this matter? We have waited month after month and no action has been taken. Some farmers have been taken into court. Others are being harried and harassed. Others have signed quit claim deeds. An atmosphere of insecurity pervades all western agriculture. Up until now this government has done absolutely nothing about it except give the matter consideration. That will not do.

I ask this government to do two things: first, take the necessary steps—and it has power to take them—to stop all proceedings in the courts against farm debtors until such time as the necessary legislation can be passed in the house; and, second, to bring down in the house legislation under which the machinery will be set up for adjustment of these debts at the very earliest opportunity.

These are the suggestions we make. 1. We ask the government that they close the Winnipeg grain exchange. 2. We ask that they accept delivery of all wheat and all coarse grains through the wheat board. 3. We ask them to assist the farmer in the carrying and financing of his crop. 4. We ask them to see that the first ten bushels per acre of the farmer's crop is free from seizure by creditors. 5. We ask them to take immediate steps to introduce debt legislation which will protect the farmer and give him security on his farm.

We have waited long enough for a statement of policy from the government. I do not think we should be asked to wait any longer. This government's policy has been like a child's jigsaw puzzle; we get a little piece one day and a little piece another day. Every once in a while a minister pops up with another part, and we try to fit it in. Nobody is sure what the picture will be like when it is finished; nobody has any clear idea where the government intends to go. Bit by bit these pieces of the jigsaw puzzle come in. We want a statement of policy. We want to know what the government is going to do and how it proposes to do it. We have had enough of muddling. We have witnessed in the last two years the government blundering like an inebriated elephant on an acre of fly paper. The time has come when the government should place its policy before the Canadian people. If it does not, the tendency for men to leave the farms will continue, the tendency for people to throw up their tasks and go into other forms of enterprise will be accelerated, and this country may well find itself faced with a food shortage in the years which lie ahead.

I suggest to the government that the time has come for action, not for stalling, not for mere consideration. They must take steps now or face a complete break-down in agriculture, with all its consequences to the welfare of the Canadian people and our allies who look to us for their food supply.

Mr. J. GORDON ROSS (Moose Jaw): Mr. Speaker, I am going to take this opportunity of concluding the remarks I was making when one of the Cooperative Commonwealth Federation party closed me off the other day at forty minutes.

Mr. COLDWELL: I understand that Mr. Speaker applies the rules of the house.

Mr. McNIVEN: It was the hon. member for Mackenzie (Mr. Nicholson).

Mr. COLDWELL: The Speaker applies the rules.

Mr. ROSS (Moose Jaw): Well, it matters little. The one hon. gentleman who objected was the hon. member for Mackenzie, and his objection was upheld—which was proper. However, at that time I was endeavouring to give the house some of my ideas and the ideas of others in regard to the handling of farm products in the future in order that the farmers of Canada may receive more remuneration from their farms than they have in the past. That did not seem to fit the ideas of my hon. friend who stopped me. I do not wonder at that, because I do not think he

knows anything about farming. As a matter of fact there is only one member of the Cooperative Commonwealth Federation party in this house who is a farmer . I believe he is a good farmer; I do not know how he ever got into the outfit, but he is there, and he cannot very well get out.

Mr. COLDWELL: You are surrounded by lawyers yourself.

Mr. ROSS (Moose Jaw): My hon. friends do not seem to like that, but I do not mind.

Mr. COLDWELL: We enjoyed it.

Mr. ROSS (Moose Jaw): I wish however to continue the remarks I was making at that time. I had been speaking of asking this house and this parliament for a sum of money for the purpose of developing agricultural research in Canada; and I had covered the uses which might be made of wheat, and of linseed oil from flax, and of sunflower seed oil from sunflower seed. I had intended to discuss the uses which might be made of the meals left after the oils are extracted from sunflower seed and flaxseed. These meals are very similar, though the one of sunflower contains a much higher percentage of protein than the flaxseed meal.

Some of the things which can be made from these products to-day are being made in the United States from the soybean. I believe that the use of these meals in Canada is an unexplored avenue in agriculture in this country, where by-products may be derived which can be used to great advantage.

For instance, strange though it may seem, these articles can be derived from the high protein meals I have mentioned: milk, butter, cheese, breakfast foods, diabetic foods, infant foods, bouillon cubes, soups, confections, coffee substitutes; Vitone, Ovaltine; a substance similar to the white of egg used in the confectionery business; protein sizings and protein plastic glues; oilless water paints, leather dressings, textile finishes, cosmetics, textile fibres of the rayon, wool or nylon type. Similar meals in the United States are being used to-day to produce plastics going into the manufacture of radios, refrigerators, and many parts of automobiles such as steering wheels, horn buttons, electrical parts, instrument panels, safety glass, plastic coatings for bodies; in fact, about fifty different parts of an automobile to-day are made out of this type of meal.

Plastic containers for food, to be used in place of glass sealers or to can foods, can be manufactured from the plastics made from these meals. As a matter of fact since I spoke in the house I have received a letter from the editor of one of our farm papers enclosing an article which stated that the Macmillan Petroleum Company of California were using these plastic containers made from farm products in the distribution of their lubricating oils, thereby saving something like ten million pounds of metal per year.

Building materials can be made from the stocks and hulls of these two oil bearing plants. These materials have fine insulating qualities and are fireproof and waterproof. They can be moulded to shape in order to permit buildings being constructed without the use of iron or steel. Not only are these things possible; they are actually in use to-day in some parts of the world.

A great portion of the population of Italy and Germany are to-day clothed in wool made from casein, which is manufactured from milk. Milk casein makes a non-shrinkable wool which is easily dyed, is moth-proof and is difficult for even an expert to distinguish from sheep's wool. From milk casein can be made paints of all colours and fine glues which are impervious to moisture and which can be used in the lamination of wood for the purpose of constructing aeroplanes and aeroplane propellers. Milk casein combined with formaldehyde and heat produces a stonelike substance called galalith, which is used to-day under many names in the manufacture of fountain pens, bathroom fixtures, lamp shades, powder boxes, combs, cutlery handles, synthetic ivory and imitation amber and jade.

These are some of the things which can be made out of the farm products produced in this country. I hope the government will see fit to appropriate the sum I mentioned when speaking before, in order to carry on continuous research to discover new uses for our farm products and thereby create a more balanced economy in this country and give the farmer a better chance to live.

I listened with much interest to the hon. member for Weyburn (Mr. Douglas), and I should like to refer to some of the statements he made. I shall not attempt to cover them all, because I did not note them all down. My hon. friend apparently does not agree with the appointment of Mr. J. R. Murray as chairman of the wheat board. As I remember, Mr. Murray came in as chairman of the wheat board late in 1935 when we had some 298 million bushels of wheat on hand. Many people in Canada and in other parts of the world thought that we would never get rid of this tremendous surplus—many people are thinking the same thing to-day—yet in a short time Mr. Murray had handled the wheat in an efficient manner and had sold it without a loss.

My hon. friend mentioned prices. I have just forgotten them, but I do not think they were correct. He spoke of low prices for wheat in the fall of 1935.

Mr. DOUGLAS (Weyburn): 1937.

Mr. ROSS (Moose Jaw): 1936 and 1937. Here are some prices that prevailed at that time:

	Per bushel
1936	
August	$1 02
September	1 03
October	1 10
November	1 08
December	1 20
1937	
July	1 45
August	1 31
September	1 33
December	1 37½
1938	
January	1 49
February	1 44

My hon. friend asked who got the money. I know he did not sell any wheat at that time, but I did. I sold my 1937 wheat for $1.51 per bushel.

Mr. DOUGLAS (Weyburn): What month?

Mr. ROSS (Moose Jaw): In the summer time.

Mr. DOUGLAS (Weyburn): Most farmers have to sell in the fall. They do not have an indemnity to help to carry them over.

Mr. ROSS (Moose Jaw): My hon. friend will remember it was an early harvest and the crop was loaded right into the car and sold. I will admit that it was good wheat and I got a premium of from a cent and a half to two cents per bushel. But that is what I got for it, and many other farmers got the same.

I listened to my hon. friend speaking to-day, and also to his friends and some of his enemies, I believe, in this debate, but for the first time they have not said anything about closing the grain exchange. At one time they would talk about that every time they got up to speak, but wheat has gone up about ten cents a bushel and they all know as well as I do that if the grain exchange had not been open no one would dream of wheat going up to $1 a bushel to-day. As a matter of fact my hon. friends are amazed at its being up there. They now blame the speculators. If these prices stay up, any farmer who has wheat to-day or who has given his wheat to the board will get a return.

My hon. friends are blaming the wheat board for not exporting wheat to the United States, and they intimate that others are doing this and making a profit. Let me say to my hon. friends that when they speak about wheat in this house they should first get their facts right. There is no such thing as exporting wheat to the United States to-day, and there has not been for some time. The quota is only 800,000 bushels of wheat allowed into the United States from all countries. Of that Canada shipped 790,000, and someone else shipped the other 10,000 bushels and filled the quota. When anyone starts to talk about the board or anyone shipping wheat to the United States he had better slip down to Washington and arrange for it; we cannot do anything about it. Hon. members speak about the speculator. Yes, someone is purchasing wheat on the Winnipeg grain exchange for future delivery. It may be foreign governments. But that wheat is not being purchased to go to the United States at the present time, because it cannot get there. If it were allowed into the United States the price would be considerably higher than it is to-day.

Mr. WRIGHT: Was it not the wheat board that shipped the 790,000 bushels to the United States?

Mr. ROSS (Moose Jaw): I cannot say. It may have been farmers hauling across the border by truck under permit. Farmers are allowed at times to haul across the border when that is closer than hauling to an elevator in Canada, but they must get a permit from the wheat board.

Mr. DOUGLAS (Weyburn): The hon. member does not know. The minister should give us the information so that we do not have to guess.

Mr. ROSS (Moose Jaw): Well, 790,000 bushels went over, that is all—a pretty small bite out of the Canadian wheat crop.

My hon. friend also spoke of parity prices on farm products. We have no official index of parity prices as against prices paid the farmer in Canada; therefore the only index that can be used is the wholesale index of 1926-29 as against farm prices of 1926-29, and the wholesale index of to-day against farm prices of to-day. Working that out we find that the index of wholesale prices on everything throughout Canada to-day is the exact index it was for the average of 1926-29. Therefore it is a simple matter to work out the parity price in Canada of any farm product. I present herewith a comparison of the average prices 1926-29 and the prices yesterday of certain farm products.

	Average price 1926-29	Price March 29, 1943	Difference
Wheat, No. 1 N.	141.1	100½	−40.6
Oats 2 CW	61	51.2	− 9.8
Barley 1 Fd	73.1	61.8	−11.3
Rye 2 CW	103.1	65.8	−37.3
Flax seed 1 CW	196	225	+29
Steers, up to 1,050 pounds at Toronto	$ 8.47 per cwt.	$11.50	+ 3.03
Hogs, live, similar to B.1	11.59	12.64	+ 1.05
Lambs	13.83	16.00	+ 2.17
Butter, Montreal	41	43.4	+ 2.4
Cheese, Montreal	18.9	26	+ 7.1
Eggs, Grade A Large	48.2	37.5	−10.7

Mr. DOUGLAS (Weyburn): Where does my friend get the basis 1926-29 as 100 as compared with this year? The bureau of statistics gives this year's wholesale figure as 118·4 as compared with the 1926 basis.

Mr. ROSS (Moose Jaw): I am giving the actual wholesale index figure for 1926-29 and the actual figure for to-day from the bureau.

Mr. GRAHAM: Do these prices include the bonuses paid on different commodities?

Mr. ROSS (Moose Jaw): In some cases. Not the farm bonus in the west; but they do in the case of butter and cheese where the bonus is paid.

These figures show that there is not a parity of prices between certain agricultural products in Canada, but they also show that many other agricultural prices are above parity.

Mr. HARRIS (Danforth): The hon. member probably has, from the same table, the total for all farm products.

Mr. ROSS (Moose Jaw): No, I have not. I procured these figures just before three o'clock.

Mr. HARRIS (Danforth): How does the hon. member account for the fact that the 1926 basis that he is using now was 100 and that at the end of December, 1942, it was 87?

Mr. ROSS (Moose Jaw): I am not using the basis 1926; I am using the average of 1926-29. There is a difference. The average for those years is different from the 100 of 1926, but the wholesale index is exactly the same to-day as it was for the average of 1926-29. Those were the good years in Canada.

Mr. HARRIS (Danforth): Thirteen per cent lower than it was in 1926 or in 1929.

Mr. ROSS (Moose Jaw): On some things.

Mr. HARRIS (Danforth): On all farm products, the grand total.

Mr. GARDINER: That is a few months ago.

Mr. ROSS (Moose Jaw): If I may proceed. During this war our government has asked the farmers of this country to produce certain things. Some people have thought that we should not produce certain other things. I have never thought that; I think we should produce everything we can in the way of foodstuffs while the war is on. But it may be that it is better to produce certain coarse grains than wheat at the present time. I admit that the prices of coarse grains and wheat are lower than they were for the period 1926-29. But the things that we and our allies need most are the finished products of these coarse grains, and the prices of these finished products are all above the prices of 1926-29. There is more than parity for the farmer there, although not to the grain farmer. My hon. friend nods his head.

Mr. DOUGLAS (Weyburn): We are subsidizing the live stock producer.

Mr. ROSS (Moose Jaw): To some extent. On the other hand the grain farmer is rapidly becoming a live stock farmer. I think my hon. friend will agree, although he was not here all the time, that for many years I have said in and around this house that if proper prices were not given to the grain farmer it would be too bad for the other farmers of Canada. Let me say now that the grain farmer of western Canada has started in the live stock business and he is going to stay there. He is going into the live stock business. He is going into the dairy business in a large way, and he will stay in that business also. He has been asked by this government to produce these things during the war, and he has learned that it pays him well to do so. When the war started Ontario was the great hog province of Canada.

Mr. CRUICKSHANK: Hear, hear; it still is.

Mr. ROSS (Moose Jaw): No; Toronto. To-day the province of Alberta produces the greatest number of hogs; Manitoba is next, Ontario third, and Saskatchewan fourth, and I predict that in another year Ontario will be fourth and Saskatchewan third. Hon. members from Ontario may not agree with that,

but I would remind them that two years ago, I think it was, I told one hon. member who interrupted me when we were dealing with coarse grains, that western Canada would produce more hogs than eastern Canada, and now the west produces a little more than twice as many hogs as the east.

I am getting a little tired of hearing hon. members from my province rise in this house and try to make out that the farmers of the west are all in terrible shape, that they cannot carry on, and that they must always lean on the government. I am a farmer, and I know the farmers pretty well. They have been asked to do a job in this war and they are doing it, especially the western farmers. For many years we as western farmers were chided in this house because we would not produce live stock. It was intimated that our people were lazy, that they liked to go to California in the winter, that they did not want to do anything except put in a crop and take it off, and have a holiday the rest of the time. Some people in this part of the country still seem to think that. I wonder if they think those hogs grow on trees out there. The western farmer is one of the most progressive men in this country, and when I say that I do not mean Progressive Conservative. You show him a job to do during the war and he will do it. You show him a way to make money to enable him to carry on without help, and he will do that too. During this war we have shown him that it is good business to produce live stock and dairy products. The minister tells me I am wrong in my figures as to hog production, but I have been looking at his own reports that come out every week, and from January 1, 1943, the order has been as I have given it, except that two weeks ago, when there was a tremendous storm out west, Ontario got ahead of Manitoba in marketings. That was for only one week, however, and in what I have said so far I am referring to the twelve weeks period.

My hon. friend also spoke of the handling of coarse grains by the wheat board. Well, I think it was a little over a year ago that several meetings were held in Saskatchewan by the wheat pool at which the policy of the government in regard to wheat was criticized. I was at one of those meetings, which was also attended by the chairman or president of the Saskatchewan wheat pool. He spoke from the platform, and I also spoke. I asked the chairman of the wheat pool if these were not the reasons that the pool was formed in the first place: First, for the orderly marketing of wheat; second, to sell through a central selling agency; third, to pay an advance price to the farmer and give a participation certificate; fourth, to sell the farmer's wheat and to return to the farmer the best price that could be obtained in the world, less the actual cost of handling. The chairman of the wheat pool admitted on that platform that this was correct. He also admitted that, perhaps through no fault of their own, they had failed to carry out that policy. What has been the policy of this government in regard to wheat? First, the orderly marketing of wheat; second, selling through a central selling agency; third, giving an advance price to the farmer with a participation certificate; and fourth, selling the wheat in the world market at the best price obtainable and turning over to the farmer everything above the actual cost of handling. That has been the actual policy of this government. That is what the pool was formed to do. If last fall the pools had wanted to be true cooperatives and pool coarse grains, there was never in the world a better opportunity to do so. A floor was put under barley and oats, below which prices could not go. The pools could have made that floor price the advance to the farmer. They could have pooled the grain for the farmer, had they wanted to carry on as pools, and sold it at higher prices, as it is being sold to-day, turning the money back to the farmer. But they did not do so; they dealt just as any other grain company did. They handled oats and barley for the farmer in the same way that any other elevator company would handle them.

I listened with interest to the remarks of the hon. member for Melfort (Mr. Wright), who, as I said before, is a good farmer, who knows a great deal about farming, and who had a right and indeed an obligation to get up in this house and discuss these matters. The hon. member moved an amendment which you, Mr. Speaker, ruled out of order. The hon. member brought to the attention of the house and of the country the position of the farmers and the question of grain marketing. That was perfectly proper. Now this afternoon the hon. member for Weyburn moves another amendment. What for? For political reasons only.

Mr. DOUGLAS (Weyburn): I rise to a question of privilege. The hon. member cannot attribute motives to me.

Mr. ROSS (Moose Jaw): I did not impute any personal motives to my hon. friend. I said he moved an amendment for political purposes only.

Mr. SPEAKER: The hon. gentleman should withdraw, because he is casting doubt upon the intentions of the hon. member for Weyburn, and imputing to the hon. gentleman something

other than is contained in his amendment. That is something which I think should be withdrawn.

Mr. ROSS (Moose Jaw): Well, Mr. Speaker, if that is your ruling, I am glad to withdraw the words.

Mr. HANSON (York-Sunbury): With great respect, Mr. Speaker, and not wanting to take part in this controversy as between the Liberal members on the one side and the members of the Cooperative Commonwealth Federation on the other, I do suggest that to say an amendment is political surely is not imputing motives. Nearly all these amendments are political.

Mr. SPEAKER: The hon. member suggested that in moving his amendment the hon. member for Weyburn did so simply for political purposes, and suggested that therefore he does not believe in the sentiments expressed in his amendment, which I would say is contrary to the rules and should be withdrawn.

Mr. DOUGLAS (Weyburn): The hon. member has questioned my sincerity.

Some hon. MEMBERS: No.

Mr. DOUGLAS (Weyburn): Yes, he did. He said I am introducing the amendment purely for political purposes. I ask him to withdraw that.

Mr. ROSS (Moose Jaw): I would have withdrawn long ago if my hon. friend had allowed me. I lost two or three minutes the other day from my time because of a discussion of this kind.

Mr. CASSELMAN: The hon. member should be more careful.

Mr. ROSS (Moose Jaw): Hon. members in the corner are of the opinion, I believe—surely I can say that—that there may be a provincial election in Saskatchewan. Yesterday the hon. member for Lake Centre imputed the motives I speak of to members of the Saskatchewan legislature, but he was not asked to withdraw.

Mr. COLDWELL: They are not in this house, though.

Mr. ROSS (Moose Jaw): No. Well then, I will say something else—and probably my hon. friends will wish me to withdraw that.

Mr. HOMUTH: They will not be in the provincial house, either.

Mr. ROSS (Moose Jaw): As I say, they no doubt think an election is coming in Saskatchewan. And therefore—

An hon. MEMBER: Is there?

[Mr. Speaker.]

Mr. ROSS (Moose Jaw): I would not think so. I think the people are perfectly satisfied with the government they have to-day.

Mr. DOUGLAS (Weyburn): May I suggest to the hon. member that he may not have been home lately?

Mr. ROSS (Moose Jaw): I was home about as long as my hon. friend was—although I will admit I was not running around bothering about politics as he was. I had other things to do. As a matter of fact the hon. member held meetings in the provincial constituency of Morse, which happens to be in my federal constituency. I do not blame him for that. He is the leader of the Cooperative Commonwealth Federation provincial party, and I know he is afraid to run in Weyburn city; therefore he has to go out to look for some other seat. I know, too, that in all probability the hon. member feels that the policy enunciated by his party in this house in 1939 might find some favour with people in that constituency who are of German descent. But I want to tell him that they are as loyal citizens as any people in Canada, and if he wants to come to the constituency of Morse both they and I will help to see to it that he is out of public life for a little while at any rate.

Mr. DOUGLAS (Weyburn): My hon. friend knows there is already a Cooperative Commonwealth Federation candidate in Morse.

Mr. ROSS (Moose Jaw): I did not know, but I never saw a candidate who would not withdraw for a leader.

The hon. member spoke about some other things, and mentioned New Zealand particularly. I was amazed that he did not mention New Zealand, Australia and the Argentine in connection with the price of wheat. In every other debate those things have been thrown at us every time. Apparently the farmer in Canada who sells wheat is better treated than the farmer in New Zealand, the Argentine or Australia. I have some figures here from the secretary of the international committee on wheat at Washington. He gives for Argentine wheat the price of 54 cents per bushel as being the equivalent under the official rate of exchange for Canadian money. For Australian wheat the equivalent is 64 cents per bushel.

Mr. NICHOLSON: On the farms?

Mr. ROSS (Moose Jaw): No, not on the farms. These are the prices for Australia and the Argentine. I have not the New Zealand figure, but New Zealand is not a big wheat producer. However it is apparent that these

things have been forgotten by my hon. friend, because they are facts which would not show us up in a bad light.

The government of this country from the start of the war has worked out a sound agricultural policy. The farmer has been getting into a better position all the time. I have said previously in the house that we would need all the wheat and farm products that could be produced. I have said also that the only way to raise those prices is for the governments of the United States and Canada to get together and arrange between them to assume their respective responsibilities for the handling of the production of food for the allies. They must arrange for the shipment of that food. When that is done we may have a price structure as between Canada and the United States which does not show the disparity that exists to-day. But let me remind hon. members that while we are down on grain and live stock prices as compared with the United States, the man in the United States who is getting a higher price for his live stock, his butter or his eggs is paying a much higher price for his feed grain. We hear the argument that the Canadian farmer is not being paid enough for his field crops, yet he is not in a disadvantageous position compared with the live stock producer in the United States, simply because that producer pays so much more for the raw products which go into his finished article. The result is that he is not making a bit more money to-day than is the farmer in Canada.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, I did not think I would have an opportunity to speak before six o'clock. However, there are some matters raised in the debate to which I should like to make reply.

The debate has covered a wide range of subjects. It has gone far beyond the marketing of wheat, which is the direct concern of my department. The hon. member for Melfort (Mr. Wright) has complained that the annual report of the Canadian wheat board for 1942-43 has not yet been referred to the committee on agriculture to which, I said, earlier this session, I should be very glad to have it sent. At as early a date as possible it is my intention to ask that the report be referred to the committee in question. As a matter of fact I should be quite prepared to do so now, were it not for the fact that members of the wheat board at this moment are, and have been for some time past, engaged in the serious consideration of vital problems affecting agriculture in Canada. The report to which reference has been made covers operations to the end of July, 1942.

The board has been here to consider various subjects discussed in the house yesterday and to-day. During the two weeks they have been here, interruptions have been caused in part by the discussion of problems facing various ministers of the government who are members of the wheat subcommittee of the cabinet. I am told it would be at the risk of having these problems suffer if members of the wheat board were now called before the committee on agriculture for the discussion of a report which, at the moment, is not of vital importance. I am not just sure how long it may take to straighten out the matters which require the immediate attention of members of the board, but it may be well on in April, possibly not until after recess, that I might feel I could properly ask them to appear before the committee on agriculture.

In this debate much has been said about coarse grains and the advance in price elsewhere beyond the ceiling. This problem has been giving the government much concern. Our anxiety is that the whole increase in price be returned to the producer, with the middle man receiving his ordinary normal profit. I am advised by the wheat board that in our anxiety in that direction they have the full sympathy and cooperation of the dealers in Winnipeg and of the grain exchange organization. The dealers do not want a profit beyond that to which they are properly entitled. As a matter of fact they call such a profit an unwelcome one because they are aware that it would react seriously against them.

A great deal of the oats which have been going to the United States and on which it has been stated that excessive profits are being made were contracted for before coarse grains reached the ceiling in Canada. A very large proportion of the coarse grains which have been shipped to the United States have been shipped merely in completion of purchases and contracts made when this situation of increasing prices did not exist. To avoid any of this profit going to anybody but the original producer the wheat board have handled the problem up to date by a restricted granting of permits. Quite recently the situation developed to a point where it was decided that other steps would have to be taken to control the spread in coarse grain prices. A new policy has been discussed and a submission prepared for council. I may say frankly that I had hoped to submit to council yesterday that submission from the wheat committee of the cabinet and from the wheat board. However, other matters of

vital concern to agriculture in western Canada occupied council up to almost three o'clock, and to-day exactly the same situation prevailed but for another reason. I hope that I shall be able to get this recommendation for handling the coarse grain situation before the cabinet shortly and get its approval so that I can present it to the house almost immediately.

The hon. member for Melfort referred yesterday to some returns that he had been anxious to get. I understood they were in connection with grain matters, and I interrupted to say that the returns had been tabled that day.

Mr. WRIGHT: I have not received them yet.

Mr. MacKINNON (Edmonton West): I have been looking through *Votes and Proceedings* and I cannot find any record of any return asked for by the hon. member for Melfort that is still outstanding. When I stated that the returns had been tabled I had in mind returns asked for by the hon. member for Lake Centre (Mr. Diefenbaker), the hon. member for Souris (Mr. Ross) and the hon. member for Yorkton (Mr. Castleden). There is no trace that I have been able to find in *Votes and Proceedings* of any information asked for by the hon. member for Melfort that has not been tabled.

Some of those participating in this debate have spoken as if the advance in wheat prices has not been a good thing for the farmers. This advance in the price of wheat is of direct benefit to the producer of wheat in Canada. If he has not yet delivered his fourteen-bushel quota, he can sell within the quota at the price prevailing on the Winnipeg exchange.

Mr. DOUGLAS (Weyburn): If he can get cars.

Mr. MacKINNON (Edmonton West): It is not a matter of getting cars, but one of being able to deliver within his quota to the elevator. If his elevator happens to be filled at the moment he is in exactly the same position as any other farmer who for one reason or another is not able to take advantage of the price of wheat on that particular day.

Mr. WRIGHT: Are the line elevator companies buying street wheat on the basis of the Winnipeg exchange cash prices to-day?

Mr. MacKINNON (Edmonton West): Unfortunately I am not able to answer offhand some of these technical questions. I have informed myself by consulting with my advisers, and I am advised that the farmer can sell at the advanced price on the Winnipeg exchange if he is able to deliver within his quota. I do not think there is any question in this house that the quota system has proved an advantageous method of handling wheat and has been accepted as satisfactory by the producers of the west. Even if the farmer has delivered his full quota, he stands to benefit by the returns from sales being made by the wheat board at the advancing prices on the Winnipeg grain exchange, which increased prices will be reflected in the participation certifications that the farmers hold.

I should like to say a word or two in connection with the direct benefit which the Winnipeg grain exchange has been in this situation. If it had not been for the buying on the Winnipeg exchange and for its operations, the only way in which the farmer could have reaped the benefit of an increased price over ninety cents was by the government arbitrarily raising the price of wheat and the initial payment to the western farmer. I think all hon. members will agree that such a policy would have met with resistance in certain parts of this country. The price prevailing on the exchange has afforded to the government an index of the market value of wheat, although we have a tremendous surplus of wheat which we are unable to sell.

The hon. member for Melfort criticized the government for making it impossible to ship wheat to the United States to take advantage of the higher prices there. The hon. member for Moose Jaw (Mr. Ross) has dealt with that subject, but I will add a word or two.

What are the facts? The United States has placed an embargo quota against all higher grades of wheat from other countries, including Canada. The embargo applies to all over and above 800,000 bushels, and this quota, as has been pointed out, has already been filled.

It has been asserted more than once in this chamber that the Canadian Federation of Agriculture severely criticized the Minister of Trade and Commerce in connection with his method of announcing Canadian wheat and grain policy for the coming year. Very shortly afterwards, however, the Canadian Federation of Agriculture met by appointment the Prime Minister (Mr. Mackenzie King) and certain members of the government; and in its representation to the cabinet it used these words:

Our organization recently expressed its regret that some features of government agricultural policy for the coming crop year had been announced by the Minister of Trade and Commerce before there was opportunity to lay before

the government expressions of views which were being formulated at that time. From assurances, since received from the Minister of Trade and Commerce, it is evident that the occurrence in question was not due to any intention to ignore what our organization might have to put before the government. The fact that this delegation is here to-day is accepted as further assurance that the government will be prepared to give due and full consideration to the representations which we are submitting.

I have been asked as Minister of Trade and Commerce to submit to the house the recommendations from the advisory committee to the Canadian wheat board. Frankly, personally I should like very much indeed to submit these recommendations. The hon. member for Weyburn (Mr. Douglas) has asked for submission to the house of these and other documents. The matter has been delayed more than I had intended because I am giving close thought to the possibility of submitting that report to the house. What causes me to hesitate is that at the present time I believe it would be a breach of faith on my part to submit this report, which can, I think, be considered as a confidential or a privileged one, without first at least consulting the advisory committee. I can conceive of these carefully selected men—men who have been selected from the various western wheat pools, agricultural organizations in western Canada, the trade, and other similar organizations—hesitating quite a bit about giving their best advice—and I know that any advice they give is their best—to the government if they knew that this government would, in turn, make that advice public. However, the matter is under consideration, and I hope to make a return to the hon. member for Weyburn within a very short time.

In connection with payment of farm storage on wheat, I hope to see the time in Canada, and that shortly, when circumstances will be such that every farmer will be able to have a reserve supply of wheat in storage on his farm. I remember, in the early days in Ontario, in going to my uncle's farm, seeing him with a fanning mill cleaning a load of wheat to take to town in order to buy various necessities. It occurred to me that that operation was very much like a bank account; and I think it would be a good thing for the economy of the country if we could get back as far as possible to each farmer being able to carry a reserve of wheat on his farm.

The trouble about the problem at the moment is not theoretical but actual. Our advisers tell us of the troubles they are facing in operating the wheat policy as announced by the government. Transportation has deteriorated tremendously since that policy was announced. There is also the matter of storage. These two factors, taken together, have led the government to decide that, at least at the present time, it cannot pay storage in respect of farm stored grain, for the reason that there would be a natural tendency to hold back that grain on the farm. In order to carry out our policy of taking 280 million bushels of wheat this crop year, we had to urge the farmers to deliver their grain at the earliest possible time. In this connection, at present we should have from one thousand to twelve hundred railroad cars a day to enable us with safety to accept what we have undertaken to accept within this crop year. After doing everything possible to improve the situation, we have succeeded up to the present time in securing from the railroad companies and other sources something less than five hundred cars a day.

Mr. DOUGLAS (Weyburn): What is the object of moving that wheat when we have a large surplus at the terminals? Why not keep the wheat on the farm and use the cars for moving coarse grains?

Mr. MacKINNON (Edmonton West): The purpose of moving the grain is to get it to the lakehead where there is storage space available. If there is a delay in marketing the wheat and the wheat is being held back, and continues to be held back into June or July, it will be physically impossible for us to get it to the lakehead.

Mr. WRIGHT: I happen to know that there is in the elevators a large amount of grain which could be moved.

Mr. MacKINNON (Edmonton West): I do not think that comment or rhetorical question has any bearing on the statement I have just made.

Mr. DIEFENBAKER: Some months ago a statement appeared in the press to the effect that the republic of Mexico or interests in that country were prepared to purchase more than 10,000,000 bushels of wheat, or had arranged to make this purchase. However, for some reason or another, transportation facilities were not available. Could the minister enlarge upon that news report?

Mr. MacKINNON (Edmonton West): My information is that negotiations were proceeding for the purchase of Canadian wheat for shipment to Mexico. I believe this transaction was not carried out in its entirety because an order was issued refusing passage of this wheat over United States railroads.

Mr. DIEFENBAKER: To what extent was the transaction carried out? As I understand it, it was a completed transaction with a definite price established and a portion of the grain being shipped, but that finally transportation difficulties arose which made it impossible to complete the transaction.

Mr. MacKINNON (Edmonton West): I think that statement is more or less accurate. I do not know the exact quantity of wheat which was shipped, if any, but my understanding is that there was a certain amount. I cannot even say that any completed arrangement was made, but negotiations had been under way for the purchase of a substantial amount of wheat. I think the amount mentioned by the hon. member for Lake Centre is correct. As I said, I believe a certain amount was actually en route when steps were taken to forbid the transportation systems of the United States handling this wheat.

Mr. DIEFENBAKER: Who made the order forbidding the shipping of this wheat to Mexico, and were any representations made to release Canada from the effects of that order?

Mr. MacKINNON (Edmonton West): On account of the very nature of the transaction the government of the United States was kept informed by the wheat board of the negotiations that were in progress. When it was found that the transaction could not be completed, as far as I know no further representations were made to the government of the United States.

Mr. ROSS (Souris): The minister said that the fact that the grain exchange was kept open was responsible for the present price of wheat and that, therefore, holders of participation certificates would benefit to that extent. Could he give us any idea as to the degree to which the wheat board participated in these trades and if in practically all cases they were not a party to the trading which has taken place on the exchange and which has resulted in bringing the price up to the present level?

Mr. MacKINNON (Edmonton West): I have heard criticism directed at the wheat board for not offering more wheat.

Mr. ROSS (Souris): That does not answer my question.

Mr. MacKINNON (Edmonton West): I think in the good judgment of the wheat board sufficient wheat was offered to enable the board, acting for the farmers of western Canada, to get the benefit of rising prices. They did not take any action that would tend to stop that rise in price.

Mr. ROSS (Souris): They were directly interested in the majority of the trades?

Mr. MacKINNON (Edmonton West): I believe they were interested in the majority of the trades.

Mr. ROSS (Souris): The board were responsible for present prices.

Mr. PERLEY: A little while ago the minister said that the increase in the price of wheat resulted from the purchase of wheat by exporters or grain interests in order to fill contracts which had been made. Did the board release cash wheat to fill the contracts to these firms, or were they just options?

Mr. MacKINNON (Edmonton West): I know the hon. member is asking this question in good faith.

Mr. PERLEY: I took down the minister's statement.

Mr. MacKINNON (Edmonton West): I think the point the hon. member wishes to raise is in connection with the nature of the transactions that have taken place. I believe he wants to know whether these are merely grain exchange transactions or whether they actually represent a disappearance of wheat. I can answer my hon. friend by saying that the transactions on the grain exchange will mean an actual reduction in the visible supply of wheat.

Mr. PERLEY: Held by the board?

Mr. MacKINNON (Edmonton West): Held by the board.

Mr. PERLEY: How about the options?

Mr. MacKINNON (Edmonton West): I do not think this is the time and place for a technical argument.

Mr. PERLEY: Will the minister state whether the board sold options as fast as they took delivery of the wheat in the elevators? Did they hedge by selling options? If they did, did they deliver options or cash grain in connection with these sales? That is all I want to know. If they took back the options, there is nothing to it.

Mr. MacKINNON (Edmonton West): The hon. member has just said that if they took back the options, there is nothing to it. That is the point I wish to make. This transaction looks forward to the disposal of physical

wheat. The wheat is contracted for on the basis of May delivery, and up to that time the seller pays the carrying charges. From the May contract date on he must make his own arrangements about the wheat, but as far as the wheat board and the government are concerned this represents an actual physical disappearance.

Mr. HANSON (York-Sunbury): Is it a firm contract, or is it an option to resell the option?

Mr. MacKINNON (Edmonton West): I must ask hon. members to withhold these technical questions at this time. There is no question that the information I have given the house is correct. The transactions represent an actual disappearance of physical wheat.

Mr. PERLEY: Will the minister permit one more question?

Mr. MacKINNON (Edmonton West): Mr. Speaker, may I be permitted to be undisturbed for a moment? There is another time and place when those well qualified technically will be able to answer these questions to the full satisfaction of hon. members opposite.

Mr. PERLEY: We did not have that experience last year.

Mr. MacKINNON (Edmonton West): The hon. member for Melfort raised a question as to the rights of the landlord and tenant in the fourteen-bushel quota of wheat. I am not sure whether the hon. member has seen the consolidated regulations of the wheat board which were issued in November, but since they carefully and clearly set out this situation I think I should put them on the record. Section 15 reads:

15. The producer actually carrying on the farming operations shall have the prior right to possession of the permit.

(a) Whenever a quota of the grain produced on any land becomes deliverable, any producer entitled to a definite share of the crop as landlord, vendor, mortgagee or otherwise, shall be entitled to have delivered in his name a share of such quota proportionate to such producer's said definite share of the crop, and shall have full right to make delivery as a producer, and for such purpose the permit holder shall make the permit book available; provided that the actual producer shall be entitled to deliver the first five bushels of wheat permitted to be delivered for each authorized acre shown in the permit book, but such priority for delivery of the first five bushels shall not diminish the total amount of wheat which any other producer is entitled to receive and deliver or have delivered from the land covered in the permit book; this proviso, however, shall not apply where the actual producer is merely a tenant under lease from a landlord and is not a mortgagor or purchaser.

Provided further that nothing in this regulation shall in any way derogate from, or interfere with any provincial law or enactment.

(b) The enforcement of this regulation shall be the direct concern and responsibility of the interested parties themselves and no legal obligation shall devolve on the board in respect thereto.

(c) "Actual producer" shall mean a producer actually engaged in the production of wheat. "Authorized acreage" and "basic acreage" shall mean the acreage for wheat delivery purposes established by the Canadian wheat board for the farm lands described in the permit book pursuant to regulations Nos. 3 and 4 above.

The hon. member for Lake Centre, in dealing with the problem, touched on a matter that is of great importance to many wheat producers in western Canada. That is the problem of damp wheat. It is a tragic thing for a producer with damp wheat who possibly has delivered his fourteen bushels, all he is able to deliver under his quota, to be told that in no circumstances is it likely that anything further can be done for him. He is to a great extent in the same position as the producer of higher grades of wheat in proper condition who has delivered his quota and still finds himself with a surplus to dispose of. The matter has been taken care of as far as possible by the wheat board furnishing cars to elevator points where farmers have damp wheat for delivery within the quota.

Mr. COLDWELL: How successful has that been?

Mr. MacKINNON (Edmonton West): I am told that it has been very successful in certain districts where there is space available for the damp wheat.

Mr. COLDWELL: I had a letter this morning from a farmer who told me again that the grain in his neighbourhood was damp and that the quota was only ten bushels at his point.

Mr. MacKINNON (Edmonton West): Unfortunately we are dealing with a very large number of farmers over a wide stretch of country of very diversified climate and weather conditions. There are these tragic situations with which it is impossible to deal as everyone concerned would like to see them dealt with.

Mr. DIEFENBAKER: Will the minister permit a question?

Mr. MacKINNON (Edmonton West): I should like to finish this one point, and then I shall be glad to answer. We must remember that our first duty under our policy is to

the quota holder. If we attempt to give way here and there and allow overdeliveries and take wet grain, we are prejudicing the position of the man who has a quota to deliver and who looks to us to take that quota from him.

Mr. DIEFENBAKER: What I had in mind is that if conditions in other parts of western Canada are similar to those in my constituency and where I live, millions of bushels of wheat will be lost this spring through dampness. Has the minister taken the question up with the scientific authorities attached to his department so that something will be done now? I realize the difficulty; I did when I spoke yesterday, but I should like to know what is actually being done to prevent what will be a terrible loss unless some action is taken within the next two or three weeks.

Mr. MacKINNON (Edmonton West): I quite agree, and I am sure we all agree with the remarks of the hon. member regarding this particular difficulty that is being encountered in connection with the western wheat crop. All I can say at the moment is that the problem is receiving the earnest attention of the wheat board and ourselves, and under our responsibility to the wheat producers of western Canada everything possible will be done to handle the situation.

It was suggested by at least one hon. member opposite that the government deserve some criticism for not having a long-range wheat policy. Nothing would please us more than if we were able at this time to formulate a long-term wheat policy. But world conditions to-day make that impossible.

The hon. member for Vegreville (Mr. Hlynka) spoke of a farmer going to him, being anxious to deliver over the quota in order to meet certain liabilities. I am sure every hon. member who has any connection with western Canada has run across many such cases. He spoke of fourteen bushels. Put in that way, fourteen bushels does not seem much, but fourteen bushels is a pretty good average crop in western Canada. In addition, fourteen bushels an acre may mean, even to a small wheat farmer, two or three or four thousand dollars, and may mean many more thousands to the larger wheat farmers. Out of the proceeds of the quota of fourteen bushels I think any farmer should be in a position to take care of the demands of reasonable creditors. I have been in western Canada for a long time; I have never actually farmed myself although I have owned producing farms, but I have been close to the farmer in his troubles. My experience has always been that any farmer who is a reasonably good moral risk had very little difficulty in dealing with reputable creditors. Deliveries over the quota in cases of that kind would merely make more difficult our problem, as I have already mentioned, in accepting the fourteen-bushel quota as promised.

The question was raised, I believe by the hon. member for Qu'Appelle (Mr. Perley), of the advisability of advancing to holders of farm stored wheat money by way of loan, possibly along lines similar to what has been done in the United States. I believe my information is correct when I say that the situation in Canada as regards granaries is quite different from that in the United States. In peace time a granary system was built up in the United States, so that now the farmer has, either on his land or elsewhere, proper granaries which can be sealed when a loan is made. I do not believe that in the great majority of cases in western Canada farm granary storage is conducive to sealing in this way. Of course at the moment there is very little possibility of doing anything by way of assistance in connection with the erection of granaries on farms, having regard to the very great shortage of lumber, nails and so on.

Then there was some criticism because there had not been any announcement of changes in our wheat policy. That wheat policy was submitted to this parliament at the earliest possible opportunity, for I had in mind the criticism in former years in regard to delays in submitting the grain policy to parliament. After very careful consideration, that policy was submitted to this house during the first few days of the session, so that the farmers might know the programme and make their arrangements accordingly. Minor changes in this policy may be brought about by unforeseen circumstances, but I can assure hon. members that in the main the policy as submitted at that time will be the policy for the coming year.

I should like to join with the hon. member for Moose Jaw in expressing regret that so much talk has come from certain quarters as to the condition of blue ruin and desolation said to exist in western Canada. Our west is a great country. There are localities in which there have been conditions of real hardship, where conditions even now are anything but good, but on the whole the west is in better shape to-day than perhaps it ever has been. I am grateful to hon. members opposite, Mr. Speaker, for the very fair and constructive speeches that have been made on this subject.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, I rise to make a few remarks on the question now before the house mainly because some statements have been made which might mislead farmers as to the programme for 1943. I quite agree with hon. members who hold the opinion that sometimes thoughts which are expressed by some hon. members may be relied upon by some farmers throughout the country to a greater extent than announcements which may be made by the department, so that I consider it wise to correct one or two of the statements made and to place the facts on the record together with those speeches, in order that they may be read at the same time.

The first statement to which I wish to direct attention was made by the hon. member for Lake Centre (Mr. Diefenbaker) and appears at page 1648 of *Hansard* for March 29, as follows:

When the Minister of Agriculture spoke in Saskatoon on January 15 he announced certain plans in connection with the production of wheat, oats, barley and rye. There was to be a decrease in the production of all these grains, but an increase in the production of mixed grains.

I call attention to this last statement in particular:

There was to be a decrease in the production of all these grains, but an increase in the production of mixed grains. There was to be no increase in the production of flax, but there was to be an increase in the production of hay and clover and a pronounced increase in the production of alfalfa. According to the news report of the British United Press, the minister went on to say:

"Mr. Gardiner stated that the price inducement to meet these goals and acreage payments will be revealed to-day."

I do not know what report of the British United Press was read by the hon. member for Lake Centre, but I have in my hand a copy of the British United Press report which appeared in the Regina *Leader-Post* of January 16 and also in a weekly newspaper, the Alameda *Dispatch*, of January 22. This is what I find:

Here are the percentages of change in acreage required in 1943 as compared with 1942.
Wheat: 14 per cent decrease.
Oats: 12 per cent increase.
Barley: 11 per cent increase.
Rye: 31 per cent decrease.
Mixed grains: 1 per cent increase.
Flaxseed: No increase.
Hay and clover: 8 per cent increase.
Alfalfa: 17 per cent increase.

It will be noted that in mixed grains, which my hon. friend says was the only item in which there was to be an increase, that increase was only one per cent. Oats and barley both show a much greater increase.

Mr. Gardiner stated that the price inducement to meet these goals and acreage payments will be revealed shortly.

That does not say to-day. That was the report as it appeared in two newspapers which I checked, and it is a proper report of what was said at Saskatoon.

I should like to direct attention to the fact that there has been published by the Department of Agriculture this year a pamphlet entitled, "Objectives for Canadian Agriculture in 1943." This pamphlet contains forty-four pages and deals with every product that has been discussed here yesterday and to-day, giving the exact acreages that we wish this year, with the exception of flax with which I will deal in a few moments. It gives a report of what is desired in connection with all meats, all dairy products and all other farm products that are required in Canada this year, and it gives all the details the farmer requires in order to have the proper information with regard to these products. The point I wish to make is that this pamphlet is or will be in the hands of all farm organizations. It is or will be in the hands of all county or municipal councils across Canada. It is in the hands of all provincial departments of agriculture and, I presume, in the hands of all agricultural representatives sent out by provincial departments, and by the federal department of agriculture. There is, therefore, no reason why either hon. members or farmers should not be fully informed in regard to agricultural policies.

While I have been in the house—and I must say I am not in a position to say whether it was said while I was out of the house, and I have not had an opportunity to read all the speeches—the statement has not been made in this debate which was made so often before, namely, that a policy was never announced. Emphasis has been placed upon the fact that one change was made in the policy announced on December 9 last.

In order that hon. members may have the information readily available, I would ask the privilege to have the table appearing at page 6 of this pamphlet, showing the increases and the decreases asked for on December 9, placed in *Hansard*. It is as follows:

OBJECTIVES FOR CANADIAN AGRICULTURE IN 1943

	1942 production	1943 objective	Per cent change for 1943
Field Crops—			
Oats ..... thousand acres	13,782	15,388	12% increase
Barley ..... " "	6,973	7,788	12% "
Mixed grain ..... " "	1,681	1,700	1% "
Wheat ..... " "	21,586	18,648	14% decrease
Rye ..... " "	1,337	924	31% "
Flaxseed ..... " "	1,492	1,492	No change
Hay and clover ..... " "	9,707	10,450	8% increase
Alfalfa ..... " "	1,440	1,690	17% "
Meat Animals (commercial marketings)—			
Hogs ..... thousand head	6,250	8,000	28% increase
Cattle ..... " "	1,100	1,197	9% "
Calves ..... " "	780	769	2% decrease
Sheep and lambs ..... " "	802	901	12% increase
Dairy Products—			
Milk (total) ..... million pounds	17,487	18,500	6% increase
Butter (creamery) ..... " "	283	323	14% "
Cheese (factory) ..... " "	202	202	maintained
Evaporated milk ..... " "	182	190	5% increase
Condensed " ..... " "	24	18	27% decrease
Powdered " ..... " "	11	16	41% incease
Eggs and Poultry—			
Eggs ..... million dozen	274	345	29% increase
Poultry (chickens) ..... " pounds	235	293	25% "
Turkeys ..... " "	38	43	13% "
Fruits and Vegetables—			
Potatoes ..... thousand acres	507	560	11% increase
Canning crops	(maintained or increase)		
Truck crops	(maintained or increase)		
Fruits	(maintained or increase)		
Other Crops—			
Field peas ..... thousand acres	90	90	maintained
" beans ..... " "	80	61	24% decrease
Sugar beets ..... " "	63	90	42% increase
Soybeans ..... " "	47	90	91% "
Tobacco ..... " "	77	87	13% "
Fibre flax ..... " "	47	75	60% "
Clover seed (red) ..... " pounds	2,880	6,500	126% "
" " (alsike) ..... " "	1,212	3,500	189% "
" " (sweet) ..... " "	4,959	5,500	11% "
Alfalfa seed ..... " "	5,894	9,000	53% "
Vegetable and root seeds ..... " "	(mostly sharply increased for 1943)		
Miscellaneous—			
Honey	(maximum possible)		
Maple products	(maximum possible)		
Horses (on farms June 1)	2,816,080	(maintain present stock)	

There was only one change made between December 9 and the time this pamphlet was issued. There has been only one change down to the present time. What I wish to announce to-day is that so far as that change is concerned we are going back to the original request made of farmers on December 9 with regard to flax. We are asking farmers this year to grow about a million acres more flax than they grew last year.

May I repeat that the only change made in this announced policy from December 9 down to the present time, either by myself or by any official in the country who has been dealing with the matter, has been the change with regard to flax acreage and the necessary adjustment in wheat acreage. That has been discussed at some length in the house. I need only mention to hon. members, particularly those from western Canada, one of the difficulties we ran into last year in relation to feed grain in order to emphasize the necessity for avoiding the same condition this year in relation to flax. We thought last year we had an assured market for all the feed grains we could grow in western Canada in any year. Our experience of the past led us to believe that we could anticipate a condition of that kind. We had marketed about 50,000,000 bushels of coarse grain annually, or probably somewhat less than that. And when we were discussing the possibility of marketing 200,000,000 bushels no one anticipated that anything could happen in 1942 which would make it impossible to market all our surplus feed grain. Every hon. member knows what happened in 1942.

[Mr. Gardiner.]

Our hon. friends across the way are not prepared to admit that the government showed any wisdom even in that matter, when we asked for a greater increase in acreage of feed grains than had ever been heard of in this country. They like to give all the credit to the fact that we had good weather conditions. I admit again that good weather conditions were necessary. But good weather conditions last year brought forth the very problem which has been discussed for the last two days on the floor of this house, the fact that grain is lying in fields all over western Canada. Not only did we produce the 200,000,000 bushels of coarse grain which we knew we might have a market for, and which we still hope we shall have a market for, but we produced 300,000,000 bushels more than that. And it is those extra 300,000,000 bushels which are the problem of the western farmer to-dav —those extra 300,000,000 bushels, or half of that amount at least.

What I should like to suggest to hon. members is this: Would they have advised in January of this year our going out and insisting on farmers producing another million acres of flax at a time when we were informed that there might be difficulty found in marketing that flax, because crushing facilities might not be available? What would hon. members have been saying to me as Minister of Agriculture in the last few weeks the house has been in session, if that information had been made known at the time the house met and I had not said to farmers, "Go easy in the matter of flax until we are able to announce something further with regard to your crop of this year." I have no doubt the farmers heeded our warning in that connection. But at the same time we stated that if there were to be any change in policy with regard to the acreage of flax, or the amount of flax which could be disposed of this year, that announcement would be made in sufficient time to allow the farmers to seed their flax this year, and have it available.

We did not leave it at that. We continued our negotiations with the United States. We entered into negotiations with the British government; and those negotiations have now advanced to the point where I can say with some assurance that farmers will be safe this year to sow an extra million acres of flax. And if they do, we expect they will be able to dispose of it.

Having said that, I should like hon. members, when they have this table before them, to look at the two items of wheat and flax. I would ask them to place the wheat item back where it was in December when we asked for an 18 per cent decrease in wheat acreage, and to raise the flax item from "no change" to an increase of one million acres. Then the table will be exactly as it was intended on December 9, 1942, with regard to all farm products.

Mr. DOUGLAS (Weyburn): Will copies of the publication be available to all hon. members?

Mr. GARDINER: Yes; they are available to anyone desiring to get them. The table itself will be in *Hansard*.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. GARDINER: Mr. Speaker, at six o'clock I had just completed placing on *Hansard* the policy of the government as announced, asking for production in agriculture in 1943. I had commented that on this occasion hon. members were not stating that no policy had been announced but had been paying some attention to one change which had been made in the policy as announced on the 9th of December last compared with what had been stated with regard to flax in January, 1943, and had suggested that we are now announcing that we expect the farmer to go back to the acreage asked for on the 9th of December, or to increase the acreage in flax by 1,000,000 acres. But in this debate, beginning with the mover of the first amendment (Mr. Wright), quite a number of hon. members have suggested that the policy was announced on this occasion without first consulting the farm organizations of Canada. I wish at this time to supplement what has already been said by the Minister of Trade and Commerce (Mr. MacKinnon) by reading the correspondence between the Canadian Federation of Agriculture and the Department of Agriculture as a result of the discussions which took place at Calgary.

On January 30, 1943, I received the following telegram from Calgary, Alberta, sent by Mr. H. H. Hannam, president of the farm federation:

Hon. Jas. Gardiner,
Minister of Agriculture, Ottawa, Ont.

We register our protest against the action of the government in ignoring the action established in recent years providing an oppor-

tunity for consultation with representatives of organized agriculture before announcing major farm policy. On previous occasions the Prime Minister and members of the government have stated that they welcome the presentation of our views and also the opportunity which this meeting afforded of discussing the position of Canada's basic industry with recognized representatives of primary producers. To-day in the closing sessions of the annual meeting of the Canadian Federation of Agriculture we learn from the press that the government has announced its grain policy for 1943. This has been done without having given an opportunity to this national federation of farm organizations to present their views and recommendations on this vital question. We realize the importance of an early announcement of government policy but delegates attending this annual meeting deeply regret this action of the government. They regard this as an indication of the government's intention to completely disregard the viewpoint of organized farm producers of Canada. For the past two years directors and officers of the Canadian Federation of Agriculture have met with the Prime Minister and members of the government immediately at the conclusion of the annual meeting of the federation. This has provided an opportunity for farm representatives to bring before the government the considered opinion of organized agriculture from coast to coast dealing with its problems. We believe that at no time in the country's history has the need been greater for the closest possible cooperation between government and people. This will be impossible to attain if government creates impression that it proposes to ignore reasonable representations of organized producers. If the 1943 food goals as recently announced by Canadian government are to be met some upward revision of the income from grain should be considered. The annual meeting of the federation completes its session January 30 and will seek an opportunity of meeting the Prime Minister and members of the government at an early date. We desire to present our recommendations affecting agriculture including grain policy for 1943.

H. H. Hannam.

After receiving that telegram, I wrote Mr. Hannam under date of Ottawa, February 1, 1943, as follows:

H. H. Hannam, Esq.,
President,
Canadian Federation of Agriculture,
Toronto, Ontario.

Dear Mr. Hannam:

I acknowledge receipt of your telegram of the 30th January addressed to me from Calgary.

I regret there has been any misunderstanding with regard to the grain policy. I understood the representations made by your delegation as well as the provinces at the December conference were that the government's policy re prices and reduction bonus was to be put out at the earliest possible date. The government considered announcement should be made to the house, and therefore made it at the earliest possible sitting.

All the proposals contained in your Saturday's resolutions as announced in this morning's papers were before us from farm sources when consideration was given to the policy for this year. There are only three variations from your proposals. Flax remains at $2.25 instead of $2.50. Wheat remains at 90 cents to farmers with no provision as to what it is to be sold at. You are, therefore, free to make further representations. The payment for grass for wheat acreage reduction has been at the rate of $4 in two instalments until this year. We propose to make it $2 for every acre of wheat reduction without any complications this year. This had been discussed with western farm organizations.

I am sure a meeting can be arranged at which the government will be free to consider your representations made as a result of your annual meeting.

Yours sincerely,

James G. Gardiner.

I received under date of February 5, 1943, the following letter from Mr. Hannam:

Hon. J. G. Gardiner,
Minister of Agriculture,
Ottawa, Ont.

Dear Mr. Gardiner:

This will thank you for your letter of February 1st. I have had a wire from Mr. Haskins this morning explaining that you have arranged for our representatives to meet the cabinet on February 9th, when, besides presenting our proposals having to do with other branches of agriculture, we may also make our recommendations in regard to the grain policy.

I do recall now, when you mention it, that the representatives of the western provinces attending the dominion provincial conference in December did press for an early decision on acreage bonuses in order that they might be in a better position to know what change could be effected in wheat and coarse grain acreage. It happened, however, we had no representatives of the prairie provinces from our federation attending the conference.

We are grateful to you for having arranged for the cabinet interview as we requested.

Yours sincerely,

H. H. Hannam,
President.

I think, in fairness to all concerned, that these letters should appear upon the record in order that members will believe what I have told them on two or three previous occasions, namely, that every matter dealt with in the wheat policy announced to this house had already been considered in the conference in December last and that at that conference the federation were invited to send as many delegates as they desired. They did send a number of delegates, and those delegates were present. The Minister of Trade and Commerce will remember that on that occasion both of us were asked to announce policies with regard to wheat acreage and with regard to price, to announce them not when the house met, but on the 9th day of December. When we stated in reply that the matter had to be considered in council before we could make an announcement, we were both asked to make that announcement at the earliest

date possible. There was not a delegate in that conference who objected to that action being taken. Accordingly we followed the direction which we had at that conference, and on the first day on which it was possible to make the announcement after this house was convened, that announcement was made to this house.

I wanted to place that on *Hansard* along with the criticisms which have been made, in order that hon. members and others who read *Hansard* from time to time may be fully acquainted with what did happen. I repeat that we considered at the time that farm organizations had been consulted and that we had been urged by farm organizations, in common with those who attended that gathering, to make the announcement at the earliest possible date.

I might say in addition that when I was listening to the hon. member for Melfort (Mr. Wright) reading an editorial from the *Country Guide,* published in Winnipeg, I recalled that the editor of that paper, who must have written the editorial or seen it, was one of the newspaper representatives at that conference in December at which this whole matter was discussed, he having been invited either by the government or the Department of Agriculture to be present and get all the information first hand, so that no misrepresentations could be made by others outside after the conference had been held.

The next suggestion which has been made, and with which I wish to deal for a few moments, is to the effect that the government left the farmer without provision to take care of his costs in connection with this year's crop, and more particularly to take care of his costs in the early part of the next season.

I would call to the attention of hon. members at least one provision which was made, and made at the request of the farm organizations, which has not been emphasized during this discussion, namely, the provision whereby any farmer who grew wheat prior to 1943, and has it in storage on his farm, does not need to grow wheat this year in order to be able to deliver his quota. If he has an amount equal to fourteen bushels to the acre for sixty-five per cent of the wheat acreage which he had in crop in 1940, he is permitted to deliver that wheat as soon as he can get it into the elevators following the 1st of August next. That is an assistance—and I think every farmer will recognize it as such—to the farmer in financing his operations during this summer. He does not need to worry about what the crop condition will be this year and therefore fear the possibility of crop failure if he has this wheat, which he has not been able to dispose of this year, lying on his land. He can market, in case there is a crop failure, the other fourteen bushels to the acre which he grew, on the average, in western Canada, over and above the fourteen bushels an acre which he may have marketed. That provision was made, let me say, at the suggestion of farm organizations, and I think it is looked upon by farmers as one of the most important provisions which have been made.

Another criticism which has been raised is that this government has had no policy in connection with the marketing of wheat, especially during the war period, and an appeal was made to the house, particularly in dealing with the amendment which is now before us, that some policy be announced. In order to make his point the hon. member for Weyburn (Mr. Douglas) went back to 1935 and beyond, and placed before the house what he considered to be evidence of lack of proper policy in 1935 and improper handling of the wheat crops of 1935 and the years following. In making his criticisms he called attention to the fact that in one year the farmers were not permitted to deliver their wheat to the wheat board unless the price dropped below ninety cents a bushel—

Mr. DOUGLAS (Weyburn): Two years.

Mr. GARDINER: Two years—the advance which was provided for in those particular years being 87½ cents; and wheat had to drop below ninety cents before the wheat board would set up the machinery to take delivery of it. In almost the next breath the same speaker this afternoon called attention to the fact that the advance on wheat is now ninety cents, and that immediately wheat went above ninety cents it is delivered, not to the wheat board, but to the trade. That is not a new condition. It has been the condition ever since we have had either pools or wheat boards handling wheat in western Canada. When the price has been above the advance which is allowed, the tendency has been to deliver almost all the wheat to the trade; when the price has been below the advance, almost every bushel has been delivered to the board and, therefore, to the government. So that this is no exception.

Having had that experience prior to and during 1935, the government did say the next year that there was no sense in setting up machinery for handling wheat which would not be delivered to the board, and that, therefore, until the price dropped to ninety cents that machinery would not be set up. As a matter of fact the figures quoted this afternoon by the hon. member for Moose Jaw (Mr. Ross) demonstrate that the price did not drop to

ninety cents. Instead of dropping, it went up during those years, and in going up, resulted in the delivery of the wheat to the line companies or to the pools which were prepared to buy the wheat from the farmer and buy it outright.

Again this year we are experiencing the same thing. That is one weakness of the pooling system which has caused trouble ever since the system was first set up. It was one of the weaknesses which we tried to guard against in the wheat policy which was set up in Canada in 1939, and which has continued to be in principle the same wheat policy down to the present time.

The change which actually has taken place is a change in the advance. It started out at seventy cents; it is now at ninety cents, the highest advance, as a matter of fact, ever paid by any government in Canada on wheat delivered to a wheat board since, or immediately following, the last war. The advance upon wheat is now ninety cents.

When anyone says that no preparation is being made to help finance the farmer, I venture to say there are few countries where wheat is grown in which greater assistance has been given to the farmer, and none in which so small a percentage can be marketed. In spite of the fact that so much must be held, the government says, "We are prepared to give you an advance of ninety cents a bushel on your wheat and you still own your wheat, if you deliver it to the wheat board." And if any such thing happens as is happening now, and wheat runs above that price, as it has during the last few days, the farmer will get the advantage of that advance to the extent that his wheat has been delivered to the wheat board.

There is one other matter with which I wish to deal in the few moments still at my disposal. It is the matter which was raised a few moments before six o'clock by the hon. member for Moose Jaw (Mr. Ross), and again by my colleague the Minister of Trade and Commerce. Both of them referred to the fact that considerable discussion had taken place in this house session after sesion about the condition of the western farmer. I am sure every hon. member will agree with me when I say that since I took a seat in this house seven years ago I have done as much as any other hon. member to secure assistance for western farmers when they have been in trouble. There are people in Canada who have been kind or unkind enough to say that I am the Santa Claus of western Canada. Be that as it may, I know that people cannot continue to live in a country which is being talked down continuously by those who represent that particular area.

I remember when I was first a member of the Saskatchewan government in 1922 or 1923 being invited to Montreal, Ottawa and Toronto to speak on a question then being discussed widely in the eastern part of Canada. This question had arisen as a result of editorials which had been running in a Montreal paper under the title "Whispers of Death". At that time there was a certain group of members in this house—none of them is here to-day—who were talking along the same strain as those members who in recent years have been talking down western Canada. They were telling about the terrible conditions we had out west. Sometimes we have had rather terrible conditions, but they were continuously talking about that.

I should like to give the other side of the picture. When I first came to this house seven years ago I was told by members on all sides of the house—I am not talking of any one side, although I am referring more particularly to the then leader of the opposition —that we ought to stop trying to grow wheat in western Canada, that we ought to move many people out of western Canada, that never again would we be able to produce as we had produced in the years gone by, because the top of our soil had blown off, and so on. I wish to answer that to-night by saying that never in the history of western Canada has it produced a tonnage of food in four years equal to the tonnage that has been produced in the last four years. I am leaving the matter of price out of consideration altogether. We have produced many, many more tons of food from the top six inches of the soil in western Canada during the last four years than have been produced in any preceding four years.

That is my answer to those who said that the Prairie Farm Rehabilitation Act was not worth while in western Canada. That is my answer to those who said that the Prairie Farm Assistance Act was not a proper policy to apply in western Canada. That is my answer to those who said only two years ago that wheat acreage reduction was not a proper policy to apply in western Canada. All these policies have been applied persistently and consistently in spite of criticism, largely from the far corner on the opposite side of the house, some from directly across the house, and occasionally some from one or two members on this side. However, the great majority of members in this house have supported those policies.

They have believed that it is worth while to spend money to teach people how to live in an area as new as the great agricultural area of western Canada. Having taught them how to live, to-day we are appealing to them to produce the feed with which to produce the food in all parts of Canada necessary to feed the people of Britain, to feed our army, to feed our allies; to provide the necessary meat and dairy products. In addition, we are appealing to them to produce live stock products on their own farms. The hon. member for Moose Jaw was able to correct me this afternoon when he said that week by week during 1943 Saskatchewan was second only to Ontario in the marketings of hogs. These were produced to feed the people of this country and of Great Britain.

I come back to the point with which I started. Western Canada has demonstrated to-day, not only to the rest of Canada, not only to the empire but to the world that it is still an area to be occupied by a prosperous farming population. In spite of some of those who represent our people in parliament, it is necessary to have credit to develop any new country. Western Canada required that credit and western Canada was able to get that credit. It is true that sometimes we found it difficult to pay our debts, and it is true that we are still finding it difficult to pay our debts. I speak subject to correction, and I shall make a correction later on if I find my figures are not exact; but when the delegation was here recently asking for debt adjustment legislation for western Canada it was pointed out that in an area where 156,000 loans are carried, only upwards of 10,000 farmers had asked for debt adjustment. When we so conduct ourselves in this house; when we speak in this house in such a way as to leave the impression that in this new area the farmers are going to rack and ruin because they are not able to pay their debts, I would point out that while that may be true of a certain percentage of them, taking them at their own valuation, it is not a sufficiently large percentage for us to come to the conclusion that credit should not prevail in western Canada.

I think that to-day the west is fulfilling its mission as the great agricultural area of Canada. It is providing food for Britain and for those areas in Canada which consume more than they produce. It is providing the feed to furnish food. In connection with the matter raised this afternoon by the hon. member for Weyburn, I hope that no provision will be made, either because the government is not able to do so or because it is a matter of choice, to ship more than 200,000,000 bushels of feed grain out of western Canada this year. We have had sufficient experience in that part of the country to know that as nearly as possible we must carry a complete year's supply of feed on our farms until another crop is harvested.

Let me indicate what that means this year. We are told that we may not get another year like last year. I doubt if we shall, because it is the only one like it we have ever had. But it has been our common experience in western Canada that we get two good years, particularly when the first year is so wet in the fall that one cannot harvest all his crop. That is the best sign that we will get a fairly good crop the next year. The complaints which we hear about persons not having been able to harvest their crops last year apply to about fifteen or twenty per cent of the farmers of western Canada. The others got their crop harvested. The very fact that it rained to an extent that prevented fifteen per cent from getting their crop harvested in the three or four weeks of harvesting weather is an indication that our prospects are bright for another good crop.

Even with that I would say, keep this grain on the farm to an extent to ensure definitely that we can produce in Canada next year the increased quantity of food that we are asked by Great Britain and by the United States to produce. Then, when we are sure we can produce that, we may be asked for more next year, and should keep sufficient in the west to be utilized along with anything we grow even in the fifth year.

I say that because I know farmers in western Canada who have not sold a bushel of grain for ten years; they have fed it all. During the last two or three years they have had to buy feed to finish their stock. On the same farms this year they are growing enough grain to feed all the live stock they have, and they have more than they ever had before. They have grown enough grain on some farms to feed it for four years even if they did not grow any more grain.

That being the case, I say again that this is not a time to be talking western Canada down. This is a time to be talking it up; this is a time to be taking advantage of the feed that we have, and the fact that we still have some labour and still have opportunities to produce. I believe that next session we shall be able to come back to this house and say that we have produced more meat and dairy products in western Canada in this fourth year of the war than we ever produced before.

Mr. E. E. PERLEY (Qu'Appelle): It may be a little difficult for one to follow immediately the Minister of Agriculture (Mr. Gardiner). He has posed as the Santa Claus of western Canada, or has stated that that term has been applied to him. I think he is drawing on his imagination to some extent. At any rate there are a great many chimneys out west that he has not come down yet.

He referred to the production in the last few years. I would recall to him and to this house that Providence had something to do with that production. The very fact that Providence sent us the moisture he spoke about, which he says is an indication that we shall have a good crop this year, is evidence that he has not been the only one responsible.

I might say also that no one tries to discredit the producer; far from it. I do not think there is an hon. member who tries to do that. As far as I am concerned I think my record stands as one who has tried at all times—and I have had the support of my colleagues—to put up the case for the producer and to get something worth while for him, because he is always willing to do his part.

Yesterday the hon. member for Melfort (Mr. Wright) interjected an amendment that caused a number of speeches to be made. To-day we had another amendment moved by the hon. member for Weyburn (Mr. Douglas), which provoked further debate and enthusiasm, and I think both are worth while.

The minister in replying offered certain excuses which indicate that the government may possibly do something. But it is time for action, and that is what we want. The hon. member for Weyburn covered the whole situation, going back to 1930-35. I recall that in 1935 we passed the Canadian Wheat Board Act. We had a good deal of difficulty in getting that act through the house in the form in which it went through, practically as it stands to-day. This proves that it was a good act. I regret that we did not have at that time the support from all those who sat on this side of the house that we should have had. I recall July 1 of that year when the committee that had the framing of that act in hand met in the evening in the railway committee room, and the present Minister of National Defence (Mr. Ralston), who was a member of that committee, moved the final motion that that act be not operative after August 13 of the following year. That was strong opposition, and that is what we had.

During the fall of 1935 the government of that day set the price at 87½ cents. The Minister of Agriculture says that this government has now set a price which is the highest that has ever been set, making an advance to the farmer the highest by any government in Canada. He might have referred to the fact that as soon as they got into power they set aside the 87½ cent price and we have had 70 cents and 80 cents. He might have mentioned that following the second best price they had two years of the lowest prices.

I do not intend to rehearse the operations of Mr. McFarland during the period 1930-35, one of the most serious times we ever had in Canada. The government of that day had a very difficult problem in handling the wheat situation. When the present government came into power they took over a surplus of wheat, and in 1938 that surplus had disappeared. We had a good price in 1937, and hon. members will recall that in 1937 the government set the Canadian Wheat Board Act aside. Some hon. members may recall that the Hon. Doctor Motherwell spoke on that matter on a certain very warm day in July, I think it was, and he had a little difficulty with his wearing apparel. However, he finished up by dressing down the government of the day very effectively and charged that they had set that act aside and made it inoperative by an illegal order in council. But it was not very long until this very government had to bring that act into operation again as it is to-day.

Following that, we had an inquiry, headed by Mr. Justice Turgeon, into the grain marketing business. I have here the report, which is very interesting, and in view of this motion I think it would be well to consider some of it. However, I will not take time other than to say that in the report of that commission there are findings to the effect that the Canadian Wheat Board Act be not set aside or wiped off the statute books. Further, there was evidence submitted that the grain exchange could serve no useful purpose in times of emergency. Have we not an emergency to-day, and if that statement applies, what useful purpose can the grain exchange serve? In this time of war I think the government should be in full control. The wheat board is there; they have all the facilities to handle all the grain marketing business which to-day they are controlling by a permit and quota system of delivery, and one might say they have full control. I think the United Kingdom has also some say in the matter, since that is where most of our wheat has to go. I believe there are agents of the United Kingdom in Canada to-day who dictate to the board to whom

they shall deliver export wheat, where it shall be transferred for shipment, and in what ships it will be carried. So that the open market has very little control over the marketing of our wheat. It appears to me that under present conditions the United Kingdom more or less controls the wheat board.

Something has been said about speculators and what has happened recently on the Winnipeg grain exchange, in regard to the price of wheat. We have had a statement from the Minister of Trade and Commerce (Mr. MacKinnon) to the effect that they have issued permits for the export of wheat and certain coarse grains, and yesterday we learned the number of permits issued and the number of bushels that have been exported. This is further proof that this organization must be controlled, and it would seem that this government and the wheat board are issuing permits for that purpose. I think this afternoon the Minister of Trade and Commerce might have given us a little more information. He referred to the fact that the committee on agriculture will not meet to consider the report of the wheat board for some little time yet; and even when it does meet to consider the last report it will be of very little value, since that report goes only to the end of the 1942 crop year. The minister should have told us exactly where we stand in regard to the wheat that is carried to-day by the wheat board; the number of options they hold; the amount of cash grain they hold and the position it is in; the amount of advances, and so on. We cannot deal intelligently with this question unless we have that information, and now it seems the minister is taking the stand that we shall be able to deal with the report only up to the end of the 1942 crop year, so that we shall not be able to get any very useful information for this session.

I do not intend to refer at any great length to what the Minister of Trade and Commerce has said. He seldom makes a statement to the house, though on many occasions I have tried to get him to do so. We did have a statement from him to-day, in which he dealt with certain matters and referred to the problems which the wheat board has to meet. Of course it has problems, but he says that those problems arise at least in part from the recent advance in price. If the wheat board is in full control, it need not worry about advances in price. The export markets are the ultimate destination of our wheat, and the wheat board should control that wheat. The minister referred to coarse grains and the recent increase in prices, and said he hoped those increases would go to the farmers; but he added these words, "after a fair profit to the middleman". Who is the middleman? With the wheat board in full control, operating for the benefit of the people of Canada and the farmers in particular, why should there be a middleman who must have a profit? And the minister says it must be a fair profit. What is that profit? That is what we should like to know.

Mr. MacKINNON (Edmonton West): The ordinary commission.

Mr. PERLEY: All right. To-day I think the service charges are 3¼ cents, and they are getting storage on top of that.

Mr. MacKINNON (Edmonton West): Nonsense.

Mr. PERLEY: What is that?

Mr. MacKINNON (Edmonton West): Did I understand the hon. gentleman to say that the service charge is 3¼ cents?

Mr. PERLEY: No; the complete service charge the grain men get is 3¼ cents; but there is part of that service charge which might be included in the brokerage fees which they cannot explain. I recall one occasion when the Minister of Mines and Resources (Mr. Crerar) took about half an hour of the time of this house in an attempt to describe the useful service which was rendered in return for the service charge which is collected in addition to the usual commission.

This afternoon the minister said the increased price was brought about by purchases in order to complete or fulfil contracts by grain companies for export. Here again we should have more information as to the operations of the board. The wheat has been delivered to the board, a great part of it coming direct from the combine or the thresher. How much has the board sold? Have the grain trade bought options from the board? Are there buying and selling transactions going on to complete trades and balance their accounts in the clearing house? These are a few of the things we should know in order to find out just how we stand. The minister suggested that there might be a new policy, and yesterday he said it might be brought down within forty-eight hours. To-day he tells us that he still hopes to make an announcement in the near future, perhaps almost immediately. He went to some little trouble in an attempt to explain the benefits of the open market. I think he will have a great deal of difficulty in explaining any benefit the open market gives to the

ordinary man in western Canada, for if I had time to-night to review this report, I believe I could show that the exchange serves almost no useful purpose.

Early in January the Canadian Federation of Agriculture submitted some nine points to the government. The Minister of Agriculture did not deal with those points in his address to-day, but he has attempted to excuse the action or lack of action on the part of the government and in a roundabout way has suggested that some of the proposals advanced by the federation might be adopted. I hope that may be so, because I think those nine points were very good.

Mr. GARDINER: They are dealt with in the letters.

Mr. PERLEY: Well, we hope that before too long they will be embodied in legislation of this house, so that the farmers may know exactly what position they are in. The Minister of Trade and Commerce said something about storage on farms, which I have consistently advocated in this house for the last two years. I was glad to hear him say that something may be done in that regard. He was not very definite, but he says there is a possibility.

I maintain, Mr. Speaker, that the whole situation is too indefinite. We want some straightforward policy that can be understood, and there is a great deal that could be done. Here we have the wheat board in control of the whole situation, in complete charge of all the wheat marketed in Canada. I would be prepared to go a little further than most hon. members, and suggest that the government could issue currency on the security of this wheat. I remember that some time ago the hon. member for Rosthern (Mr. Tucker), who is now in uniform, supported my suggestion that currency might be issued against that wheat, in order to save the payment of interest. Just at this time when money is being made available to industry, I think that is something that could be considered by the wheat board, for I am sure it would bring about a considerable saving. The government put through this house legislation providing for a gift of a billion dollars to Britain for the purchase of supplies, and I cannot see why some of that money could not be devoted to the purchase of wheat, with the government in full control at all times.

The amendment moved to-day by the hon. member for Weyburn (Mr. Douglas) is very good as far as it goes, but I do not think it goes far enough. Therefore, Mr. Speaker, I move the following subamendment, seconded by the hon. member for Souris (Mr. Ross):

That all the words after "that" in the amendment be struck out and the following substituted therefor.

"The policy of the government with respect to the marketing of Canadian field crops is detrimental to the public interest, and that steps should be taken forthwith to provide for the marketing of coarse grains as well as of wheat, by the Canadian wheat board, within the provisions of the Canadian Wheat Board Act of 1935 and amendments thereto; and that action should be taken immediately to abolish trading on the Winnipeg grain exchange in order to prevent speculation and profiteering at the expense of the farmers.

I think that covers the situation. We have the Canadian Wheat Board Act, with the wheat board in control. They should take over not only wheat but also coarse grains, and the Canadian Wheat Board Act of 1935 should have full force and operation.

We have heard to-night from the Minister of Agriculture (Mr. Gardiner) with respect to the coarse grains situation. He has pointed out that there will be a considerable carry-over. Therefore, in order that there may be full control and that everything possible may revert to the farmer, I suggest that this subamendment should be accepted. Then the government could apply its new policy, which we expect to hear from the Minister of Trade and Commerce (Mr. MacKinnon). We have heard from the Minister of Agriculture to-night that something is coming. Let the government review this subamendment and put it into force, because by so doing they will cover the situation and be a real Santa Claus to the people of western Canada.

It is not necessary to speak at further length. I have discussed at considerable length some of the important phases of the whole question. To-day's discussion has been along similar lines. Of necessity it could not be otherwise. I hope the government will see fit to adopt the subamendment.

Mr. J. A. ROSS (Souris): Mr. Speaker, as the seconder of the subamendment I assure the house I shall be brief. Since coming here in 1940 I have taken every opportunity to advance arguments on behalf of western grain producers. I do not intend to repeat those arguments to-night.

First of all, may I congratulate the hon. member for Moose Jaw (Mr. Ross) upon the speech he completed this afternoon with respect to agricultural research. I have listened to many such arguments in the past. A few years ago, the Hon. D. G. McKenzie, the provincial minister of agriculture who served under Mr. Bracken, made a study of what might be done with the by-products of

grain or cereal crops. He carried out his studies not only as minister of agriculture, but later as vice-president and general manager of United Grain Growers and again, later, as president of the Canadian Chamber of Commerce. He was keenly interested in the matter and had dealt with the vast majority of the arguments set forth by the hon. member for Moose Jaw. I am sure all agriculturists in Canada are very much interested in agricultural research, such as suggested by the hon. member.

However, I was not able to follow with the same degree of appreciation some of his other arguments. He told us about the operations of the Winnipeg grain exchange, and tried to create the impression that they were responsible for the price of wheat which prevails to-day. I was happy to think that the Minister of Trade and Commerce (Mr. MacKinnon), when he spoke, to some extent contradicted that argument, because he admitted that the Canadian wheat board had been a party to the great majority of trades which had taken place on the grain exchange recently.

Mr. MacKINNON (Edmonton West): They gave the wheat.

Mr. ROSS (Souris): Yes, they had been a party to it. And probably they, more than any other organization, were responsible for the price existing to-day, and could have accomplished the same thing by negotiation, without the grain exchange at all.

Speaking this afternoon, the hon. member for Moose Jaw went on to explain the great fire sale of wheat which Mr. Murray put on when he became head of the Canadian wheat board. I do not think I should rehearse the history of those transactions at this particular time.

Then I followed rather attentively the speech of the Minister of Agriculture (Mr. Gardiner), in which he set forth his programme for 1943, and pointed out that the only changes made were with regard to flax and wheat. I believe he should have elaborated a little more with respect to hard and durum wheat, because the statement made yesterday by the Minister of Trade and Commerce certainly leaves a bit of doubt in the mind of the wheat producer as to whether he should concentrate on the production of durum or hard wheat.

Mr. GARDINER: In order that there may be no misunderstanding, if I understood the Minister of Trade and Commerce correctly —and he will correct me if I did not—his statement was very definite on the point, namely, that his provisions applied only to durum wheat produced in 1942, and not to what is produced in 1943.

Mr. MacKINNON (Edmonton West): And that for the next year the restrictions will come into force.

Mr. ROSS (Souris): That is, that there might not be any demand for durum wheat next year, as there has been in the past. It is just temporary.

When the Minister of Agriculture was speaking this afternoon he criticized those who credited the prevailing weather conditions for the grain crops, and he suggested that either he or the government should be given some credit. When he spoke I was reminded of a story that is told in my part of the country. I live right next to the Saskatchewan boundary, and I am occasionally informed as to what takes place in that province. The story is told that in one of the drought years a school teacher in southern Saskatchewan, after seeing a little shower of rain come up, quizzed the children as to who was responsible for it. After much hesitancy one little child put up a hand and said, "Please teacher, the Lord is responsible for it." But another child became very indignant, and she said, "You young C.C.F'er, you should know better than that; Jimmy Gardiner is responsible for the rain." I did not think the story was so original until I listened to the minister this evening.

I do wish to agree with what was said by the Minister of Agriculture about what has been accomplished under the Prairie Farm Rehabilitation Act in the prairie provinces. Working with the minister as a member of an advisory committee, before coming to Ottawa, I had some experience in the matter, and on several occasions I have taken advantage of the opportunity to set forth what has been accomplished under that act, and what still may be accomplished not only in the prairie provinces but throughout Canada. I think there is great possibility in the reconstruction period, provided of course that we win the war, as I hope and trust we will. That board, by spreading out, can accomplish a great deal for the people of Canada. The act was brought in by the Hon. Robert Weir in 1935, and I am glad to see that its operations have been continued by this government. I have no doubt it will continue to operate for some time in the future. It has made a tremendous difference to the lives of many people in the prairie provinces.

We have had many discussions in the house about the price ceiling and parity prices. I do not wish to repeat the argument as to how

they affect the agricultural producer, but I must say that in my opinion there is no class of people in Canada to-day who would benefit as much by inflation as would the farmers. There is no argument about it. Nevertheless I as a farmer am in favour of the anti-inflationary policy in order to safeguard the welfare of the salaried people of this country, provided that parity under the price ceilings is granted to all classes throughout the dominion. I think they are justly entitled to that parity.

I remember a grain inquiry which was conducted by Mr. Justice Turgeon. It held sittings throughout Canada, and at its Winnipeg sitting I presented a brief on behalf of the Manitoba Union of Municipalities. The present Minister of National Defence (Mr. Ralston) was counsel for that commission throughout its sittings. In presenting his findings, Mr. Justice Turgeon declared that in his opinion the grain exchange would render no useful purpose during a war crisis. I just mention that now on account of the present situation, where we have in the inner councils of the government to-day the man who was counsel for that grain inquiry commission. I think the finding of Mr. Justice Turgeon should be borne in mind.

Mr. HANSON (York-Sunbury): The Minister of National Defence probably wrote it.

Mr. ROSS (Souris): He probably had something to do with it.

In seconding the amendment proposed by the hon. member for Qu'Appelle (Mr. Perley), which I trust the government will accept, may I say that the vast majority of the farm producers in this country want the Canadian wheat board to handle their coarse grains. The initial price to be paid by the board on oats and barley should be the present maximum allowed under the ceilings, and participation certificates should be issued to the producer on the same basis followed in regard to wheat, so that if any profit is made over and above the initial price the producers will share in the returns.

I have cited the finding of Mr. Justice Turgeon that the Winnipeg grain exchange can render no useful service during this war crisis. May I add in conclusion, that the farmers represent one-third of the population of Canada, and a very great percentage of them are grain producers. I believe that the amendment represents their wishes, and I trust that the government and parliament will give it due and proper consideration.

Mr. JEAN-FRANCOIS POULIOT (Témiscouata): Mr. Speaker, if I were living in the constituency of Qu'Appelle, Saskatchewan, I would undoubtedly vote for the present sitting member (Mr. Perley). I have no prejudices. If I were living in the electoral district of Melville, Saskatchewan, I would vote for the Minister of Agriculture (Mr. Gardiner). But of course I am not a citizen of Saskatchewan. I am an easterner, and may I be permitted to-night to express the views of an easterner with regard to the wheat situation.

I have the highest regard for my good friend the Minister of Trade and Commerce (Mr. MacKinnon), but I have never understood why wheat was separated from other agricultural products and was placed under the jurisdiction of the Minister of Trade and Commerce, while all other agricultural products come under the jurisdiction of the Minister of Agriculture. Second, I do not understand why in the last twenty years no easterner has been appointed Minister of Agriculture in the federal government, and I say that without intending to cast any reflection upon any of those ministers. I remember that in the time of Sir Wilfrid Laurier the Minister of Agriculture in the federal government was doubly an easterner. He came not only from eastern Canada but from the eastern townships in eastern Canada. That was the late Hon. Sydney Fisher. And the first Minister of Trade and Commerce was that great Liberal fighter whose name is not forgotten by any true Liberal, especially in Ontario, Sir Richard Cartwright. I will go further and say that if I were a constituent of Moose Jaw I would undoubtedly be filled with enthusiasm by the eloquence of the present sitting member (Mr. Ross), and would vote for him with my two hands.

Wheat is the food par excellence. When I was a child I was told by my grandmother never to waste bread. I remember also that one of the greatest kings of England told his son never to indulge in wheat speculation because it was unfair to the poor, and he reprimanded him for doing so.

Listening to the speeches, and they have been most interesting, which have been delivered by all those who have spoken on this question, and reading *Hansard* to become more familiar with the arguments made by each one of my hon. colleagues who have discussed the matter, I feel that one must come to this conclusion, that in the wheat business the great offender is neither the producer nor the consumer; it is the grain broker;

it is the Winnipeg grain exchange. That is the conclusion of the argument that has been made.

I remember that during the last war our western producers were supreme in the British market. At that time they had no competitor in South America. I also remember very well an article that was published in a Toronto paper by the late Hon. Frank Oliver who had been Minister of the Interior in the Laurier government—he was a westerner too—to the effect that the west had killed the goose that laid the golden eggs. He meant by that, that westerners had themselves been responsible to a large extent for the loss of the British market for grain as a result of the exorbitant prices that were charged to British consumers. The authority is good; it is that of a man who knew the west better than perhaps, any one of his contemporaries. I remember that when Mr. Bennett was in power, the then member for Rosetown-Biggar, Mr. Loucks, who had a seat somewhere near here, was laughing and jeering when I was saying that. But it is a fact that the British consumer was exploited by those who were selling wheat to him, and that is precisely the reason why such an amount of British capital has been invested in South America, particularly in the Argentine republic, for the growing of wheat. Was it the western farmer or the western broker or the Montreal broker or the London brokers who were responsible for that exploitation of the British consumer? It is not for me to tell. The facts are there. But the fact remains that the British consumer has been exploited by the westerner, and this is the reason why new fields of wheat have been cultivated in South America.

We have heard a great deal about markets —markets which were not defined. What is the market now for our wheat? The first market for Canadian wheat must be our own country. Very few hon. members have mentioned that Canada is our own market for wheat. The second is all friendly countries where Canadian exports are possible. Of course there is a limitation on account of the war. But wheat is not perishable when it is not exposed to moisture; it keeps for a long time. Hon. members must remember photographs which were published in several periodicals showing wheat which was preserved in good condition in King Tut's tomb. Wheat may keep for a long time; and if at the present time we have at our disposal the markets of friendly countries, why not keep a reserve of wheat for the bad days which will follow the war, when Canada will have an opportunity to export wheat not only to friendly countries with which we can deal now, but also to friendly countries which are now occupied by the enemy, and even to enemy countries? If my memory serves me aright, I cannot offend the patriotism of any of the Progressive Conservative party or group by saying that, because the very last provincial government of Canada to export wheat to Germany, on the eve of the war, was precisely the government of Manitoba which was then headed by the new chief of the Progressive Conservative party, and he did it under a barter arrangement, exchanging that wheat for some machinery. But that happened on the eve of war. Do you not think, sir, that, as soon as the war is over, the first policy of all governments will be to deal as much as they can with all countries of the world, whether they have been friends or enemies? Therefore, future trade must be considered, and trade may do a great deal in the fixing of the price of wheat.

I cannot understand the various policies of various governments on wheat; they have been so contradictory that they make one seasick. Think of it! We had every sympathy for the westerner when he suffered from the drought. On the other hand, instead of the farmers of that area being moved to more fertile parts of the province or of the country, enormous sums were spent for irrigation and to restore the fertility of that dry soil. That was done, and after it was done to increase production, what was the next step? Farmers were paid not to cultivate wheat. It is absurd. On the one hand, all the irrigation works to improve that area which suffered so badly from the drought; on the other hand, curtailment of the production of wheat. Each of these policies is in conflict with the other. It shows that if one plan was good, the other one was wrong. This is a thing which I cannot understand.

Another thing which I cannot understand is the picture which the Minister of Agriculture has made of the west without saying a word of the east. According to what he has said, the western provinces are the Garden of Eden of Canada. I do not deny it; it may be true. But we easterners have been told for such a long time that we must consider Canada as a whole as our country, that I find that the speech which was made this evening by the Minister of Agriculture is rather parochial. This is why I would have voted for him if I had been on the electoral list of Melville. According to him, we are doing everything in the west; we are feeding the world; it is the prairie provinces that do that.

An hon. MEMBER: Hear, hear.

Mr. POULIOT: I do not deny that the prairie provinces are doing their part, and I congratulate them upon that. But, as one comes east, Canada does not stop at the great lakes. Canada is a country that extends from coast to coast. If this speech had been made by a minister of agriculture from the east, the excuse would have been made that he was catering to the west. But it was made by a gentleman who comes from the west and who is talking only for the farmers of the west. That is not fair treatment for the farmer who toils in the east.

We hear the old story of the feud between the east and the west. We hear the question: Who has done more for the economic life of this country? The westerner says, "We have been enriching the east," and the easterner says, "We have been paying for the west." That is the whole story. Nobody cares, and the feud goes on and on and on; there is no end to it. We hear the same story every session. I have stated before that the western farmer has received privileged treatment from all governments since I have been a member of parliament. It was worse under the Bennett regime, but it was continued by Mr. Dunning as Minister of Finance. Hon. members will remember what happened. In the first place there was a guarantee. That guarantee then turned into a loan. Finally the guarantee which has a metamorphosis and emerged as a loan, ended up as a gift. To use a botanical expression, it was just like the dandelion which had changed three times.

Why was the same treatment not given to Ontario and Quebec? The reason was that these two provinces were too proud to say that they were insolvent. The western farmer went to his municipal council and said, "I need help; I am broke." The municipal council went to the province and said, "We need some help; we are broke." Then the provinces came to Ottawa like the burghers of Calais with ropes round their necks and said, "We are all broke; we need something." Because the eastern provinces did not use the same method of trying to get subsidies, they got nothing. It was thought that they did not need it, that they were not insolvent. The open sesame for the exchequer was insolvency. As soon as that was pleaded, all doors were opened and the money flowed into the hands of the western producer. It may look strange, but that is a fact. I asked Charles Dunning about the payment of interest on the loans, and I asked him if any of the capital had been paid in Saskatchewan. He said none had been paid and also very little interest. Apparently Saskatchewan was the worst offender. Why, I do not know. That is the way in which the farmer of the west has been aided. He has been given every opportunity, opportunities which have been denied to the easterner.

How long does it take the easterner to get coarse grains from the west for feeding purposes especially for the raising of hogs? It takes a long time on account of traffic conditions on our railways. The situation is so bad that our farmers cannot get grain from the west. Then we talk about export trade. How can we export out of Canada when we have not sufficient means to transport this grain to the farmer consumer? There is no reason why the eastern farmer should not be given the same subsidies and the same help that is given to the western producer. We are three thousand miles closer to Great Britain. There are harbours and ports on the St. Lawrence with every possible loading facility; yet they are not used. There should be an energetic policy drafted and acted upon at the earliest possible opportunity.

I referred to the feeding of hogs, but there are some human beings who need grain more than do hogs. There are many people in the large eastern cities and in other centres of the east who do not have enough to eat. Why does the Department of Agriculture not see to it that rolled oats are made from oats, and flour from wheat, and then send these products to the needy people in this country wherever they may be, whether in the east or in the west. That is a humane policy to adopt. There are many needy cases. During the Christmas season the greatest paper published on this continent, the New York *Times*, gives details of many needy cases in the United States metropolis, and eloquent appeals are made for charity.

In my humble view reforms are needed in connection with this wheat question. In the first place the link between the producer and the consumer should be shorter. It should be easier for the consumer to get wheat and other grains produced by the western farmer. We give wheat to other friendly countries; there have been large shipments made to the United Kingdom as gifts. Why not serve our fellow citizens when we can do something for those outside this country? You do not know, sir, how painful it is to think that Canada at the present time is a forgotten country. It is a country where the man in the moon lives. It is a country that is out of the planet where war is raging. Let us not forget that our first duty is to our fellow citizens, that we must think of them first. What was the first thing that that great Liberal, Franklin D. Roosevelt, did in the United States to improve the health

of the American people? It was to feed them, to feed them well, to give them good food. That was his first step for national recovery. In this land of plenty there is no excuse for not following such a wise example, to see to it first that our fellow citizens shall eat flour from the west, eat rolled oats from the west. They should get it very easily. I do not wish to cause any embarrassment, but I could go further. Why do we not make better use of grain? Why is better use not made of grain for liquor, for instance for gin? Some hon. members perhaps find it amusing, but it is much deeper than that, for two reasons. In the first place in a previous session I had an opportunity to mention a certain concoction that is a compound, called compound gin, because it is not gin. The formula for gin is that it is a liquid made of the distillation of grain, redistilled with juniper berries and other aromatic herbs. When I was denouncing the way in which compound gin is concocted, western members did not think at the time that I was fighting their cause.

Mr. MacNICOL: Can western wheat be used to make gin?

Mr. POULIOT: No; they can make it of barley and rye, but it must be grain. The formula does not mention any special kind of grain. But to prevent the hon. member for Davenport (Mr. MacNicol) from being poisoned, I will tell him how compound gin is manufactured. After the sugar is extracted from the sugar cane, there is a certain amount of trash left. It is that trash, which formerly was swept away, that they are now redistilling to make a kind of alcohol that is something like industrial alcohol, which is then mixed with a kind of syrup like cariboo, and it was advertised as pure gin at the expense of the western farmer and at the expense also of public health. I regret that that practice was not stopped and that the department concerned did not stop that false advertising of a compound as genuine gin. I could say much more about it, but I may have other opportunities. It is like a novel; there are some incidents that may have more of the picturesque than words can describe.

Now, sir, is it possible for the Canadian farmer of the east to have equal rights with the western farmer?

An hon. MEMBER: No chance.

Mr. POULIOT: My hon. friend says, "no chance." I should like to have him as minister of agriculture. I know him; I have been in his county speaking for him, and if I am invited I will go again. I have a great admiration for him. I wonder if it will be necessary to have an easterner as minister of agriculture in order to have fair play for the eastern farmer. I hope the present minister will in due course show that he is wise enough to understand the eastern problem as well as he has the western problem, and since we are giving away millions of dollars to other countries, why not give the eastern farmer as much as has been given in the past to the western farmer?

Mr. SPEAKER: I propose to deal now with the relevancy of the amendment moved by the hon. member for Qu'Appelle (Mr. Perley). If any hon. member wishes to speak on that point, will he do so now?

The motion is that the house go into committee of supply, to which an amendment was moved by the hon. member for Weyburn (Mr. Douglas), seconded by the hon. member for Melfort (Mr. Wright). A subamendment was moved by the hon. member for Qu'Appelle (Mr. Perley), seconded by the hon. member for Souris (Mr. Ross):

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

"the policy of the government with respect to the marketing of Canadian field crops is detrimental to the public interest, and that steps should be taken forthwith to provide for the marketing of coarse grains as well as of wheat by the Canadian wheat board, within the provisions of the Canadian Wheat Board Act of 1935 and amendments thereto; and that action should be taken immediately to abolish trading on the Winnipeg grain exchange in order to prevent speculation and profiteering at the expense of the farmers."

The subamendment differs from the original amendment. In the original amendment all that is asked is that the house desires to record its opinion that the grain marketing policy of the government is detrimental to the public interest. In the subamendment what is asked is that steps should be taken forthwith by the government to provide for the marketing of coarse grains. That is a matter involving public expenditure as I indicated last night when dealing with the amendment made by the hon. member for Melfort (Mr. Wright), and I therefore rule it out of order on the ground that the expenditure of public money could not be moved by a private member.

In his new book on Parliamentary Rules and Forms, published by our Clerk, Doctor Beauchesne, which I now have before me, the third edition, 1943, will be found on page 710 a decision given by Mr. George Black, then speaker of the house and now the hon. member for the Yukon. That decision stated:

A private member cannot move, on the motion that the Speaker leave the chair for committee of supply, an amendment to the effect that the

government should proceed without delay with a certain undertaking involving an expenditure of public money.

The subamendment is in almost the same words, or at least the conclusion would be the same. The words are, "that steps should be taken forthwith", whereas in the decision of Mr. Speaker Black the words were, "that the government should proceed without delay." In that instance there was some question in regard to the legality of a claim by the province of Quebec, which of course would involve a certain sum of money, and also a question in regard to the incorporation of the Beauharnois Light, Heat and Power Company. A point of order was raised, and Mr. Speaker Black ruled it out of order. In his opinion the resolution if passed would be a direct order from the house to the government to do certain things which would involve an expenditure of public money. Therefore he held that such a resolution is not in order when moved by a private member.

Further in Beauchesne, third edition, paragraph 461:

On the 20th February, 1926, a member moved that the government be requested to "immediately" introduce legislation granting adequate retiring allowances to all citizens over sixty years of age. The Speaker ruled the amendment out of order on the ground that it involved the expenditure of public money. An appeal was taken from this decision but the house approved the Speaker by a vote of 158 to 2.

In my judgment, therefore, the subamendment involves the expenditure of public money on the part of the government and cannot be introduced by a private member. Therefore I rule it out of order.

Mr. GRAYDON: In regard to the ruling just given by Your Honour I should like to make this observation. I take it there is no objection to the moving of an amendment to an amendment on going into supply. That principle, I think, is well established and has been followed by this house on many occasions. The point just raised by Your Honour, however, I think might properly be given further review in this case. The amendment to the amendment which has been moved by the hon. member for Qu'Appelle (Mr. Perley) is in these words:

The policy of the government in respect to the marketing of Canadian field crops is detrimental to the public interest, and that steps should be taken forthwith to provide for the marketing of coarse grains as well as of wheat by the Canadian wheat board, within the provisions of the Canadian Wheat Board Act of 1935 and amendments thereto; and that action should be taken immediately to abolish trading on the Winnipeg grain exchange in order to prevent speculation and profiteering at the expense of the farmers.

[Mr. Speaker.]

With very great deference I would point out to Your Honour and to the house that with some regret, if I may say so, I find myself unable to agree with your ruling in this instance. While it may be said that we in this house long ago adopted the principle that a private member may not move an amendment such as this which involves the expenditure of public money, at the same time I would suggest that this amendment does not fall within that class. The Canadian Wheat Board Act, which is chapter 53 of the statutes of 1935, contains the following as section 14:

The governor in council may approve of the provisions of this act being made applicable to oats, barley, rye or flax produced in the provinces of Manitoba, Saskatchewan, Alberta and British Columbia, if the board recommends that such approval be given, whereupon the provisions of this act shall *mutatis mutandis* apply to such kind of grain as they apply to wheat.

My point is that under that act the principle actually has been adopted and approved by the parliament of Canada, and that principle having been adopted and approved, then I suggest that Your Honour should not find that this amendment would mean the expenditure of additional public funds, which is the point dealt with by the rules. For that reason I find myself unable to agree with your decision, because in this amendment we are not departing from the rules to an extent which would actually mean the adoption of the principle of expending public money on the motion of a private member, since the principle at issue already has been approved in the act which is mentioned in the amendment itself. If the amendment had not included those words; if it had not specifically mentioned the provisions of the Canadian Wheat Board Act, then I think we might perhaps have been able to accept the ruling Your Honour has seen fit to deliver, but with great deference I suggest that in this instance the amendment to the amendment does not actually involve the expenditure of public money which has not already been approved by the parliament of Canada.

That being the case, I would respectfully appeal from Your Honour's ruling.

Mr. RALSTON: I do not know whether or not the matter of the appeal is debatable at all, but after the ruling was given my hon. friend raised the point, and it seems to me that if he really means that there is to be a formal appeal, one might have an opportunity of saying just a word in regard to it.

My hon. friend has indicated that Your Honour's ruling is not valid, because, as he suggests, in the Canadian Wheat Board Act

there is provision for the marketing of coarse grains by the board, provided it is so ordered by his excellency the governor general in council. That is exactly the point. His excellency the governor general in council, that is to say his excellency's advisers, may order the marketing of coarse grains by the wheat board and the expenditures which would be occasioned, but that does not involve the principle that a private member of this house, who is not one of his excellency's advisers, has a right to attempt to commit this house, without motion of his excellency's advisers, to such a course. It seems to me that my hon. friend has entirely missed the point, that it is the governor in council that has the power under that act.

Mr. GRAYDON: The principle has been adopted in the act.

Mr. RALSTON: The principle has been adopted of permitting his excellency's advisers to decide whether or not such an action should be taken.

Mr. SPEAKER: I permitted the leader of the opposition (Mr. Graydon) to make his remarks, though I had invited any hon. members who had any remarks to offer to make them before I gave my ruling. It is quite irregular to have a Speaker's ruling the subject of discussion after the ruling has been given. The only reason why I permitted it was to give the leader of the opposition an opportunity to show me how, in his opinion, my judgment or opinion was wrong. Naturally, had it been made clear that my decision was wrong, I should have been glad to be corrected.

Having listened to the leader of the opposition, I did notice that in the course of his remarks he referred to an amendment such as this—and I think these are his exact words—"which involves an expenditure," stating that it did not come within the purview of the principle I endeavoured to apply last night, and in the present instance. The provisions of the Canadian Wheat Board Act, 1935, are subject to the judgment and control of the government operating the act. If there is an expenditure to be incurred under that act, it must necessarily be approved by the government. And if the government feels an expenditure is required, then, of course, according to the principle which is well established, and which has been recognized at all times, the government alone can deal with the question of public expenditure, and private members therefore cannot.

In the decision I quoted of Mr. Speaker Black the same ruling was established, and was recognized by the house. Nothing has been said to change my opinion as to the soundness and validity of the ruling I have given. I therefore must rule accordingly.

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Speaker, I am glad of the opportunity which this debate affords me to make some further remarks on agriculture. As stated many times in this house, farming is essential to the prosecution of the war. It supplies the soldiers with food, clothes and lodging. It feeds the war industry workers and the civilian population. Will Canada, an outstanding wheat-producing country, let its government wreck agriculture by depriving it of its best workers? No member of this house can think of the agricultural overproduction which is now so urgently needed without thinking also of the thousands of farmers who are still in military training camps.

What happened last year at wheat harvest time in the prairie provinces? Wheat producers even had to enlist the help of students from the east in order to harvest their crop. Those young men, most of whom had no experience, have done their work with matchless devotion. But how many bushels of wheat have been lost through the labour shortage? In many areas of the west the wheat crop was snowed under before the producer could harvest it. That did not happen only in the case of the wheat crop in the prairie provinces. In British Columbia thousands of barrels of fruit could not be picked. That was also true in the Niagara peninsula and in countless other areas in the eastern provinces.

Should the government not be condemned for having thus failed in their duty to the producer, the consumer and the army?

At a time when we ration the food that is so essential to our hard-working fighters, at a time when Canadian soldiers cannot have the foodstuffs that are essential to their health and sustenance, we are witnessing the sorry spectacle of our wheat and fruit crops being spoiled. Is it to be wondered that sugar, butter and meat should everywhere be so scarce? That is the price paid for the carelessness of a government which has denied to farmers complete and definite exemption from military service. Such are the disastrous consequences of a short-sighted policy which persists in refusing to withdraw from military camps and send back to the land the thousands of farmers who are still in training. Of what use is the short six-week leave announced by the Minister of National Defence (Mr. Ralston), a leave granted without pay and without travelling allowances to some classes of men, and in such a small percentage that it borders

on cynicism? Will the government never be able once for all to forgo half-measures and face the situation squarely? Opportunism and laissez faire have prevailed for too long under the present administration who, taking advantage of the secrecy of the cabinet, govern by orders in council, over the head of parliament. On March 12 last the cabinet passed an order in council to authorize sending overseas recruits called up for the defence of Canada and of Canada only. This house was not informed of this fact until ten days later. It is alleged that such action is for the defence of democracy. And these so-called defenders of democracy trample underfoot responsible government and democracy itself. How many farmers are there among these young soldiers who are sent to Jamaica and to Newfoundland? We shall never know. Secrecy will forever veil this great adventure that history itself will record among the unfulfilled promises.

Speaking in this house on March 23 last, the hon. member for Bonaventure (Mr. Poirier) alluded to the speech I made on March 9 in this house. I am grateful to the hon. member for all the kindness and all the interest he shows in connection with my statements. However, my hon. friend ought to know—as he probably does—that at the time I was speaking on the price of wheat flour, I had in mind the conditions in which not the wholesaler nor the federated cooperative, nor even the small retailer, but the consumer of my locality found himself and who, I repeat, pays almost $4 per 100 pounds for wheat flour, or exactly $3.75 and $3.90.

I would remind my hon. friend that in my constituency wheat sells at $1.70 per hundredweight. I know something about it as I have been keeping poultry for a number of years. For laying mash the consumer pays $2.90 while Growena or chicken feed sells for as much as $3.10 and $3.15 per hundredweight. I will not accuse my hon. friend, as he accused me, of deceiving Mr. Speaker and the house. But I do not mind saying that the hon. member misrepresented me and gave my words a meaning which they have not or never had. Since my hon. friend takes offence because I stand up for the consumer and the farmer against the great millers and the bogus middlemen who have both been exploiting them for many years, I suggest in all good faith that he himself provide better protection for the fishermen and the farmers of his constituency against the mobilization act. My hon. friend will recall that, on February 19, 1942, when he voted against our amendment asking for the exemption of his constituents from military service, he accepted in principle the mobilization and conscription of his own people.

[Mr. Lacombe.]

Incidentally, I may say that I hold the hon. member in high esteem and I feel sorry if his attitude has forced me to restate this question. I decline all responsibility for the matter. He shall answer for his attitude to his constituents. I decline all responsibility in the matter except I have only discharged a splendid duty to the farmers and fishermen of Bonaventure, Laval-Two Mountains and the country as a whole.

Mr. Speaker, I am no flatterer and I take no part in the vast concert of praise being performed on fiddles big and little. I shall support worthy measures from any quarter and oppose any policy which I consider inimical to the country's interests. Honourable members who take part in this debate are fully justified in condemning the government's attitude toward the wheat producer. When a country spends or makes an outright gift of billions after its government has made bold to subsidize acreage reduction; when a nation rations the necessaries of life and then goes so far as to pay the producer for stopping production, when we think of the sordid bill of fare of the poor whose families are always larger than those of the rich; when we see the Canadian mother's inability to perform the miracle of providing her ten, twelve or fifteen children with the sugar, milk, butter and meat required for their normal growth and development, are we not justified in asking ourselves what sort of country we are living in, what sort of government we have, and if we are not threatened by famine, ruin and disaster?

Mr. ROBERT FAIR (Battle River): Mr. Speaker, I had not intended to speak again in this debate, but certain statements have been made which I feel it is my duty to correct in order to keep the record straight. One of the last offenders was the hon. member for Témiscouata (Mr. Pouliot). He would give the house the impression that the west has received all the privileges, and the east the small end of the deal. I cannot agree with that, and for his information I would state that while the west has supplied most of the Ministers of Agriculture in past years since the hon. member has been in this house, the east has supplied the Ministers of Finance, and the Minister of Finance has generally made a very effective job of controlling the policies of the Minister of Agriculture. If the hon. member cares to investigate that statement, I think he will very easily be able to verify what I have said

Practically all the products that are marketed by the eastern provinces are at or above parity prices if you take the 1926-29 average as a basis. Butter is four cents up;

cheese is 6·1 cents up; eggs are 1·3 cents down; steers are 24 cents up, and hogs are 67 cents up. All of these products are marketed mainly by eastern Canada.

In the west we produce wheat and coarse grains below the cost of production and far below parity, and yet the government pays freight on our feed coming to eastern Canada. I will give the hon. member for Témiscouata some figures that he should have heard before this evening. Our wheat is down 54½ cents below parity; oats is down 9 cents below parity; barley is down 11·2 cents below parity, and rye is down 38½ cents below parity. These figures should be sufficient to indicate to the hon. member for Témiscouata that the east is getting its fair share and a little more. That is what is happening in agriculture.

But the hon. member for Témiscouata will also realize that western Canada contributes to the loan and insurance companies located in central or eastern Canada. He will also know that war industries are located in eastern and central Canada. So that, on the whole, eastern Canada is pretty well taken care of.

I want to thank the Minister of Trade and Commerce (Mr. MacKinnon) for the announcement he made yesterday that soldiers' grain will be taken care of in the case of those farmers who have been drafted into the army or have volunteered for active service. I was very glad to hear the minister make that announcement. I consider it only right that this action should have been taken because these men are already making their contribution without having to worry about their grain crops, which in many instances are lying under the snow at the present time.

The hon. member for Moose Jaw (Mr. Ross) as well as the Minister of Trade and Commerce and the Minister of Agriculture (Mr. Gardiner) suggested that members should not talk blue ruin. I will admit that. But they will also admit, I think, that members on the whole have stated cases exactly as they have found them in western Canada. Having lived in that province which is to-day leading the dominion in the production of hogs and other products, I am satisfied that any statement I have made here in connection with farming can be substantiated without any difficulty if anyone wants to take the trouble. Painting the picture as it is, is the only way to bring to the house matters as they actually are. I think that is the way to get these things rectified.

In connection with the prices of our grain, when the hon. member for Acadia (Mr. Quelch) spoke not many days ago in the presence of the Minister of Finance (Mr. Ilsley), the excuse which the minister gave for the low prices paid for grain was that there is a war on. But I would remind the minister that when he is buying munitions and other war supplies which are necessary, but no more necessary than the food which the soldiers and war workers eat, we are not told that there is a war on, because those who manufacture these articles are all paid cost plus. Why not extend the same principle to the farmers?

Then, the Minister of Agriculture told us last session that every cent which could possibly be taken out of the treasury for agriculture was being taken out; but I consider this a flimsy excuse. Why should the farmers not be treated the same as other groups in this country? They are not getting that to which they are entitled.

The Minister of Trade and Commerce is too modest to make any excuse, because he does not have one that is good enough for an hon. member from Edmonton to make.

This afternoon the hon. member for Moose Jaw (Mr. Ross) in his address, and also the Minister of Trade and Commerce, said it was remarkable that no references were made to elimination of the Winnipeg grain exchange. If these gentlemen will read a copy of *Votes and Proceedings* which was distributed to-day, they will find there a notice of a bill standing in my name, which I hope will be introduced to-morrow, to amend the Canadian Wheat Board Act. When that is introduced they will see that all hon. members are not satisfied to have the grain exchange operating.

I think the hon. member for Weyburn (Mr. Douglas) and the hon. member for Qu'Appelle (Mr. Perley) are indebted to me for placing this notice on *Votes and Proceedings*, for I observe that their amendment and subamendment have been lined up directly with this, and I am glad to know that I shall have their support when this bill comes up to be discussed and voted upon.

At the present time we have very able men at the head of the wheat board. I was most sorry to learn that less than two weeks ago the third member of the board passed out of the picture, but I have every confidence in the two remaining members and in the man who I expect will be appointed in the near future. I believe, as do thousands of other farmers, that the wheat board should handle all our wheat and coarse grains.

We have been told that if the grain exchange were not in existence, we would not have benefited by the rise of price of grain which we have enjoyed during the past ten days or two weeks. In contrast to that opinion,

I would say that if the grain exchange, and the influence it exerts through its friends, apparently including the government, were not in existence, we would be having a far greater price at the present time and would have had for many years past. I cannot imagine any other industry in Canada having an auction block or a gambling den to set the price of its product, such as the grain exchange establishes to set the price of farmers' grain. Can one imagine an insurance company putting its policies on the block and asking, "What are we offered to-day? What is offered as a premium for this policy to-day?" so that the price of the policy would depend mainly on the number of suckers that were in the crowd to boost or reduce the price of the premium? The same principle might apply to those who construct battleships, aeroplanes, guns and several other articles which are being used at the present time. I cannot conceive of any group being foolish enough to operate in that fashion, but because farmers are unorganized we are having this deal put over on us. Two commissions which investigated grain futures and wheat marketing in the past obtained sufficient evidence to show that the grain exchange could very well be dispensed with; and as a farmer for the past twenty-nine years in western Canada, I am quite satisfied that we can get along much better without the grain exchange than with it.

If there were sufficient time to-night, I could cite a number of abuses which existed in connection with the grain trade before the wheat board was set up away back in 1919. On another occasion when we are discussing this grain situation, and particularly the closing of the grain exchange, I may be able to throw a little light on some of the abuses which flourished at that time. We now have a wheat board, but I am not satisfied that such good results are being obtained as would be secured if everything were free to operate in a natural manner. The price has been artificially lifted during the past ten or twelve days. I ask, at whose expense? Whose grain was being marketed and traded to cause the price to fluctuate in the way in which it has in the past, and who, after all, will gain the benefit? Who reaps the advantage of the rise in the price of grain and the commissions by which the farmers have been mulcted in the trades that have been made; and who, after all, has supplied the commissions which have been made by brokers on the grain exchange, the salaries which have been drawn by their staffs, and other things in connection with this gambling den?

[Mr. Fair.]

Mr. M. J. COLDWELL (Rosetown-Biggar): In view of certain statements which have been made, I should like to make some comments.

First, the amendment which has just been moved puts again before this parliament the position which we have taken in this chamber on numerous occasions. There is no disposition on the part of any who sit in this group to play down the possibilities of western Canada, and particularly of the province from which we come. I want the house and the Minister of Agriculture (Mr. Gardiner) to understand that throughout the years which have gone by we have endeavoured to show the house why it was that western Canada was suffering under the disabilities from which it suffered, and to assure the people of other parts of Canada that, in spite of the dreadful years through which we passed in the nineteen-thirties, western Canada would again produce abundantly, given one requisite, namely, sufficient moisture, sufficient rain, or sufficient water.

I remember very well that in 1937, when I had the privilege of addressing a number of clubs in Ontario and other parts of Canada—Canadian clubs and so on—I thanked the people of the communities in which I spoke for the valuable assistance they had given to western Canada during our time of trial; and on every occasion I made the statement that, contrary to the opinion which was expressed in some of the newspapers and articles we were reading, western Canada would again produce in abundance.

I remember very well a statement made by the former leader of the opposition, the Right Hon. R. B. Bennett, years ago, somewhat to this effect, that no similar group of people in the history of the world had produced more new wealth in a like period of time than had been produced by those who settled the western prairies. When we look around we ask ourselves, of course, where has that wealth gone? That is why we constantly urge the government and this House of Commons to see to it that the commodity which is produced in such large quantities in the prairie provinces is given a price which bears at least some relationship to the cost of production and to the prices of the articles which enter into the production of that commodity. That has been our plea all through the years, and we intend to continue to make it until there is some recognition of it.

I submit this to the hon. member for Témiscouata (Mr. Pouliot) and others: When we are discussing this wheat problem let us not forget that on the prairies of Canada we have produced for years within an economy

in which the producer has had to buy his equipment and supplies at almost the highest possible price and to sell the commodity he produces in a market in competition with the same type of commodity produced under the lowest possible costs of production. The fiscal policies of all governments have militated against the region from which some of us in this house come.

I wish to say to my hon. friends to my right as well as to the government that I hope the day is not far distant when this terrible war will be over, when the world will return to a sane basis of trading, so that we may exchange commodities on a basis of equity rather than within the national financial systems and economies that have been competing against one another in the years gone by. I do not forget that it was during the regime of the Right Hon. R. B. Bennett when, in order that the parity of our dollar might be maintained with that of the United States and that Canada might cling to the gold standard, the western producer, as somebody said at the time, was literally nailed to a cross of gold. Wheat fell to below forty cents a bushel on the Winnipeg market. When we make a plea for adequate returns to the people who produce this vital commodity we consider that we are amply justified.

I am sorry to say that some grain is now lying in heaps on the open prairie subject to the weather and in danger of being ruined by dampness when the spring thaws come. But I believe that every kernel of this wheat will be of value in the near future. Why was it that the Minister of Agriculture was able to tell the house to-night that the price of wheat had gone up in recent days? I do not know what the answer is, but I have a suspicion. My suspicion is that there are persons going into the market to buy this wheat because they believe that it will be valuable, not only for food but for other purposes. Those who have been following the experiments being made in the manufacture of synthetic rubber and other commodities know that to a large degree the base is alcohol, and that that alcohol is being distilled from wheat.

It has been said that this year from two to three hundred million bushels of wheat will be used in the United States for the distillation of alcohol. I should like to say to the members of this house, particularly those who come from eastern Canada, that if we had a sane national economic policy at the present time, instead of building distilleries in eastern Canada and shipping back the alcohol when it is distilled, we should establish industrial alcohol distilleries adjacent to the wheat and be prepared to manufacture in the west those articles whose base is industrial alcohol.

Mr. MARTIN: You must also be near a corn belt.

Mr. COLDWELL: We have no corn belt yet.

Mr. MARTIN: Yes, we have; I live in one.

Mr. COLDWELL: I am talking of the prairies. Even there, the probability is that before very long we shall be producing a hybrid corn, so that even that consideration may be out.

Mr. McNIVEN: In the Maple Creek district.

Mr. MARTIN: It will not be the size of the corn grown in Ontario.

Mr. COLDWELL: I do not intend to enter into speculation to-night. I am simply pointing out that we have the grain which can be used as a base for the manufacture of alcohol, and that alcohol is the base for the manufacture of synthetic rubber and other commodities. We ought to be developing these industries on our prairies.

Mr. McNIVEN: Are any distilleries being built now?

Mr. COLDWELL: They are being expanded. Distilleries are being converted into industrial alcohol distilleries. Is there not one being built at Sault Ste. Marie at the present time? I believe there has been some expansion of existing distilleries to take care of the need for industrial alcohol. I am pointing out that there are possibilities for the use of grain which we have not explored. We should explore them, and we should utilize western grain to some extent for that purpose, pending the time when we shall be able once more to export our grain to feed the starving nations of the world.

I am not sold on the idea that we should continue the acreage reduction in grain this year. I think in all probability we shall find that although we had an abundant crop last year and may have a good crop this year—I quite agree with the Minister of Agriculture and I must admit that I never saw an autumn that was wetter than last year, which usually means a fair crop the following year.

Mr. GARDINER: Our acreage has been increased this year.

Mr. COLDWELL: I mean acreage reduction over a period of years. We have been criticized by other countries, particularly our neighbour to the south, because the reduction has not been greater.

Mr. GARDINER: We have reduced the wheat acreage, but I was talking about coarse grains.

Mr. COLDWELL: Did I say grain? I meant wheat. I am hopeful that every kernel can be utilized.

There are one or two other matters to which I should like to refer. The minister placed on record the correspondence with the federation of agriculture, and I was glad to hear him read this. But that does not alter the fact that of the recommendations made by the federation, only one has been adopted by the government, the one with reference to the 280 million bushels delivery quota for this year.

Mr. GARDINER: And the acceptance of 1942 wheat.

Mr. COLDWELL: Yes, including the delivery of 1942 wheat on the 1943 quota. That is important. May I say to the minister that when industry is financed to the extent that it has been, some consideration ought to have been given to the provision of more storage space for grain, especially in view of the tremendous crop reaped last year. As I interjected when the Minister of Trade and Commerce (Mr. MacKinnon) was speaking this afternoon, I know of areas in my own constituency where wheat is lying on the ground on account of the abundance of last year's yield. Unless something is done in the quite near future, this wheat will spoil. I realize the difficulty of finding storage facilities now, but I wonder whether it would not be possible to place empty cars at certain points and take the tough quota wheat at least to the terminals where it could be dealt with and saved. Every effort should be made to save the wheat that lies on the prairies at the present time.

I say to hon. members from all parts of Canada that the prosperity of the Canadian economy depends in no small measure upon the prosperity of the prairie region. Yesterday I had a letter from a gentleman whom I know well, who has a splendid farm and is a very good farmer. He said that all his children had gone and that he could not get any hired help. He said that what distressed him most about it was that in letters he was receiving from his sons and a daughter who had gone from the prairie region was the fact that they showed no inclination to come back; they did not want to come back to the conditions they had known, the conditions we all knew prior to the war. That is not playing down western Canada, but we must face the fact realistically if we want to continue the western wheat economy—and again I would say, what the Minister of Agriculture and others have repeated many times in this house, that over a very wide area in western Canada grain, and particularly wheat, must be the staple crop. It is true that under war conditions we are able to go into dairying, the raising of hogs and so on, but we have to face the fact that in a region which is semi-arid wheat is the cereal which will grow best and the one upon which we shall have to rely. If we are to build up this prairie region we shall have to provide conditions of life that will give the amenities to the younger people. How that is to be done I will not discuss to-night, but I suggest that we ought to be thinking of how, when this war is over, we shall provide community life; how we shall promote cooperation among the producers so that they may escape much of the drudgery that they have known in recent years.

I suppose some of us listen occasionally to the farm and labour broadcasts. I think it was a week ago last Monday I listened to one of the labour discussion groups, when a Saskatchewan farmer from near Meadow Lake, now working in an eastern industry, recounted his experiences, and pointed out that he and his family were to-day earning every month an income half as large as the income the whole family earned in a year on the farm at Meadow Lake. Those conditions cannot continue if we want to keep this country prosperous and rebuild the prairie populations. We should be considering not only the marketing of wheat and commodity prices, but how we can bring water to the land in dry years—I believe that can be done—how we can build up the communities so that instead of the drab villages and the poor homes that so many people have had to live in although producing great wealth, we may bring to them the comforts and amenities of modern life. A great deal depends upon the price that the commodity fetches on the markets of this country and of the world.

I wish to emphasize, as the hon. member for Weyburn (Mr. Douglas) did this afternoon, that we are no believers in what is called inflation, but we believe that justice must be done to the worker and the farmer all across Canada. As the hon. member said this afternoon, when New Zealand is quoted to us we know quite well that there in 1936 the Labour government began a programme in which they endeavoured to bring about some parity between the farmer producing mutton, wool, cheese, butter and other agricultural products, and other industries, so that when the war broke out, they had achieved a degree of parity, not altogether satisfactory but a degree, and consequently the government there was in a different position from our own govern-

ment, who in a rough and ready way took a period of time when agricultural prices were low and froze them at that level.

I hope that this amendment will be supported. May I say to my hon. friends who moved the amendment to the amendment which was ruled out of order, that if they will examine the amendment moved by the hon. member for Weyburn they will find that it and the subamendment express the same point of view with the exception of the point to which Mr. Speaker objected and on the ground of which he ruled the subamendment out of order. I think this debate has served a useful purpose, and I hope that the house and the country will see to it that steps are taken to bring a measure of economic justice to the people who, as I said before, have had to buy in a most highly protected market and to sell their products on the markets of the world.

Mr. T. L. CHURCH (Broadview): This parliament has set up by statute certain bodies, the grain board and the committee on agriculture, and has enacted a grain act. It seems to me they are forgotten agencies. Why this house should seek to set up a political structure for the sale of grain or other commodities, I cannot understand. I am not surprised to see the changes which have come about in the minds of some hon. members regarding this question. It used to be said on the prairies that this industry was a free trade industry, a north and south industry and not an east and west industry for which our best customers are Great Britain and France. We saw how the free traders veered around to nine or ten different methods of protection, acreage bonus, storage bonus and many such matters. There are two or three factors, however, which have been forgotten. Two questions will have to be decided before we can lay down any price for the 1943-4 crop. One concerns the lease-lend arrangement; another, our relation with our best customer, the motherland. Are we to continue the policy of empire preferences or not? That is a most important matter. Britain is losing some of her export trade by the lease-lend arrangement. She cannot get on without exports and imports; without that trade she becomes a second Denmark, and the best days of the empire will be in the past. What is the policy of the government regarding lease-lend? What is the position of Canada in regard to the rebuilding of the devastated countries of Europe? The government of the day have not yet made up their minds. The United States, Britain and Russia know that they will have to come to the support of these countries in rebuilding, not only with food and grain, but with building materials. These are two important matters that must first be decided.

It is the desire of every good citizen in this country that agriculture should be prosperous. We have not had that condition since confederation; we did not have it in days of peace, and it is less likely to be had in war days. The people of Ontario are very much alarmed because there is no equality of treatment in the measures passed in this country relating to the grain trade or to agriculture. One part of the country is set off against another. I am for the principle of confederation, each for all and all for each. I believe aid should be given to agriculture in all the provinces, if it is necessary; I believe aid should be given to all industries that require it, and that we should not single out the grain industry of the west. There should be equality of treatment. If agriculture on the prairies is to get help, so should agriculture in the other provinces of confederation. Many people in Ontario were greatly alarmed when a deputation came to Ottawa the other day to interview the government and present a brief in which they asked that the principal and interest of farm mortgages should be reduced, no matter when the debts were incurred and apparently without regard to ability to pay. The brief also mentioned the Farmers' Creditors Arrangement Act. If there is one thing that has caused untold trouble in this country, it has been the political administration of that act. The principle may have been all right, but its administration has been one of the most difficult things agriculture has had to face, with debts being reduced, mortgages abandoned and all that sort of thing. Why can it not be applied to industrial workers? Hundreds and thousands of investors in Ontario invested money in mortgages in the prairies years ago. All they had to live on was the interest on their mortgages; now that interest may be wiped out in a day and their investment ruined by legislation.

If we are to have that sort of procedure, what about the industrial workers of this country; what about a brief for them? Will the government consider that, as well as the brief presented by the agricultural interests of the prairies? I say it is all wrong; there should be equality of treatment all over the country. The province of Saskatchewan is mentioned a great deal in this house. In this morning's *Globe and Mail* I read a long letter by Fred Williams giving a description of the northwest field force of 1885. We talk a great deal about Saskatchewan in this house; yet we cannot get three minutes of time here

to discuss pensions for those men, in need now, who saved the prairie provinces and kept Canada together.

I have no doubt other opportunities will be provided to speak on these matters; but on behalf of the farmers of Ontario, British Columbia, and the maritime provinces I say that if one section of the country is to receive preferred treatment, then it will be a sorry day for the people of this country, who are now faced with a five billion dollar tax load. I plead with the government that these matters be sent to the agriculture committee and the grain board. The minister should consult with those bodies and then have the whole thing brought to the house not as a political structure but as a financial structure which the country will be able to carry.

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

YEAS

Messrs:

Aylesworth
Bence
Black (Cumberland)
Blackmore
Castleden
Coldwell
Diefenbaker
Dorion
Douglas (Weyburn)
Fair
Fraser (Peterborough West)
Gillis
Green
Hansell
Hanson (York-Sunbury)
Hlynka
Johnston (Bow River)
Knowles
Kuhl
Lacombe
McGregor
MacInnis
MacKinnon (Kootenay East)
MacNicol
Marshall
Nicholson
Noseworthy
Perley
Ross (Souris)
Senn
Shaw
Stirling
Stokes
White
Wright—35.

NAYS

Messrs:

Abbott
Bertrand (Laurier)
Bertrand (Prescott)
Blair
Blanchette
Bonnier
Bourget
Brunelle
Cardin
Casselman, Mrs. (Edmonton East)
Chevrier
Claxton
Cleaver
Corman
Crète
Cruickshank
Denis
Donnelly
Dubois
Dupuis
Durocher
Edwards
Evans
Ferland
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fraser (Northumberland, Ont.)
Fulford
Gardiner
Gershaw
Gibson
Gladstone
Golding
Goulet
Graham
Gray
Hanson (Skeena)
Healy
Henderson
Howe
Ilsley
Isnor
Jean
Kinley
Kirk
LaCroix (Quebec-Montmorency)
Laflamme
LaFlèche
Lafontaine
Leclerc
Leger
Little
McCann
McCuaig
McCulloch
MacDiarmid
Macdonald (Brantford City)
Macdonald (Halifax)
McDonald (Pontiac)
McGarry
McIlraith
McIvor
MacKenzie (Lambton-Kent)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McKinnon (Kenora-Rainy River)
MacLean (Cape Breton North-Victoria)
McLean (Simcoe East)
Macmillan
McNevin (Victoria, Ont.)
McNiven (Regina City)
Marier
Martin
Matthews
Michaud
Mitchell
Mullins
Mulock
Nixon
Parent
Pottier
Purdy
Ralston
Reid
Rennie
Rhéaume
Rickard
Ross (Calgary East)
Ross (Middlesex East)
Ross (Moose Jaw)
Ryan
St. Laurent
Sissons
Soper
Taylor
Telford
Thauvette
Tomlinson
Tripp
Turgeon
Turner
Ward
Warren
Weir
Whitman
Winkler
Wood—108.

Mr. GRAYDON: I was paired with the Prime Minister (Mr. Mackenzie King). Had I voted I would have voted for the amendment.

Main motion (Mr. Ilsley) agreed to, and the house went into committee, Mr. Gray in the chair.

DEPARTMENT OF FINANCE

General.

417. To provide, subject to allocation by the treasury board, for cost-of-living bonus—further amount required, $745,000.

Hon. J. L. ILSLEY (Minister of Finance): Mr. Chairman, the reason why I should like to have this item passed to-night, and if possible one or two others, is that unless it is passed I cannot legally pay quite a number of civil servants to-morrow. I therefore ask the house to pass the item.

The ACTING CHAIRMAN (Mr. Gray): Are there other items the minister would like to have called?

Mr. ILSLEY: Yes, items *424* and *425*.

Mr. GRAYDON: In addition to item *417*?

Mr. ILSLEY: Yes.

The ACTING CHAIRMAN (Mr. Gray): Is it the wish of the house that we abandon item *417*, and turn to the others?

Mr. ILSLEY: Did item *417* pass?

Mr. HANSON (York-Sunbury): No; we have all day to-morrow to pass it. This is only March 30.

Some hon. MEMBERS: Carried.

Mr. HANSON (York-Sunbury): No. Let us understand the situation. This is March 30, and to-morrow is March 31. We have all day to-morrow to deal with this matter; it is not necessary to pass it to-night.

An hon. MEMBER: A war is on.

Mr. HANSON (York-Sunbury): Yes, a war is on, but it is not necessary to rush this through. They will get their cheques, all right. This is an important item, and there are certain questions we should like to ask in connection with the cost-of-living bonus, and those whom it affects. I will say this to the minister. If he will undertake that on some other item members can discuss the cost-of-living bonus, I would have no objection to putting this item through, but with all rights reserved. That is a fair enough offer. If this were the 31st day of March, I would not hold the item up for a moment.

Mr. ILSLEY: What is the undertaking that is required?

Mr. HANSON (York-Sunbury): That on some other item in the supplementaries we can discuss the cost of living bonus and how it is applied by the government. We certainly should have some explanation from the minister as to how the bonus is being applied among the civil servants and as to its allocation by the treasury board.

Mr. ILSLEY: I will undertake that that can be discussed to-morrow.

Mr. HANSON (York-Sunbury): I do not know under what item it could be discussed. There is an item for the royal mint, but that would not be very appropriate.

Mr. ILSLEY: The hon. member for York-Sunbury is asking for an undertaking that the cost of living bonus can be discussed on the supplementaries?

Mr. HANSON (York-Sunbury): Yes, and I should not like to be shut off by the Chairman on the ground that the discussion was not germane to any of these items. I have looked through them hurriedly to see under what item the cost of living bonus could be discussed, but I do not see any.

Mr. ILSLEY: There are a number of other items in the same position as this one, and there is not much advantage in putting this item through unless the other salary items go through too.

Mr. GRAYDON: To which items does the minister refer?

Mr. ILSLEY: To items *417, 421, 422, 423, 424, 425, 426, 427, 429* and *430*. If the committee would put these items through to-night, it would regularize payment to-morrow. If not; if that is too big an order, we can take them up to-morrow afternoon. I do not know just what I can work out about payment. I greatly dislike any irregular or illegal payment of money. I introduced this last Friday afternoon with the expectation that it would be through before this, but we have had a debate for the last two days, and I shall just have to decide whether to let the civil servants wait or try to get the Department of Justice to advise on some way in which the obligations can be met to-morrow. The other alternative would be to put the items through to-night.

Mr. HANSON (York-Sunbury): I think I understand what is in the minister's mind, but I would point out to him and to the house generally that there has grown up a practice in this house for estimates to be held back until the last unholy moment of the session, or until the last moment just before the money is required. Hon. members have not had a chance in the last three sessions, and we are now in the fourth, properly to discuss civil estimates. I put myself in the judgment of the committee if that is not a fact. Then we have the spectacle here in the dying days of a session of voting millions of dollars a minute. That is not in the public interest. I do not know just what difficulty may arise if this vote does not go through to-night, but it is in the general interests of the tax-paying public that these items should be discussed, particularly this one, which is a huge item for three-quarters of a million dollars. We also know that the allocation of the cost of living bonus is arbitrary at the hands of the treasury board. I wish to know something more about that when the time comes. I think to-morrow will be ample time to pass these items. Let us have a discussion on them to-morrow.

Mr. ROSS (Moose Jaw): Suppose somebody starts another debate on the Speaker leaving the chair?

Mr. HANSON (York-Sunbury): They must take the responsibility. We have not held up the discussion of these items. We did not precipitate the debate. I had no idea it would go on as long as it did. I hoped that we would reach these estimates to-day. We did not do so, but that is no reason why we should not discuss the items. I wish to be reasonable about the matter.

Mr. RALSTON: I should like to say to the hon. member for York-Sunbury that the Minister of Finance has waited for two days to get into supply. I think everybody has been quite patient; I am not blaming anyone. But it is March 30, and it will be March 31 soon. The Minister of Finance is endeavouring now with his assistant to see if there is not some item on which the discussion which my hon. friend desires could take place so that the items can be put through to-night to regularize payment. I appreciate the consideration of the committee in waiting for a short time. It will only be a few minutes before the minister can decide.

Mr. COLDWELL: Could the minister between now and to-morrow not select an item on which the cost-of-living bonus could be discussed? I appreciate the necessity of putting these items through, but like the hon. member for York-Sunbury, I consider that we should have had these estimates before us earlier. We are now faced with a situation. The civil servants ought to be paid, and I am prepared to go on and put these items through, if the minister will give an undertaking that an item can be found on which these matters can be discussed to-morrow.

Mr. ILSLEY: That will be fair. If that can be done, I will give that undertaking if the Chair will support me.

Mr. HANSON (York-Sunbury): That is the difficulty. Any member can call the attention of the Chair to the position, and the Chair must rule.

The CHAIRMAN: On that point may I say that I have always allowed a certain degree of latitude to meet the general desire of the committee, and I shall certainly do so again.

Mr. ISNOR: I would point out to the Minister of Finance and to the hon. member for York-Sunbury that the discussion could take place under item *66* in the main estimates, which is in practically the same wording.

Mr. HANSON (York-Sunbury): We all know that, but it will be months before we reach the main estimates.

Mr. GRAYDON: I have not said anything up to the moment, but I would say this to the minister, that we are very anxious that we or any other member of the house shall not be put in the position of withholding any proper pay from any employee of the government. I do not think any member of the house should be placed in that very unfortunate position, because I am quite sure that there is no hon. member who would by design do such a thing. The suggestion of the hon. member for Halifax (Mr. Isnor) is an impossible one, because these are supplementary estimates for the year ending to-morrow. I must say that it is very unfortunate from the minister's point of view that the particular items he is calling at the moment involve a question of gravity. The cost-of-living bonus is a matter which would normally take some time to discuss. In addition, the whole labour department is involved in a discussion of items *421*, *422* and *423*, and also the legislation items of *424* and *425*, to say nothing of the others. Before we as a party will in any way give up our rights with respect to the discussion of these further supplementary estimates, we want an airtight undertaking of some description from the government that we shall have an opportunity to-morrow to discuss these items, which normally would be discussed to-night, under some other item with respect to the further supplementary estimates. I think, with that understanding, we may be able to do some business on these points.

Mr. ILSLEY: I suggest that, under item *416*, "Royal Canadian Mint, including the Dominion of Canada assay office—further amount required", any of the items which I have named—*417*, *421*, *422*, *423*, *424*, *426*, *427*, *429* and *430*—may be discussed to-morrow.

Mr. RALSTON: Or at any other time.

Mr. ILSLEY: At any time while these supplementaries are under discussion. I hope we shall finish by to-morrow night. But my undertaking would be that under item *416* they may be discussed. The mint is in a sense the source of quite a lot of the money which is paid under these other items.

Mr. GRAYDON: I hope the minister will not pay civil servants in small change to-morrow.

Mr. ILSLEY: No.

The CHAIRMAN: I promise the committee that I will give all the latitude possible, after listening attentively to the conversation on all sides of the house.

Mr. MacNICOL: Just before the item carries, if the Montreal strike lasts until to-morrow can that subject be discussed under item *421*? I was in Montreal to-day, and had to walk several miles. I found Montrealers everywhere quite "up in the air" and denouncing all and sundry for the strike which is going on there. If that cannot be discussed to-morrow, I do not see, if we want to discuss it, how we can pass *421*.

Mr. ILSLEY: With regard to anything which can be discussed under any one of these items which I have mentioned, I will offer no objection, and I think it can be understood that it may be discussed under item *416*.

Item agreed to.

POST OFFICE DEPARTMENT

430. Audit of revenue, money order, postal note and savings bank business: issue of postage stamps and postal notes—further amount required, $80,000.

Mr. GRAYDON: May I make one observation to the minister with respect to these items which have been carried? He intimated that item *416*, under Finance, Royal Canadian Mint, would be the item under which these various payments which have been passed can be fully discussed to-morrow; that was his undertaking. I just wish to point out that we shall expect that item *416*, because of the fact that the other items have been called to-night first, will be called first on the further supplementary estimates to-morrow.

Mr. ILSLEY: All right.

Mr. GRAYDON: In other words, we put ourselves back to-morrow to the position we were in when we started this discussion to-night and before these items were passed?

Mr. ILSLEY: Yes.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. RALSTON moved the adjournment of the house.

Mr. GRAYDON: What will be the business to-morrow?

Mr. RALSTON: To-morrow we shall proceed with the further supplementary estimates. We hope to call the two other departments, Fisheries and Public Works, and if we finish those we shall proceed with the budget resolutions.

Mr. GRAYDON: Will more than one item be called in Fisheries and Public Works?

Mr. RALSTON: Yes.

Motion agreed to and the house adjourned at 11.19 p.m.

Wednesday, March 31, 1943

The house met at three o'clock.

STANDING COMMITTEES

RAILWAYS AND SHIPPING—CONCURRENCE IN FIRST REPORT

Mr. J. P. HOWDEN (St. Boniface) presented the first report of standing committee on railways and shipping owned, operated and controlled by the government, and moved that the report be concurred in.

Motion agreed to.

PUBLIC ACCOUNTS—CONCURRENCE IN FIRST REPORT

Mr. W. A. FRASER (Northumberland, Ont.) presented the first report of standing committee on public accounts, and moved that the report be concurred in.

Motion agreed to.

MEAT

ANNOUNCEMENT AS TO INTRODUCTION OF RATIONING PLAN

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I should like to take this opportunity to advise the house that, after a careful review of all elements in the problem, we have reached the conclusion that it will be necessary to introduce meat rationing in Canada at an early day.

Canada is normally a meat exporting nation, and during the past three and a half years we have greatly increased our exports of meat products as one part of our contribution to the united prosecution of the war.

During the past year the total production of meats in this country has been even greater than in previous years. Notwithstanding considerable increases in our exports we had available for domestic consumption in 1942 supplies of meat which were approximately equal to the supplies available in 1941. Increased incomes, increased spending power on the part of large sections of the community, however, have resulted in an increased demand for meat, with the result that during the past eight or nine months spasmodic distribution shortages of meat have occurred in several parts of the country. These shortages have occurred chiefly in large urban areas in central Canada and in those parts of the country where local production is less than local supply.

It is estimated that the total civilian meat consumption in Canada in 1941 averaged 2·5

pounds per person per week. In 1942 the per capita consumption was about the same, but the increased desire and ability to purchase meat resulted in apparent shortages. In 1943 the domestic supply, after allowing for existing export commitments, will be no greater than in 1942 and may be somewhat less, while the potential consumer demand is almost certain to be greater. With an increased potential demand, and a stationary or decreased supply, there are bound to be serious difficulties of equitable distribution, and the spasmodic distribution shortages of 1942 would become chronic shortages over considerable parts of the country. This consideration alone would constitute a sufficient justification for meat rationing.

There is, however, another reason for rationing, and that is the necessity of maintaining an adequate flow of supplies overseas, where the members of our forces, as well as our allies who are in the front line of battle, must be fed.

There is an advisory committee on nutrition to the foods administration, which consists of the following members: Dr. E. W. McHenry, School of Hygiene, university of Toronto; Dr. D. L. Thomson, Department of Biochemistry, McGill university; Dr. J. Harry Ebbs, Pædiatric Research Foundation, Toronto; Dr. L. B. Pett, Director of Nutrition Services, Department of Pensions and National Health, Ottawa; Wing Commander F. F. Tisdall, Hospital for Sick Children, Toronto.

I wish to quote this committee as follows:

> After careful examination of the various nutritional implications of meat rationing, the advisory committee on nutrition to the foods administration has reached the following conclusion:
>
> "A ration allowance of two pounds of meat, plus customary and available amounts of milk, eggs, cheese, fish and poultry, gives more protein from animal sources to satisfy nutritional requirements than is required for a person of any occupation."
>
> The advisory committee on nutrition is unanimously of the opinion that differential meat rationing, on the basis of occupation, is unnecessary from the viewpoint of nutrition.

The wartime prices and trade board proposes, with the government's approval, to establish a weekly ration for all persons at approximately two pounds.

Prospective supply statistics on meat are in their nature not as accurate as we would like to have, but it is estimated that after taking care of our present bacon contract, and the requirements of our armed forces and such priority needs as the Red Cross, ships' stores and certain special war projects, there will remain after rationing, a balance to augment the supplies now being sent overseas. These additional supplies are needed because of an unavoidable reduction in shipments from other sources, and will be used, not to increase the British ration of meat, but only to assist in maintaining it at its present low level.

In brief, the proposed meat rationing plan will result in a moderate reduction in the total consumption of meat in Canada, but will still allow a quantity of meat which is safely above the minimum nutritional requirements of an active adult male worker. It will result in a more equitable distribution of supplies and will make it possible to increase the quantities which we can make available for shipment overseas.

I do not propose to go into details of the rationing plan, except to say that after consultation the wartime prices and trade board has been authorized to proceed with the necessary planning as quickly as possible. Accordingly, the details are now being worked out by the wartime prices and trade board, and the plan of rationing to be adopted, together with the effective date, will be announced by the board as soon as the programme is ready. I can, however, indicate one or two points which have been decided:

1. It is proposed that the plan go into operation early in May.

2. It is not proposed to put burdensome restrictions on the slaughter of live stock by farmers for their own use and consumption. We shall appeal most earnestly, however, to all farmers who slaughter their own meat to live well within the spirit of the ration. In order to control the supply of meat entering into the channels of trade, there will be restrictions on the right of farmers and of other persons to slaughter for sale.

3. To conserve meat supplies and to avoid discrimination against those who do not make frequent use of restaurants, it is proposed to establish meatless days in all restaurants, hotels and public eating places. This will, of course, be in addition to the usual restrictions on supplies to such establishments that go with all forms of rationing.

4. Steps will be taken to see that those who hold space in private cold-storage lockers are not allowed to use such space to evade rationing or to secure any special advantage in obtaining meat supplies.

It is expected the wartime prices and trade board will be ready to give full details of the meat rationing plan within the next two weeks. This will give sufficient time to the public and the trade to familiarize themselves with the details of the plan and thus contribute to the smooth functioning of the ration.

In conclusion I want to emphasize that meat rationing in a country like Canada is a difficult and complicated task. It will be made less difficult with the wholehearted co-operation of all groups in the community. We have had that in a large measure in the past and we confidently count upon it in the future. We attach a great deal of importance to the success of meat rationing, and I should like to say that once the programme is introduced a very serious view will be taken of any attempts as fraudulent practices, which might lead toward the development of "black markets".

Mr. GORDON GRAYDON (Leader of the Opposition): May I ask the minister, just to familiarize the house with one particular point, whether other announcements of rationing programmes were made as far ahead as this one?

Mr. ILSLEY: No, none of them were. It has always been our view that to announce ahead of time the rationing of anything that could be hoarded was a wrong practice, and that has been very carefully avoided. The announcements have been left to the last possible moment. But it is difficult, if not impossible, to hoard meat. Moreover, the preparations that must be made will of themselves make the intentions of the government public and give rise to rumours, perhaps unfounded, as to what is intended to be done. Therefore it was considered desirable in this instance to announce to the house, well in advance, the intentions of the government and of the board with regard to rationing. In the United States they have not been nearly as careful as we have been in leaving their announcements to the last moment. On a great many commodities they have announced rationing well ahead of time, where we would not do it.

Hon. R. B. HANSON (York-Sunbury): May I ask the minister, in the interests of clarification, this question? As I heard it, I understood him to say meat, not beef, would be rationed.

Mr. ILSLEY: Meat.

Mr. HANSON (York-Sunbury): That means all meats?

Mr. ILSLEY: No, not all meats.

Mr. HANSON (York-Sunbury): Does it mean beef and beef products, veal, lamb, pork, poultry—

Mr. ILSLEY: Not poultry.

Mr. HANSON (York-Sunbury): And of course not fish?

Mr. ILSLEY: No.

Mr. HANSON (York-Sunbury): It means meats—everything that comes under meat?

Mr. ILSLEY: Not all meats.

Mr. HANSON (York-Sunbury): What are the exceptions?

Mr. ILSLEY: Butchers' offals. That is an important classification of meat.

Mr. HANSON (York-Sunbury): Not to me. It is just offal.

Mr. HARRY LEADER (Portage la Prairie): Mr. Speaker, as a cattleman, having been engaged in that business all my life, would it be in order for me to offer a few suggestions at this time? It will not take long.

Mr. ILSLEY: No one suggestion takes long, but I do not think we should drift into a debate on this question.

Mr. LEADER: I do not intend to enter into a debate. It is just a suggestion I have to offer, Mr. Speaker, and I think it is worth while. I am directing this not to the Minister of Finance but to the Minister of Agriculture (Mr. Gardiner) who I know will sympathize with me.

Mr. SPEAKER: I am afraid I could hardly allow the hon. gentleman to raise another question. The minister has made a statement and some explanations have been asked with regard to it, which I think were entirely proper. But to introduce some other subject I think would not be in order.

Mr. LEADER: Well, I will ask a question, with your permission.

Mr. RALSTON: May I point out that the statement was made on the order for motions. If my hon. friend has a question which can properly be asked on the orders of the day would it not be better to regularize the procedure by asking it then?

BUTTER

INQUIRY AS TO CONTINUANCE OF RATIONING PLAN

Mr. J. H. LECLERC (Shefford): Since we are discussing rationing, may I ask whether it is the intention of the government to continue the rationing of butter this summer, in view of the fact that the creameries are opening up now with quite a large increase of production? Some of them have an abundant supply of butter.

Mr. ILSLEY: I know of no intention to abandon the rationing of butter.

CANADIAN WHEAT BOARD

AMENDMENT OF ACT OF 1935 TO ELIMINATE COMMISSIONS TO AGENTS ON SALES OF WHEAT

Mr. ROBERT FAIR (Battle River) moved for leave to introduce bill No. 55, to amend the Canadian Wheat Board Act, 1935.

Some hon. MEMBERS: Explain.

Mr. FAIR: This bill is designed to eliminate the prevalent practice of the Canadian wheat board of paying commissions to agents in connection with the sale of wheat, and to free the board to conduct its sale operations without engaging and paying for such unnecessary service.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

OIL CONTROL—ONTARIO BRANCH

Mr. DIEFENBAKER:

1. Are L. R. Lougheed, Violet Russell, and James F. Archibald, now or have they been in the past year in the employ of the oil control branch in the province of Ontario?

2. If so, in what capacity?

3. What salary or remuneration is received by each?

Mr. HOWE:

1. No.

2 and 3. Answered by No. 1.

OLD AGE PENSIONS—MANITOBA

Mr. KNOWLES:

1. Has the government of Manitoba, through its premier or any other official, asked this government to pay a supplementary amount of $3.75 per pensioner, to enable the payment of old age and blind pensions up to a maximum of $25 per month, in the province of Manitoba?

2. If so, by whom was such request made, and on what date or dates?

3. If such request has been made, what was the answer of the government?

Mr. ILSLEY:

1. The answer to a somewhat similar question to be found on page 1525 of *Hansard* confirmed that the government of Manitoba had asked this government to make supplementary provision to enable the payment of old age pensions up to a maximum of $25 per month in the province of Manitoba. The specific request was that the government of Canada should amend the Old Age Pensions Act in such a way as to provide that the maximum pension paid to aged and blind persons should be increased from $240 to $300 per year, subject to reduction by the amount of the income of the pensioner in excess of $125 per year.

2. The request was made on behalf of the government of the province of Manitoba by the Hon. James McLenaghen, attorney general of Manitoba, on May 13, 1942.

3. In replying to the request on May 28, 1942, the Minister of Finance, after referring to the increased financial burden which would be thrown on the provinces by the adoption of the proposed amendment and the difficulties which this would create and the opposition it would arouse in the case of those provinces not in a strong financial position, stated that "the dominion would not be justified in making changes in the act which would place virtual compulsion upon provincial governments to increase their expenditure for old age pensions" but that "if the government of the province of Manitoba wishes to provide supplemental allowances for pensioners, we are prepared to amend the regulations so that they may do so without bringing about a reduction in the amount payable by the dominion." On January 20, 1943, the attorney general of Manitoba advised the Minister of Finance that the government of Manitoba had decided to pay a supplemental allowance of $1.25 per month to those persons in Manitoba who are entitled to the old age and blind persons pension and asked the dominion to make this possible by an appropriate amendment to the regulations. Under an order in council dated February 17, 1943 (P.C. 17/1280), the dominion government amended the old age pensions regulations to permit the province of Manitoba to pay a supplemental allowance to old age pensioners.

MILITARY SERVICE—CONSCIENTIOUS OBJECTORS

Mr. MATTHEWS:

1. How many men in each province of Canada have been granted postponement of miiltary training since the outbreak of war on the grounds of conscientious objection?

2. Where, how, and in what numbers are those men engaged at the present time?

3. What provision, if any, is being made for their employment along other lines when their work on present projects will have been completed?

Mr. MITCHELL:

1.	"A"	824
	"B"	462
	"C"	20
	"D"	3
	Ontario (Total)	1,309

"E"	27
"F"	—
Quebec (Total)	27
"G" Nova Scotia	12
"H" New Brunswick	6
"I" Prince Edward Island	5
"J" Manitoba	1,222
"K" British Columbia	572
"M" Saskatchewan	289
"N" Alberta	132
Total	3,574

Table shows figures from October 9, 1940, up to and including February 26, 1943.

2. As of December 31, 1942—1,212 of which 366 were on leave and 51 had been discharged —balance of 795 men engaged in alternative service work at that date.

Banff National Park (3 camps): Spray River, Healy Creek, Castle Mountain. Total unmber of men engaged in these camps, 109.

Jasper National Park, Maligne Road. Total number of men engaged in this camp, 24.

Kootenay National Park, Mile 16 and Mile 21, Banff-Windermere highway. Total number of men engaged in this camp, 98.

Riding Mountain National Park, Wasagaming (closed at December 31, 1942).

Prince Albert National Park, Waskesiu. Total number of men engaged in this camp, 16.

Kananaskis forest experiment stations, Seebe, Alberta. Total number of men engaged in this camp, 45.

Petawawa forest experiment stations, Chalk River, Ont. Total number of men engaged in this camp, 41.

Montreal River (Ontario). Total number of men engaged in this camp, 140.

Lac la Ronge (Northern Sask.) (Was not operated in 1942).

British Columbia Forest Service—on mainland: Green Timbers (GT-1), Mount Seymour Haney (GT-4), Powell River (GT-6), Vedder Crossing (GT-3) (closed). On Vancouver Island: Koksilah (C-3), Hill 60 (C-1), Cowichan (C-2), Timberlands (C-7), Horn Lake (Q-6), Loveland Lake (Q-7), Bowzer (Q-5), Campbell Lake (Q-3), Menzies' Bay (Q-2), Quinsam (Q-1), Salmon River (Q-8), Kelsey Bay. Total number of men engaged in these camps, 322.

"These men are engaged in forest protection, removal of fire hazard conditions, improvement of existing fire trails and roads, construction of fire lookouts and accessory buildings, fire-fighting and training for fire-fighting, salvaging fire-killed timber, production of mine props for coal mining industry, cutting of fuelwood, sawmill operations, production of lumber for disposal of timber controller, preparation of land for reforestation, forest planting control of forest insect depredations, construction of tourist facilities, forest surveys, compilation and research, scaling of timber produced for war purposes, nature work and highway construction."

3. Most of the work in which these men are engaged will continue for some time to come. However, there is under consideration an arrangement whereby conscientious objectors will be used for farm labour and other work of national importance.

MUNITIONS AND SUPPLY—E. G. HIRST—MORALE BUILDING CAMPAIGN

Mr. DIEFENBAKER:

1. Is E. G. Hirst, of Toronto, in the employ of the Department of Munitions and Supply?

2. If so, in what capacity and what is the total amount of salary and expenses he has received since appointment?

3. What amounts have been paid out to Mr. Hirst or to members of the personnel committees throughout Canada for publishing costs, salaries, expenses and incidentals?

4. Is the aircraft morale campaign still being continued?

5. Has the Department of Munitions and Supply now, or has it had, an office in the city of Toronto in connection with said morale building campaign? If so, where?

Mr. HOWE:

1. No.

2. Answered by 1.

3. None, except as stated in order for return, reference 274A, tabled July 6, 1942.

4. Not by the Department of Munitions and Supply. The aircraft industry relations committee is responsible for all matters common to the aircraft industries pertaining to matters of personnel.

5. No.

UNEMPLOYMENT INSURANCE COMMISSION—INSPECTORS

Mr. POULIOT:

1. Who are the inspectors of the unemployment insurance commission, (a) for the province of Quebec, (b) for each of the other provinces?

Mr. MITCHELL:

1. (a) Guay, M., Sladen, R. V., Barker, W. H., Sims, R. H., Mireault, J., Lamarre, N. G., Guertin, M., Tellier, G., Bellemare, C., O'Reilly, F., Shepard, S., Langevin, J. I., Mayer, C. S., Parke, A. A., Holly, T. M., Guilbault, A. A., Boisvert, R., Brunelle, J., Poitras, L. E., Boivin, A., Daoust, H., Foisy,

A. R. Y., L'Heureux, J., Walker, J. B., Dorval, J. P., Dahme, G., Racicot, L. P., Morache, L. A., Grathon, J. A., Grenier, H. L., Cote, R., Blouin, J. M., Dufresne, P. E., Lewis, H. L., Comolli, J. E. Gagnon, C. H. Poirier, R., Belanger, G. A. (absent for duration), Laberge, C., Viau, L., Dion, M. O. J., Roy, R., Mills, A. P. C., Heureux, J. L., Duckett, P. G., Lacasse, J. V. T., Parent, J. N., Lefebvre, M., Normandin, L. P., Lessard, T., Brousseau, V., Towers, T., Bruneau, L. J., Lamarre, N. G., Chouinard, J. E., Pringle, J. W., Decarie, M. D., Chapdelaine, O., Gagne, A., Bergevin, L.

1. (b) Province of Ontario—Scott, G. H., Barton, S., Hyder, W. V., Lee, A. A., Cullen, W. H., Riley, Wm., Smith, R. M., Jones, P. G., Tassie, J. S. C., Prada, L., Chadwick, W. H., Stickle, W. G., Batsford, W. B., Molyneaux, G. W., Emery, G. A. R., Johnson, H. A., Horning, E. H., Petrimoulx, L. A., Brittain, A. A., Whittaker, W. D., Hogben, J. W., Forbes, T. J. S., Dixon, A. B., Smith, A. G., Rockham, A., Turgeon, L. G. A., Foster, J. R., Vallee, O. L., Cochrane, L. G., Fenton, J., Simpson, W. J., Albright, L., Thomas, A. S., McGill, W. A., Beauregard, R., Robitaille, E., Dinsmore, K. M., Stephenson, W. R., Farley, J., Watson, G. B., MacGregor, H., Myers, L. P., Purser, H. M., Dickie, W. H., MacKelloys, B. B., Tremur, F. A. M. H., Dalley, G. F., MacMillan, W. H., Vogan, J. J., Brunskill, A. M., MacCrimmon, (A. S.), McDonald, J. C. E., McCalpin, C. A., McCaw, C. C., Coles, H. L., McIvor, Duncan, Clyde, J. C., Morton, J. T., McDonald, A. L., Neville, G. E., Ball, R. W., Clements, W. J. D., Forbes, S. H., Keating, M. J., Fleet, H. E., Mathews, B. J., McCorgnodale, J. A., Emerson, G. F., Stevenson, R., Helm, E. W., Major, R. A., McRoberts, J., Brown, M. D. S., Coristine, H. B., Dawn, H. F., Pitkithly, J. W., Day, H. R., Owens, W. W., Raymond, G. E. L., Morton, T., Craig, J. V., St. Georges, A., Rymer, D., Holmes, W. M., Nesbitt, T. B., Dixon, A. B., Conley, G. H., Bell, G. A., Scherholtz, V. E. Head Office—Altimus, F. J., Burns, A. C., Smyth, W. J. E., Motard, L. R., Lapointe, J.

Maritime provinces—MacDonald, W. T. I., Purdy, G. H., Ross, R. A., McInerney, J. R., Allen, F. L., O'Neill, H. M., Dowell, C. H., Manson, F. E., D'Aubin, E. C., McDonald, E., Belliveau, F., Bruce, H. A., Robertson, C., Kesson, W. M., O'Gorman, Milton, A. V., Rooys, A. L., Foley, A. F., Alain, J. A., Wilson, J. M., LeBlanc, J. A., Price, E. B., Connelly, E. E.

Pacific region—Pomfret, S. J., Lacey, E. A., Trainor, L. T., Hamilton, F. A., Joyce, C. W., Loggie, J. H., Bourque, R. J., Moore, N. C., Thomas, E. W., Wood, N., Philley, H. C., Hamilton, W. T., Kennedy, R. M., Nicol, W., Olver, E. H., Topley, E. J., Oliver, H. C., Beach, J. E., Garland, H. B., Norman, D. L., Aitken, J. M. Y., Stewart, H. M., Bates, A. D.

Prairie Region—Hill, W. E., Dolan, W. F., Belair, J. D., Rudd, W. R., Coombes, H. N. S., Taylor, J. S., Abel, W. J., Burns, J., Willowson, E., Cummings, A. B., Edwards, H., McFetridge, W. B., Wilson, V. S., Simmons, A. E., Turnbull, Wm., Russell, H. J., Cumming, A. B., McLeod, M. C., Martin, S. G., Stuart, D. A., Moraw, W. C., Coupal, J. P., McCauley, G. A., Butler, C. N., Webb, E. F., Murray, J., Hamilton, D. K., Froom, J. R., Guthrie, A., Nash, F. C., Hodder, J. A., McLaren, W. L., McCadden, C., MacDonald, J. F., Thornton, (A.S.), Reid, Robt. J., Dillistone, E. F., Whelan, T. W., MacKinnon, J. C. J.

[Mr. Mitchell.]

SELECTIVE SERVICE—RAILWAY EMPLOYMENT

Mr. POULIOT:

1. What class of railway employment is considered essential by the national selective service board?

2. Is this classification accepted by the army?

Mr. MITCHELL:

1. Every class has the right to apply for postponement. No class as such is exempt, but special consideration is given to operating and maintenance.

2. The army is not asked to accept or refuse this classification. The D.O's.C. representative has a right to make representations to the board.

Mr. POULIOT: I rise to a question of privilege. According to practice in this house, when two departments are involved in the answer to a question, that answer is given not by one of the ministers concerned but by the Secretary of State, in behalf of all departments. This question involves at least two and perhaps four departments, the Department of Labour on the one hand, and on the other hand the army, meaning by that the three branches of the army. Therefore the answer that has been given to part two of this question is irregular, because the Minister of Labour has no authority to give it. I want the answer to be given at the next sitting by the Secretary of State in behalf of the Minister of Labour and the other ministers concerned.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PUBLIC WORKS—RUGS FOR GOVERNMENT OFFICES

Mr. HAZEN:

1. Did the Department of Public Works purchase rugs for government offices in 1942 and 1943?

2. If so, (a) how many did it purchase; (b) from whom did it purchase them; (c) what size were they, and what make; (d) how much did it pay for each of them; (e) where is each rug at present located?

R.C.N.V.R. RECRUITING STATIONS—COMMANDING OFFICERS

Mr. MacKINNON (Kootenay East):

1. Who are the commanding officers of the various R.C.N.V.R. recruiting stations in Canada?
2. What is the rank of each?
3. What is paid in the case of each for, (a) pay, (b) dependents' allowance, (c) living out allowance?

Mr. MACDONALD (Kingston City): Return tabled.

WOOL PRICES

Mr. BLACKMORE:

1. What was the average price per pound paid to the producer in Canada for wool in each of the years 1939, 1940, 1941 and 1942?
2. What is the average price to be paid for the 1943 clip?
3. What was the average price paid in the period 1934 to 1939?
4. What authority fixes the price of wool to the Canadian producer?
5. By whom are such prices recommended?

1942 VICTORY LOAN—LOTBINIERE AND NICOLET-YAMASKA

Mr. DUBOIS:

1. What was the cost of the last victory loan campaign (1942) in the counties of Lotbinière and Nicolet-Yamaska?
2. What sums were paid in each county respectively for advertising, commissions, salaries, hotel expenses, travel and public meetings?

WARTIME HOUSING LIMITED—CATERING CONCESSIONAIRES

Mr. FRASER (Peterborough West):

1. What are the names or firm names of the concessionaires catering to the different wartime housing staff houses in Canada as mentioned in sessional paper 122E?
2. On what terms are they allowed the use of the staff houses?
3. Do they pay for (a) breakage and repairs to equipment, (b) wages of the dining room and kitchen staff?
4. What revenue has wartime housing received for each staff house?
5. What is the monthly revenue from each staff house by departments?

SELECTIVE SERVICE—CATEGORIES UNDER A-1 AND A-2

Mr. DIEFENBAKER:

1. Have instructions been given by the Department of Labour to the various national services boards that men called up who are in medical categories lower than A1 and A2 are to be allowed to return to their homes?
2. If so, when did this change of policy take place?
3. How many men enrolled under the National Resources Mobilization Act are in lower categories than A2?

SUBSIDIES ON AGRICULTURAL PRODUCTS

Mr. STIRLING:

1. On what agricultural products whether imported or produced in Canada has the government undertaken to pay subsidies?
2. What were the dates of the commencement of such payment?
3. At what rates are such subsidies?
4. To whom are such subsidies paid?
5. What guarantee has the recipient of the continuance of such subsidies?

NATIONAL STEEL CAR COMPANY—MALTON PLANT

Mr. NOSEWORTHY:

1. Had this government given any financial assistance to the National Steel Car Company for the building, extension or equipment of that company's plant at Malton prior to the government's expropriation of the plant? If so, in what amounts, on what dates, for what purposes and on what terms was such assistance given?
2. Had the British government provided any machinery or equipment for this plant prior to time of expropriation? If so, what is the value of the machinery so provided?
3. By whom is the new machinery installed since expropriation being paid for?
4. By whom is the building program being financed since expropriation?
5. What capital expenditure has this government made on building and equipment for this plant since expropriating it?
6. What are the terms and conditions of expropriation made to date with the National Steel Car Company, with regard to this plant and its equipment?

DEPARTMENTAL INSPECTORS

Mr. POULIOT:

1. How many inspectors are there in each branch of each department?
2. What is their total number?

PROCEDURE IN QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. HANSON (York-Sunbury): Before you pass, Mr. Speaker, to the next order of business I should like to know why the question of the hon. member for St. John-Albert (Mr. Hazen) with regard to rugs for government offices has been made an order for return, when it applies to only one minister and one department. Is the minister afraid to have an answer to that question go on *Hansard,* or why is it not answered by the minister in a straightforward way instead of having it buried as an order for return?

Mr. RALSTON: My hon. friend has a habit of bursting out on these occasions—

Mr. HANSON (York-Sunbury): The heavy artillery is called up!

Mr. RALSTON: —and I want to say to him that his remarks are quite uncalled for. The question asked is with regard to the purchase

of rugs in the year 1942 and 1943, how many were purchased, from whom, what size they were and what make, how much was paid for each, and where each is at present located. That means a list of all the dealers from whom rugs were bought, the size and make of each, how much each cost and where each is at present located. I think my hon. friend is entirely out of order in objecting to its being made an order for return, and I submit this was just made an opportunity to make a gibe without very much ground for it.

Mr. HANSON (York-Sunbury): I rise to a question of privilege. Under a ruling made by Your Honour—

Some hon. MEMBERS: Oh, oh.

Mr. HANSON (York-Sunbury): All right; we will have this battle out right now. I feel in pretty good shape to-day and I am not afraid. Under a ruling made by Your Honour yesterday in relation to a statement made by the hon. member for Moose Jaw (Mr. Ross) with reference to the hon. member for Weyburn (Mr. Douglas) that he had imputed motives to him, I suggest that the Minister of National Defence who has come to the rescue of his colleague, has imputed to me motives that are improper, in the suggestion that I only took this opportunity to have a gibe at somebody. I suggest that the minister be asked to retract that statement.

Mr. FOURNIER (Hull): Mr. Speaker—

Mr. HANSON (York-Sunbury): On a point of order, I want a ruling from the chair.

Mr. FOURNIER (Hull): What is it, a question of privilege or a point of order?

Mr. HANSON (York-Sunbury): It is both a question of privilege and a point of order.

Mr. POULIOT: If it is a point of order I have a right to speak on it; and, sir, believe it or not, but on this occasion I find it my duty to rise in defence of the Minister of National Defence. I listened carefully to his remarks, and there was absolutely nothing in what he said that could be offensive to the hon. gentleman, with the possible exception of those two words, that he was considering himself a self-made martyr. Well, that is praise; Gandhi is put to shame by him. Now that I see a smile on the face of the hon. member for York-Sunbury (Mr. Hanson), perhaps the tempest in the teapot is over.

Mr. HANSON (York-Sunbury): I do ask the Minister of National Defence to withdraw the statement that I took this opportunity only in order to have a gibe at somebody.

Mr. SPEAKER: I regret very much that such a remark should be passed across the floor of this house. I take it that in judging a point of order raised by an hon. member in regard to something he alleges to be offensive, the broad principle might be applied that an offensive remark would be something no gentleman would say to another. If you consider it on that ground, then the statement made by the minister might conceivably fall within that category. He implied that the hon. member for York-Sunbury (Mr. Hanson) was asking a question with no desire for information but simply for some ulterior motive of his own. That is a suggestion which might well be taken as covered by the word "gibe" and I think the minister should withdraw.

Mr. RALSTON: I bow to your ruling, Mr. Speaker; if the tempest is over I withdraw the statement.

Mr. MACKENZIE (Vancouver Centre): On a point of order I direct your attention, Mr. Speaker, to the fact that in rising to make his remarks the hon. member for York-Sunbury said the Minister of Public Works (Mr. Fournier) had not answered the question in a straightforward fashion. I think that remark should be withdrawn as well.

Mr. HANSON (York-Sunbury): I shall be happy to do so.

Mr. FOURNIER (Hull): Now that the incident seems to be closed, perhaps I may have a chance to say one word. The ex-leader of the opposition said I did not wish to answer this question because I was afraid to. Well, as yet I have not been afraid since I have been with the public works department, and I hope I may never be afraid to discuss what takes place in that department. As to this rug question, which has been dragged around in the press and in the house on the orders of the day, in the six months I have been with the department I do not believe we have purchased more than six or seven rugs, with the exception of those bought for the hostel, and those were approved by Colonel Thompson. Now we are asked for a list of rugs purchased and where those rugs are now located. In five minutes I could get the answers to all questions except the last one, but in order to ascertain where the rugs are now located we have to obtain the information from the different departments for which they were purchased. The moment I receive that report you may be sure I will not be afraid to give the information in the house. Perhaps the hon. member for York-Sunbury thinks I can be easily frightened. Let him try it during this session, and we shall see.

LABOUR CONDITIONS

LAY-OFF OF EMPLOYEES AT MALTON AIRCRAFT PLANT

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I am in receipt of a telegram to-day from the president of aeronautical lodge No. 717, Malton, International Association of Machinists, which indicates that this union has made a strong protest against the lay-off of 400 employees in the Victory aircraft plant at Malton, Ontario. The wire also indicates that the company has declared that a further lay-off is imminent. The president of the union believes that a serious crisis is imminent, and has asked that an immediate investigation be held to prevent a possible tie-up in aircraft production at the plant. Will the Minister of Munitions and Supply assure the house that he will take such steps at once as may be necessary to avert the crisis mentioned in the wire which I have received?

Hon. C. D. HOWE (Minister of Munitions and Supply): I may say that I received a similar wire. We wired back referring the president of the lodge to a section in an agreement between the lodge and the aircraft company, the ink on which is hardly dry, which reads as follows:

> Disputes arising from this agreement or from any other cause and affecting any employee or group of employees covered by this agreement shall be settled in meetings arranged between the management and shop committee of the local lodge.

My information is that the president of the union had refused to discuss this matter with the management, as provided by the agreement. I am afraid that we will have to take the position that the agreement applies to both parties; so that I suggest to the hon. member as the leader of a great party that to make the matter a political issue at this stage is not wise.

Mr. GORDON GRAYDON (Leader of the Opposition): May I reply to the minister, who has suggested that I made this a political issue? The words "political issue" were used in the house yesterday afternoon. May I assure him—and I am sure on reflection he will realize this—that very few hon. members have taken political advantage as little as the present leader of the opposition in the house has during the seven years he has been a member of parliament. If at times he may have seemed to have done so, that was not the intention. I am quite sure that on reflection the minister will wish to withdraw that remark with respect to myself.

I raised this question affecting a number of men who happened to be in my own constituency. This is the first time I have referred the matter of this plant to the minister. It did seem to me, not only from a telegram, but also from information gained from a personal source, that this was a matter of great importance. I do not know the terms of the agreement the minister has now brought into the discussion, and I ask that he withdraw the imputation he made that I am playing politics. I want to say further that I do not make any apology for standing in my place in the House of Commons and defending, where I can, the working man of Canada. I want the minister to take my word that I had no intention of making a political issue of the matter.

Mr. HOWE: I of course agree to take my hon. friend's word. But I do suggest that in this particular case the government has worked with the management of the plant, and has spent days in an effort to straighten out a situation which has been unsatisfactory from the time the plant was started. I do suggest to the leader of the opposition that when difficulties occur between the management of a government-owned plant and its employees, it does not help the situation to raise the matter in the house. To do so destroys the proportions. It is a very common habit, I know; but I would ask hon. members in all parts of the house to refrain from doing so. I assure them it is not helping the government in straightening out such matters.

MONTREAL TRAMWAYS STRIKE

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I should like to ask the Minister of Labour if he will tell the house whether any agreement has been made, with the help of Doctor Goldenberg, with regard to the tramways strike in Montreal.

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I should like to tell the house I have been informed that the strike of employees of the Montreal Tramways company has ended. Early to-day word was received from Doctor Carl Goldenberg, who was appointed as a commissioner under the Industrial Disputes Investigation Act to deal with the strike, that he had been successful in his efforts to bring the parties together. It is reported to me that a satisfactory agreement has been reached as a result of which the men have returned to work. I understand it will take a day to restore normal conditions.

The Department of Labour has not yet received information of the terms of the settlement. However, I think it is sufficient for

now that the house should know that the striking employees and company management have got together, and there has been a resumption of tramway and bus services.

Mr. J. R. MacNICOL (Davenport): I should like to ask the minister a question with reference to the Montreal strike. I am glad to hear that it is settled. If I had held off my visit to Montreal until to-day I should not have had to walk three miles as I had to do yesterday. Was any approach made to the minister's department before this strike was called? I have always understood that there was ample machinery available in the department which could be used before a strike is called, and that the minister or his department would take steps to prevent a strike being called. If no approach was made to the Department of Labour, I should like to know why not. What means has the department available to stop strikes like this taking place and interrupting our war production?

Mr. MITCHELL: If my hon. friend will read *Hansard* of yesterday he will find that every effort was made by my department to prevent this strike. I said on a previous occasion and I still believe that since the war broke out there has not been a strike called which was more unnecessary than the one that took place in the city of Montreal. May I say further that I have no respect for anyone who would take advantage of the adversity of this country at the present time to win an industrial dispute illegally. While you can never tell what a group of human beings will do under a given set of circumstances, I believe that if the formula which was submitted by myself on Sunday to all the parties to the dispute in Montreal had been complied with, there would not have been a strike and we could have overcome these difficulties by the normal use of the machinery available in the Department of Labour. Let me say to those who say that we have no labour policy that the machinery provided by the Industrial Disputes Investigation Act stands, I think, without a peer in any of the united nations.

Mr. HANSON (York-Sunbury): But it does not prevent strikes.

Mr. MITCHELL: My hon. friend says that you cannot prevent strikes.

Mr. HANSON (York-Sunbury): I said that it does not prevent them.

Mr. MITCHELL: I should like to see him sitting in the lonely seat I sometimes occupy.

Mr. HANSON (York-Sunbury): I would not do it, not for a million dollars.

Mr. MITCHELL: That is what happens when three or four thousand people go on the rampage. We have all the machinery necessary to achieve results, given the proper degree of patience. We have the kind of machinery that is talked about in the United States, machinery which provides for a waiting period. No one needs to resort to the strike weapon in order to obtain justice. I think that is a true statement.

PRIVILEGE—MR. DIEFENBAKER

OIL CONTROL—EMPLOYEES IN ONTARIO BRANCH

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I rise to a question of privilege, and in doing so I hope I shall be able to restore kindly feeling in the house. The following question appeared in my name on to-day's order paper:

1. Are L. R. Lougheed, Violet Russell, and James F. Archibald, now or have they been in the past year in the employ of the Oil Control Branch in the province of Ontario?
2. If so, in what capacity?
3. What salary or remuneration is received by each?

The answer to the first question is no, and the answer to the second and third is, "Answered by No. 1."

The Joy Oil Company Limited was prosecuted in Toronto for alleged offences committed in August, 1942. On that occasion certain witnesses gave evidence respecting the infringement of oil control regulations of Canada. J. C. McRuer, K.C., appeared for the crown, and James F. Archibald gave evidence as follows, under oath, upon examination by Mr. McRuer:

James F. Archibald, sworn, examined by Mr. McRuer:

Q. Mr. Archibald, on the 14th of August last were you engaged in conducting an investigation on behalf of the oil controller for Canada?
A. I was.

That was on August 14, 1942. The evidence continues:

Q. As part of your duties did you go to the premises of the Joy Oil Company on Fleet street?
A. Yes, I did.

So far as Lawrence B. Lougheed is concerned, I find this in his evidence, as reported at page 36, upon examination by Mr. McRuer:

Q. Mr. Lougheed, on August 14th last you were employed to do some special investigation by the oil controller of Canada?
A. Yes, sir.
Q. And you were working under his direction?
A. Yes.

I point out that in the prosecution of the case with respect to the oil control regulations, both these men, being examined by crown counsel, stated they were employed by the oil

control branch. I would now ask the Minister of Munitions and Supply to explain how it is that the answer I received to-day is that these two men are not, nor have they been in the last year, employed by the oil controller.

Hon. C. D. HOWE (Minister of Munitions and Supply): This question was sent in the ordinary routine to the oil control branch, and it was answered by that branch. I would remind my hon. friend that he attacked the Minister of Labour (Mr. Mitchell) for giving him the wrong information, and I have not yet heard him apologize, although I think it was admitted that the information given was not wrong. I suggest that could be the case in the present instance.

Mr. DIEFENBAKER: All I have to say is, as was stated by me the other day, that the information I had as to the existence of other letters was a statement to such effect made by the hon. member for York-Sunbury (Mr. Hanson). To-day it is based on perfectly clear sworn evidence.

Hon. HUMPHREY MITCHELL (Minister of Labour): May I say I do not think the hon. member was altogether fair with me. The return I made was an honest and a true return.

Mr. DIEFENBAKER: Absolutely.

Mr. HANSON (York-Sunbury): The fault, if any, was mine.

FOOD

CONFERENCE TO CONSIDER POST-WAR PROBLEMS —CANADIAN PARTICIPATION

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, in view of the announcement from Washington to-day that a conference will be held in the United States on April 27 to consider long range post-war food problems, will the government inform the house if Canada is to participate and, if so, how and by whom this country will be represented, and give such other information as parliament is entitled to receive?

Hon. J. L. RALSTON (Minister of National Defence): I shall take note of my hon. friend's question and refer it to the Prime Minister (Mr. Mackenzie King). It will be dealt with by the Department of External Affairs.

BEEF

FEEDING TO 800 POUNDS OR BETTER OF VEAL CALVES OF BEEF ANCESTRY AND TYPE

On the orders of the day:

Mr. HARRY LEADER (Portage la Prairie): I should like to ask a question of the Minister of Agriculture in connection with the providing of more and better beef for Canada. I should like to say that the suggestion I have to make has the support of the province of Manitoba. Last fall I sent a suggestion to the wartime prices and trade board, but apparently they were not in favour of adopting it. In view of the fact that many thousands of veal calves of beef ancestry and type are now slaughtered when at two hundred pounds in weight, would the Minister of Agriculture consider adopting the policy of feeding these calves for baby beef until they reach a weight of eight hundred pounds or better?

Hon. J. G. GARDINER (Minister of Agriculture): The policy of the department has been to encourage the feeding of as many calves as possible to greater weights, but the fact is that by far the greater number of veal calves which are slaughtered in this country are not beef varieties, but dairy varieties. If the department were to say that these were not to be slaughtered as veal, they would be slaughtered the day they were born, or at least a large percentage of them. There is some doubt as to whether we should be helping the food situation by declaring that calves should not under any conditions be killed for veal.

Mr. LEADER: The department in Manitoba states that 50 per cent of the veal calves now being slaughtered are of the beef type.

Mr. GARDINER: That is in Manitoba.

CANADIAN FORCES

ANNOUNCEMENT OF FORMATION OF RAIL TROOP UNITS

On the orders of the day:

Mr. G. S. WHITE (Hastings-Peterborough): The Department of National Defence announced yesterday that rail troop units will be formed in Canada. As this is a new and important departure in army set-up, perhaps the minister would be good enough to make a statement to the house.

Hon. J. L. RALSTON (Minister of National Defence): My hon. friend sent word to my office that he was going to ask this question. I did not know that he had seen the press statement. There is nothing I can add to the

press statement except to say two things. First, the number of men involved will be less than one thousand. I do not want to have the idea get abroad among the men in the armed services that thousands of men will be required for this service. Second, we have the fullest cooperation of the two railways.

Mr. WHITE: Is this unit being formed for service in Canada or overseas?

Mr. RALSTON: Overseas. That was stated in the dispatch.

MILITARY SERVICE

CALLING UP OF FARMERS FOR MILITARY TRAINING

On the orders of the day:

Mr. LIGUORI LACOMBE (Laval-Two Mountains): I should like to ask a question of the Minister of National Defence, which follows upon the remarks made by the Minister of Finance (Mr. Ilsley) a few moments ago in connection with rationing. Will the government take the necessary steps to prevent the rationing of farm hands by the calling up of farmers for military training and keeping them in military camps?

Mr. RALSTON: The policy of the government with regard to man-power is well known. If any change is made in that policy, it will be announced.

SUPPLY

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

Mr. RALSTON: Item *70*.

Mr. HANSON (York-Sunbury): This is not in accordance with the arrangement made last night when it was understood that we were to go on with the supplementaries and take up item *416*. Item *417* and the other items were passed. What my hon. friend is trying to do now is to slip in two or three departments that have not been in before. That is not going to happen so far as I am concerned. It is not in accordance with the arrangement that was made.

Mr. RALSTON: I think it was announced last night. I say to my hon. friend that I will not even take the trouble to ask the Chair to rule whether a charge of "slipping in" estimates is parliamentary or not. All I wish to say is that it is characteristic of the attitude which the hon. gentleman has assumed in this committee. There is no attempt to "slip in" anything. It was suggested that two departments would be called in order that we might be able to go on with them when we were in supply. The intention was just to take a moment to call the two items and immediately go on with the further supplementary estimates.

Mr. HANSON (York-Sunbury): After that little lecture, may I suggest to the minister that he read *Hansard*, at page 1715:

> Mr. Graydon: What will be the business to-morrow?
>
> Mr. Ralston: To-morrow we shall proceed with the further supplementary estimates.

That is the first order of business. The minister continued:

> We hope to call the two other departments, Fisheries and Public Works, and if we finish those we shall proceed with the budget resolutions.

I respectfully suggest to him that the plain meaning of that is that we shall go on with the supplementary estimates first; if we finish those we shall take two items, one in Fisheries and one in Public Works, and then we shall go on to the budget resolutions. That is the undertaking.

Mr. RALSTON: I say to my hon. friend that no such meaning can be drawn from it. I stated what the business was. The fact that it was stated in a particular order does not mean that we are proceeding in that way. If the committee has any particular objection to the calling of these two items, I shall be glad to consider it. My hon. friend tells us to-day that he is in great shape.

Mr. HANSON (York-Sunbury): I said that I was feeling fit.

Mr. RALSTON: He must be, if he is able to take on three members over here at once.

Mr. HANSON (York-Sunbury): To be exact, three members like the Minister of Public Works.

Mr. RALSTON: I suggest that we call these items and go on with the business which was to be taken up.

Mr. COLDWELL: Mr. Chairman, I wish to support the hon. member for York-Sunbury in this matter.

Mr. HANSON (York-Sunbury): There was an undertaking.

Mr. COLDWELL: Last night there was an understanding that the supplementary estimates were to be dealt with first, and then that two departments might be called. I suggest this, that the calling of departments and opening up a number of departments may quite conceivably interfere with the privileges of hon. members in bringing matters of importance before the House of Commons. The Prime Minister (Mr. Mackenzie King), in

taking away private members' days, stated that there would be many opportunities for hon. members to deal with matters affecting their constituencies and the country generally when the house went into supply. On Thursdays and Fridays the house can go into supply automatically and discuss the estimates of the departments already called. This means of course that, if all the departments or a number of departments are called, the estimates are left to the end of the week, and then there is no opportunity in this session of parliament, because we are deprived of private members' days, for hon. members to raise matters of importance.

I am not forgetting that early in the session my colleague, the hon. member for Weyburn (Mr. Douglas) intended to raise a matter of debt, and something of an understanding was reached that the following Monday the house would go into supply so that the matter might be raised. We did not go into supply until Monday of this week. The result was that the discussion of a problem which intimately affects western Canada consumed two days, and then last night we were in a tremendous rush.

I think that the government would be well advised to take into consideration the rights of private members, and that the government having taken from us the right of private members to move motions on private members' days, we should be allowed to retain the right to bring matters of importance forward when the house goes into supply.

It will be said that this is not being denied the house, but we know perfectly well that we find during the session that the estimates are usually relegated to Thursday and Friday, which means that we have no such opportunity, if a number of departments have already been called.

I am therefore suggesting that we carry out the understanding arrived at last night and that we proceed with the further supplementary estimates. Then we can see as a house whether we should call new departments after we have concluded the further supplementary estimates.

Mr. GRAYDON: Perhaps I may clarify the situation a little. At the conclusion of business last night it was, I believe, the understanding of all hon. members, or at least most of them —certainly it was mine—that the urgency with respect to the further supplementary estimates was acute, so acute that the Minister of Finance asked us to adopt a procedure which is very seldom asked for, and which was somewhat grudgingly given; but because civil servants' pay was involved, and on that ground alone, hon. members were disposed to make some concession. It certainly was my understanding, and I think it must have been the understanding of most hon. members, that the urgency of the further supplementary estimates was so great that they would be the first thing to be handled this afternoon by way of business. The then acting leader of the government, namely, the Minister of National Defence, stated:

> To-morrow we shall proceed with the further supplementary estimates. We hope to call the two other departments, Fisheries and Public Works, and if we finish those we shall proceed with the budget resolutions.

This means that after they are finished, the budget resolutions come on, not the further supplementary estimates. I do not want to quibble about this, because after all there is no point in it, but I did ask the acting leader of the government this question:

> Mr. Graydon: Will more than one item be called in Fisheries and Public Works?

My object in asking the question was to learn whether or not Public Works and Fisheries would simply go in and then come out; and what the then acting leader of the government then said was, "Yes". It may be that he did not intend so to state; but I went on that assumption, having in mind the fact which I worked out in one pattern, namely, that the further supplementary estimates were to be dealt with first; the several items in these would be passed, and then of course we would take up the budget resolutions. I would ask the minister, having in mind the fact that last night we gave up many of our rights with respect to the question of the passing of these items, for reasons which were then given, that the further supplementary estimates be now proceeded with, because if the urgency was as great as we understood it to be, they should be gone on with. If there was not such urgency, we should not have been asked to do what we did last night.

Mr. RALSTON: All I wish to say is this. First, with regard to the report in *Hansard*, I am sorry I did not notice the report. I thought my hon. friend asked, "Is there only one item to be called?" and I said, "Yes"; and I think I gave a clear impression that it was simply for the purpose, as my hon. friend says, of going in and coming out. I assure the committee that had I known that these items would take one-fourth of the time we have taken in discussing them, I would not have called them now. I called them simply in order to get them out of

the way. The hon. member for York-Sunbury suggests that they were slipped in. There was no idea of "slipping in". Just as soon as I came into the chamber I sent a note to the three leaders of the groups in this house to inform them that these items would be called. I am wholly in the hands of the committee, and I do not propose to delay my colleague the Minister of Finance an instant in connection with these items. May I say that we have these items called in order that the estimates of the respective departments may be taken up on Thursday and Friday so that the house may have business to go on with and so that the desire of hon. members that the estimates be dealt with early may be met. There are thirteen departments which are not yet in.

Mr. COLDWELL: There are two open now.

Mr. RALSTON: And we do it for that purpose. I do not think the rights of private members have been curtailed very much with regard to going into supply. We have had a debate for two days, and the Minister of Finance had to wait until nearly eleven o'clock last night before the further supplementary estimates came on. What I resented was my hon. friend's suggestion that these departments were being slipped in. I especially mentioned them last night and I did not think it would make the slightest difference because I thought it would take only about two minutes before we reached the supplementaries. But I have no objection to acceding to my hon. friend's request and going on with the further supplementary estimates and allowing this item to stand.

Mr. CHURCH: Mr. Chairman, it is just as well that the principle which has been brought before the committee by private members be cleared up. Last session the same matter came up. In the dying hours of the session several millions of dollars of estimates were voted in two or three hours. Some of the departments had never been before the committee at all before the last few days of the session. Down to the middle of July not one dollar of the estimates had been discussed in committee, and we sat here from January until July. I do not want the same thing to happen this session. If the opposition is to have no control over expenditure, parliamentary government is at an end. Private members' days have been abolished. Matters brought up by private members which in other sessions before the war would be referred to committees have been left lying on the order paper. The opposition will have to take the stand that they will refuse supply unless they have a reasonable opportunity to bring before the house and the committee questions affecting control of expenditures. I brought this matter up last session. I wrote the auditor general, and I found that the auditor general has not much effective control over the ordinary estimates and cannot veto any of them or any of the supplementaries which are before the committee to-day. It is the comptroller of the treasury, not the auditor general, who has control over three billion dollars of war appropriation expenditures. So long as expenditures are within the four corners of the five or six subsections of the appropriation bill, they are legal. The auditor general has no control over the appropriation bill, although some departments have their own auditors.

In my opinion, a private member should be allowed more reasonable latitude on the orders of the day, as in England on war matters. The opposition has given the government pretty good support ever since the war started. We have passed ordinary and some appropriation war expenditures which were introduced sometimes without any notice. But the opposition has a function to perform. It took one hundred years of strife in England for parliament to get control over expenditures. We have lost that to-day so far as any check over expenditures is concerned.

I agree with the hon. member for York-Sunbury that there is a great deal of information which we have not been given. We cannot get the facts. We ask questions, but we cannot get information. Questions put on the order paper are made orders for returns and then a month or two later some member of the house will ask the same question and be answered by a minister, while the return which was ordered to be brought down months before is ignored. Our labour legislation will have to be brought up to date. If we are going to change our system we shall have to change our rules, too. The most important thing we have in Canada to-day is parliamentary, cabinet, constitutional and law reform, and the opposition must have control over expenditures and regain our lost control.

Mr. HANSELL: This group has always tried to facilitate the business of this house. It is seldom that we take part in any sort of wrangle, but I wish to say that we support the hon. member for York-Sunbury and the hon. member for Rosetown-Biggar in their contention. The fact of the matter is that not only are private members' days taken away this session, but they have been taken away from us ever since the start of the war, and that is a long time. The only opportunity

we have now of discussing important matters is on a motion to go into supply. We have a small opposition in this house compared with most parliaments; nevertheless the opposition in this house represents a very large section of thought in Canada. We have had resolutions placed upon the order paper every session since the war began, and have never had an opportunity of discussing them. That being the case, I say that we should have as much opportunity as possible of being able to bring before the house at the proper time our thoughts, suggestions and complaints.

One other matter. It is all very well to talk about being able to carry on business on Thursday and Friday, but that does not altogether follow, in respect of going into supply. There are committees working which could bring in reports from time to time. We have spent a good many hours in this house in discussing other matters that have not been introduced by private members; yet when a private member desires to discuss something, time always seems to be limited. We in this group join with other hon. members who have made a protest.

Item stands.

DEPARTMENT OF FINANCE

416. Royal Canadian Mint, including the Dominion of Canada assay office—further amount required, $16,630.

Mr. POULIOT: Mr. Chairman, I have a few questions to ask of the Minister of Finance. The Royal Canadian Mint was at first under British management, and members of parliament received each year a report of the mint's operations. Some years ago, however, at the time Mr. Dunning was Minister of Finance, the mint was transferred to Canada. We had then the same deputy minister of finance that we have now, and the mint ceased to publish any reports. I asked Mr. Dunning if there was any report and he sent me one. It was covered with dust and went back some time ago. I would ask the Minister of Finance to be kind enough to tell the committee why there are no more reports from the mint to members of parliament, and in the second place why there is no report on the gold reserve, if any, that we now have.

Mr. ILSLEY: I am informed that there is a report on the mint, published annually. With regard to the gold reserve, I do not know much about it. Is that the reserve of gold held by the foreign exchange control board?

Mr. POULIOT: Yes.

Mr. ILSLEY: I do not think a report on that is published. I think it is regarded as not in the public interest to publish the holdings of the foreign exchange control board in gold or foreign securities.

Mr. POULIOT: I have not the correspondence at hand, but I remember distinctly that when Mr. Dunning was Minister of Finance and after the mint was transferred to Canada he told me that no more reports were published and furnished to the members. The minister may have a report sent to him, but he may have had it prepared himself.

Mr. ILSLEY: I have here the copy that was sent to the printer, Royal Canadian Mint, report for the calendar year 1942. I believe copies were tabled. I am confirmed in that.

Mr. POULIOT: I thank the minister for his answer. It is true to the British tradition. I do not see why there should be any objection to giving us some information with regard to the gold reserve.

Another point that I cannot understand is that Canadian bank notes are issued by the Bank of Canada with the guarantee of the Bank of Canada, and on the other hand the gold reserve is held by an altogether different organization. It seems to me the reserve should be in the hands of the guarantor. I leave it at that. I would have much more to say, but since the time is short I will give an opportunity to the minister to answer questions that may be put to him by other hon. members. I am surprised that my hon. friends of the New Democracy group, the former Social Credit group, have not waited for this item to express their theories about coinage and currency. Of course coinage and currency come from the mint, and this would be the very best item for them to expound their theories on, to explain how they could give us cheap money.

To conclude what I have to say and leave the floor to the hon. gentlemen of the New Democracy group, I would tell the minister that I am in the very best possible disposition with regard to him and highly appreciate the work he does. When at times I mention some individual I have no grudge against anybody, but I find that the system is wrong. For the very same reason I complained in the past about a certain financial group of which the former premier of Quebec was a member, and we had other representatives of the same group here in this house. I objected to those people on behalf of the Canadian people and on behalf of the man on the street.

I conclude by telling my hon. friends who are kind enough to listen to me that no reform will be possible in monetary matters so long as the same staff is kept in the Department.

of Finance and other subsidiary positions. So long as they are there with their procrastinated ideas, no useful reform will be possible. We shall have other opportunities to discuss the matter. I leave it at that for the moment, but I wanted to make it clear at this time in the session.

Mr. HANSON (York-Sunbury): First, I desire to suggest that the little unpleasantness between the Minister of National Defence and myself a little while ago was due, I think, to a misapprehension on his part, or shall I say to a distinct understanding in my mind as to what the undertaking was between the Minister of Finance and the leader of the opposition, referred to in *Hansard* immediately preceding the statement made by the minister, which will be found in the first column of page 1715, which I believe he will agree was an undertaking given that the first order of business to-day would be the supplementary estimates. If the words "trying to slip something in", or whatever words I used are offensive to the minister, I shall be glad to withdraw them. As a matter of fact, however, I did think, in the parlance of the street, that the minister was trying to put over a fast one, having regard to what was said previously. Having said that, I think we can forget about it.

Next, I wish to ask the Minister of Finance a question with respect to the *modus operandi* of making payments on the basis of a resolution passed here last night. I do not understand that the mere passing of a resolution upon which a bill is to be based which would later become law would legalize a payment until the bill is passed. The most it could do I should think—I am speaking just on general principles—would be on the theory that, the resolution having been passed, it would be an obligation on the House of Commons to pass the succeeding bill. If that be so, I do not think there was quite the urgency that the minister suggested yesterday, because it is only the enactment of the bill that can make the payments legal. Perhaps the minister would tell me just what the technical position is.

Mr. ILSLEY: The hon. gentleman is right. I was in a difficult position last night, because this is the 31st of the month, and it is customary and very desirable that certain payments be made to-day. If those items had gone over until to-day it is quite obvious that I could not get my bill through to-night —very likely we shall not get the items through this afternoon, although I hope we shall—because I knew there was to be considerable discussion on some of the items. True, it is legally correct to say that until the bill is passed there is no statutory authority for the payment.

Mr. HANSON (York-Sunbury): No legal authority.

Mr. ILSLEY: I would prefer to say that there is not statutory authority, and perhaps I should go so far as to say there is not legal authority for the payments. On the other hand, once the House of Commons passes an item, we know we are safe in making that payment, for the bill is retroactive.

Mr. HANSON (York-Sunbury): That is a commitment.

Mr. ILSLEY: Yes, it is a commitment, and it is difficult to imagine anything happening to these items after that, at any stage either in this house or in the other chamber. On one or two occasions in previous years when I have been in a corner of that kind I have instructed the comptroller of the treasury to pay once the matter was passed upon by the House of Commons, but I want that stage reached before I direct that public money be paid. I did not explain that fully last night, and I did use the word "legally"; I said I did not like to do anything irregular or illegal. Strictly speaking, there is not the legal authority to pay to-day; yet the payments are being made. The alternative would be not to allow the payments to be made until this goes through, and I knew it would not be through until to-night at the earliest, and perhaps later than that.

Mr. HANSON (York-Sunbury): That clarifies the position. I was thinking it over after I had gone home last evening, and I came to the same conclusion. That is about all I have to say on that point.

Ostensibly we are dealing with item *416*, concerning the royal mint. I have no observations to make in that regard, but I wish to ask the minister about the principles underlying the application of item *417*, which has to do with the cost of living bonuses. I understand this is to provide the civil service with cost of living bonuses based on the index of the cost of living in Canada, and that it is payable in certain lower brackets of the service. Will the minister put on record briefly what is the position; who get this bonus; the basis of payment, and the allocation? Is that done arbitrarily by the treasury board on the basis of the vote, or how is the treasury board given authority to make the allocation? Is there parliamentary direction for that? It would not be in a statute, as far as I know, and the

only place it might be is in the vote, in either the main estimates or the supplementaries.

Then, could the minister tell us what is the total of the cost of living bonus not only with respect to the government service but in regard to other services in Canada that are paying the bonus? Could the minister give us some estimate of how many millions or hundreds of millions of dollars are being paid out in cost of living bonuses? As I understand it, the object of the policy of the administration is to keep down inflation. Payment of the cost of living bonus is a direct inflationary measure. I agree that there are compensating or off-setting measures, such as the increased cost of living, but all these extra payments are in the nature of inflation. It may be that I am all wrong in my reasoning; perhaps I have no grounds for the theory I have in mind that all these things are inflationary in character and that the cost of living bonus paid by the government to the civil service, the cost of living bonus paid by employers throughout the land, plus the subsidies paid by the government through the wartime prices and trade board together form one of the most inflationary elements in our economy. Would the minister care to tell the house what is the position in terms of dollars and cents, or just how much this extra spending has amounted to?

Mr. ILSLEY: I have no estimates here. I think I could get an estimate of the amount being paid in cost-of-living bonuses, but it would be only approximate—

Mr. HANSON (York-Sunbury): I realize that.

Mr. ILSLEY: —because these bonuses cover different periods for different employers. Some employers pay cost-of-living bonuses based on the rise in the cost of living since 1939. Others pay on the basis of the rise in the cost of living since October, 1941, which has been very slight, while others pay on the basis of the rise since some intermediate date, generally the date of the last basic wage increase. I do not know just what particulars or how many particulars the hon. gentleman wants, and I will have to speak in a general way because I have no figures before me.

When we introduced our price ceiling policy in October, 1941, and our wage stabilization policy which took effect on November 15, 1941, we did a drastic thing as far as both prices and wages were concerned. When we said to wage-earners that they should not get increases in their basic wage rates unless they could qualify for them under special provisions of the wages order, we thought we ought to give them a guarantee that they should not be penalized if we failed either wholly or partly in our attempt to freeze prices. Accordingly it was provided that there should be a compulsory cost-of-living bonus based on the increase in the cost of living after October, 1941. As a matter of fact, despite our best efforts the cost of living did rise 2·4 points by July, 1942, and therefore compulsory cost-of-living bonuses came into operation for all employers of Canada, based on that rise. The great majority of the bonuses are twenty-five cents per point per week, which means sixty cents a week at the present rate. That was over and above the cost-of-living bonuses paid prior to that, and many were paid before that; it was the rule rather than the exception in large industries. I might add that since July, 1942, the cost of living has declined. At present, according to the last monthly report of the bureau of statistics, it is only 1·4 points above October, 1941; and if that condition continues, it will result in a reduction in the cost-of-living bonuses. It may or may not continue; that remains to be seen.

So far as the civil servants are concerned, they had no basic increases in their pay after the outbreak of war, and in the summer of 1941, when the cost of living was rising very rapidly, from one to two points a month, it became apparent that considerations of justice demanded that some recognition be made of that fact in the case of the lower-paid civil servants. Consequently an order in council was passed providing for the payment to civil servants getting less than $2,100 a year or $175 a month, of cost-of-living bonuses based on an 11 point increase, or an 11 per cent increase, which was the increase in July, 1941, over August, 1939. It was provided in the order in council that there would be no adjustment until the cost of living rose by five points. It did rise five points by July, 1942; so that there was an adjustment upward of the cost-of-living bonuses of these lower-paid civil servants. The result was, if I remember correctly, that they were paid on a 17 per cent basis, rather than 11 per cent. Those are the cost-of-living bonuses paid to those civil servants to-day.

There is a provision that a cost-of-living bonus shall not increase the salary of a civil servant beyond $2,100. That is to say, if a civil servant is in receipt of a salary of $2,000, and the 17 per cent cost-of-living bonus brings it to $2,150 or $2,200, he does not get that extra $100. It just goes up to $2,100. Otherwise at that $2,100 point an injustice would arise.

There is of course an inflationary effect arising from cost-of-living bonuses. When we pay any money to any section of the public which spends its money, or when we pay subsidies to any group of producers or importers, those payments are, to that extent, inflationary in their effect. Money will be spent which would not be spent by those people, had they not received it from the government. There can be no doubt about that.

On the other hand we have taken the view that it is much better to stabilize the cost of living by subsidies than it is to let it rise, because a rise in the cost of living, which would result in wage increases, if there were no cost-of-living bonuses, would start us into an inflationary spiral which would have a much greater inflationary effect than that of merely adding to purchasing power in the community. It would be possible to add to the purchasing power of the community without putting any upward pressure on price levels if, for example, we could take it all back in the form of taxes, or in savings. As hon. members know, we do that to the extent we can. But there is nothing a person can do if price increases take place, wage increases take place, and as a result of wage increases more price increases, step by step, increasing in rapidity until the whole price level is out of control. That is the present situation in many countries, and has caused a pretty bad situation. That is the reason why we are so anxious to stabilize prices, and why we do not like price increases and wage increases. We think the whole performance is prejudicial to the country as a whole, and to every class of people in it.

Mr. FAIR: Mr. Chairman—

The CHAIRMAN: I saw the hon. member for Vancouver-Burrard (Mr. McGeer). Before we go further I would ask that the committee be patient with me because, in committee, we have no list of speakers, and I can only do my best to be impartial to all.

Mr. McGEER: In rising to support vote *416*, for the sum of $16,630, requested by the minister, and dealing with the Royal Canadian Mint, including the Dominion of Canada assay office, I take advantage of this opportunity to draw the attention of the government and the committee to the importance of the mint. Not only is it important to our political economy generally, but it has great bearing on much that is important in the industrial life of our country.

As we have been going along we have been entertaining some strange ideas with respect to money. On more than one occasion I have dared to suggest the time has come when the government must assume the responsibility for maintaining the issue of the supply of a medium of exchange, and that it must guard, protect, maintain and regulate its circulation so that government can finance its administrative responsibilities, and so that people living in a collective society may secure from the use of the medium of exchange of the nation the greatest measure of assistance in distributing among themselves those goods and services they are capable of developing for human use.

We have departed very far from some of the fundamentals of the sound use of sane money. I have been accused—if my hon. friend wishes to say anything, then let him come into the house and take his place; but he should not interrupt me from behind the curtain. That is the height of discourtesy.

Mr. HANSON (York-Sunbury): I beg the hon. member's pardon. I was talking to an hon. gentleman, possibly in too loud a voice. I did not wish to be discourteous to the hon. member.

Mr. McGEER: I had some experience with the hon. member when he was chairman of the banking and commerce committee in 1934, and I happen to know something about the kind of courtesy he extended to me then.

What I wish to bring to the attention of the Minister of Finance, the government and my colleagues in parliament is that we are plunging along, exercising a capacity to spend money we never believed we possessed. Back in the hard days of 1933—yes, back in the days of 1931 and 1932—

Mr. COLDWELL: And 1938.

Mr. McGEER: —and, as my hon. friend says, 1938, there was no money to put people to work, despite the fact that they were desperately in need of employment, and in the midst of a million jobs crying to be done. To-day under the pressure of war we have learned that in one year we can spend $5,500,000,000 upon activities which result, not in productive enterprise, with security for the money spent, but in the unfortunate and disastrous consequences of the destruction of war.

I want now to refer to the mint, because I wish to draw the attention of my colleagues in parliament to the need of getting back to sane finance in the creation and issue of money. I have been told that we who advocate the use of national currency are funny-money men. Yet how funny is the money of a nation

that was not available in times of dire depression, in times of universal want, and is available in abundance in times of war.

When we look at the records of the mint some surprising features develop. I direct the attention of the Minister of Finance to the table which appears on page 808 of the Year Book of 1942. He will notice that in 1933 the worst year of the depression the silver coins issued by the mint amounted to $155,000. If he will check the figures for 1941 he will find that this figure had risen from $155,000 to $3,534,000. Back in 1934 I drew attention to the fact that the coining of money was one of the most profitable enterprises of the government, and that that was why it should forever remain the most guarded and protected prerogative of democracy, as it was in the days of kings the most respected and safeguarded prerogative right of kingly authority. In the creation of money under our act we provide that three hundred and sixty grains of silver minted into a certain form has one hundred cents of money value. Copper and a little bit of other metals which have no value at all, minted in a certain way, have ten mills or one cent of value. Let me quote my observations with regard to the point that governments create money out of their power to enact laws. I said:

> When, for example, a government passes a law which says that fifty grains of copper, tin and zinc minted in a certain way constitutes 1/100ths of a dollar or one cent, the government creates money out of nothing but its power to pass laws, the money value of fifty grains of copper, tin and zinc being infinitesimal. The market value of the metal in the one cent coin has nothing whatever to do with the money value that the coinage law gives to the metal when it is developed and issued as a one cent coin.
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> Similarly is this so when the government creates a silver dollar. When the government declares by law that 371 grains of silver in the United States or 360 grains of silver, 8/10ths fine, in Canada, minted in a certain way, shall have a money value of 100 cents or $1.00, the government creates silver money by passing a law.
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> Everyone knows that there are 480 grains of silver in an ounce, and that the price of silver per ounce has fallen to as low as 26 cents. Even at its present governmentally-fixed price of 50 cents an ounce, the silver content in a silver dollar is worth roughly 38 cents.
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> If 360 grains of silver were worth on the market 100 cents, silver would have a value just under $1.30 an ounce. Therefore, the government, by declaring the weight of the metal in a silver dollar to be roughly three-fourths of an ounce, and by fixing the price of silver at 50 cents, creates with every silver dollar minted 62 cents of money value out of nothing but its power to pass laws.

Mind you, sir, when you take twenty-eight cents worth of silver and at a nominal cost mint it into a dollar of Canadian legal tender, the mint is making a profit of sixty-two cents on every dollar that it coins. Back in the days when I was advocating the recognition by the government of this simple fact, I suggested that now that we had moved into the realm of paper money and bank deposits, our mint should mint, print and issue all metal and paper currency. If you can take twenty-eight cents worth of silver, coin it into a Canadian dollar and make sixty-two cents on the operation, what profit will you make when you take a bit of pulp, convert it into paper and print it into a dollar bill? The cost of printing a paper dollar is infinitesimal compared with the cost of minting a silver coin. Yet we in parliament, the guardians of the people's interests, the protectors of the public domain, give to our chartered banks the power to print and issue and use as their buying power, paper dollars.

There is another suggestion that I wish to make. With governments that borrow, as with individuals, the payment of the debt is always a remote contingency, while the expenditure of the proceeds of the loan is often an immediate happiness. I do not suggest that that affects the Minister of Finance of to-day. Realizing the debt load that we are accumulating, I say to my colleagues: If you wish to look forward to the peace-time period with any hope of enjoying in a peaceful way the fruits of the tremendous sacrifices that are being made in this war, some better method of financing and meeting unpayable debts must be discovered and developed as an improvement over anything that has been in use before.

During this war, in these days of terrific events, we are moving along wholly unconscious of the Niagara falls of debt that may be before us.

Let me come now to the changes that are taking place. Even the greatest and most important changes in the world of economic life, in the world of human affairs, have approached almost unnoticed and come into being without our realizing that they are here. When we fought to establish the Bank of Canada as a publicly-owned institution my colleagues will remember that back in the days of 1934 there was just a little handful of members in the Liberal opposition who were in favour of a publicly-owned Bank of Canada. The election was carried on, and I believed that as Liberals we had gone to the country with a declaration that we would establish the Bank of Canada as a publicly-owned institution. When I came to Ottawa in 1936 I found that I was wrong in that conclusion. But despite strong opposition we amended the act in 1938, making the Bank of Canada a publicly-owned institution.

First, but fifty-one per cent of the capital stock of the Bank of Canada was taken by the government. In 1938, however, we won the victory by making that institution wholly the property of the people of Canada. Is there any banker, any Tory, or any reactionary to-day who would dare to think of undoing that great reform?

Mr. HOMUTH: Or is there any Liberal?

Mr. McGEER: We were the men who did it over Bennett's opposition. We have still a great job to do. That job is to make the Bank of Canada function not only as a bankers' bank but as a people's bank as well; and I have no hesitation in declaring that that is one of the jobs which Liberalism has to do, and which I know is going to be done.

We are issuing a great deal of money to-day. Yet we ask, should our paper money be printed by a private corporation known as a bank-note company? The time has come, and I bring this to the attention of the minister, to establish the mint as the source of issue of all paper currency to be circulated in the dominion. I would go further; I would make the mint the printing house for all the bonds and public securities which are issued by governments in Canada. Yes, I would go even further than that; I would make it the issuer of the ration books as well. Knowledge has come to us of the organized efforts of countries opposed to our scheme of government, and of some of those who were looking to the day of the clash at arms now raging, who had set up all the machinery and had it in operation before the war began, to print United States and Canadian currency. The problem now is not merely one of dealing with local criminal counterfeiters; the problem is also one of dealing with organized counterfeiting maintained with all the power which enemy government financial organizations have to develop counterfeit currency. In the wreck of one German plane which was knocked down while flying over France during the early stages of the war, millions of counterfeit francs were found. In the matter of security against counterfeiting of currency it is essential in my opinion that all bank notes should be issued in their original form through such an institution as our well established mint, with all the safeguards and protections that can be afforded.

There is another matter I would like to draw to the attention of hon. members. We are told time and time again that the government cannot afford this or that. Take, for instance, old age pensions. Many still hold the view that old age pensions are a menace to the development of thrift. But is there any man sitting in this chamber to-day who believes that we are doing all we can do and should do when we maintain an old age pension system which keeps 170,000 aged Canadians who have reached seventy years in pauperism and living on a pittance of $20 a month? You say to me that we are issuing all the coins that are needed, all the coins we can use, all the copper and silver and all the dollar bills which our trade can use. But you need have no doubt of the fact that if we would issue old age pension payments in silver dollars which cost only twenty-eight cents each, or in paper dollars which cost less than one cent each, every old age pensioner will gladly receive and use that form of national currency and every merchant with whom he deals will be glad to accept it. The talk, that that form of payment of old age pension being inflationary can no longer stand. That argument can never be advanced again, because in this war we have demonstrated that we can control inflation, not of two or three hundred million dollars of government expenditures, but even when the expenditures of government for war purposes rise, as they have risen, from an estimate of $100 million in 1939 to $5,000 million in 1943. Never again let any man, in face of the proof of the power which we know modern government possesses to control inflation, deny to the aged of Canada in the eventide of their lives the decent old age pension which the Canadian government has the power to create and to give without imposing any extra burden upon the taxpayers of the land, on the ground that it will cause inflation.

I come to another phase. In 1933 our mint issued $155,000 of silver money. The issue has risen until to-day it is probably over $4 million. Well, why did we not coin the silver reserves in 1933 and use the money to put some people to work, maintaining the air force, maintaining the navy, maintaining our defences, if you will? These are questions which hon. members who are voting this country into debt by the billions might well consider, in the hope that a way of financing the war will be found which will help us to come out victorious without being overwhelmed with a debt load which will involve us in the inaction and depression from which we suffered after the last war. It was not inflation, Mr. Chairman, which caused the post-war depression; it was the deflation which came as the result in part of the endeavour on the part of government to liquidate the debts of the war.

When I speak of money, let me point this out. You know that when you go to government officials in the tax department they will

not accept a sack of potatoes or a bag of wheat in payment of taxes, they want money, and quite rightly so. But when a government itself demands payment of taxes in money the government must see to it that the circulation of money is maintained and comes through proper channels into the possession of the citizen, with which he as a taxpayer can meet his obligations to the government.

My hon. friend says, no doubt, that we want sound money. Let us agree upon that. But when we talk of sound money let us recognize that national currency provided by the constitution of Canada, the issue of which is a constitutional responsibility of parliament, a money that has the backing of the resources of the entire nation, must be a sounder money than a substitute for money that is issued by a monopoly of bankers whose stock in trade is the credit of the nation, whose business is debt and whose profit comes from interest. Yes, they say, you have to keep our banking system sound. But we have to keep our nation sound as well, and a nation overloaded with unpayable debts can never be any sounder than an individual overloaded with unpayable debts. You may say that our national income has risen. True. But national incomes rise and fall, while a debt load once fastened upon a nation goes on forever.

There are just one or two things I would like to say about gold and the part the mint plays in that matter. I have never believed that gold should be used as a reserve for domestic currency. I have never believed that it was wise for a government to restrict its power to issue national currency by an arbitrary factor such as reserves of the gold standard. But I have always recognized that gold has an established and irreplaceable function in the world of international trade.

I do not want to be guilty, Mr. Chairman, of the bad taste of quoting my own book, although many of the things I have said in it are coming true. I should like for a moment, however, to direct members of the house to the conclusions I long held about gold, just as I directed their attention to the conclusions I hold about nationalizing the merchant banking system, to which I am opposed, because I hold the same views on gold to-day. Back in 1934 I wrote in the "Conquest of Poverty":

> Gold and silver should be used as the means of settling international trade and credit balances. No gold whatever and no appreciable amount of silver should be used as domestic or the basis for domestic currency. Both should be recognized as the means of advancing international trade for it should be recognized that they are established by custom as the effective means of settling overlapping balances between nations.
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> As international trade increases the need for gold and silver for that purpose will become increasingly expanded. That need will grow more rapidly than will the production of those metals. Gold and silver should be revalued at once; gold should be raised to $50 an ounce and its gradual increase to $100 an ounce should be recognized as a possible necessity. Silver should be raised on a parity with gold, that is to $3.35 an ounce, and its increase to $6.70 an ounce should also be accepted as a possible requirement of the not too distant future.
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> Now I appreciate that to the conservative mind this proposed revaluation of gold and silver may appear to be extravagant, but they should not forget that the increase in the value of gold from $20 to $40 an ounce has failed lamentably to bring about the increases in international trade and debt settlements that were anticipated, nor should it be forgotten that the increase in the price of silver from 26 cents to 50 cents an ounce had little or no effect as a factor in increasing world trade.
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> It should also be remembered that the New Deal includes an honest and sincere desire to improve the lot of the people of Europe, Russia and the millions that are barely existing in China, Manchuria, Japan, India and Africa. Gold and silver should be treated as the international currency that will permit the trading nations of the world to lend assistance to establish world peace by aiding in the conquest of world poverty.

As proof of the continuing value of gold as international money let me recall that when Soviet Russia was at the lowest point in her standing among world nations and in the realm of international affairs the Soviet government was able to purchase in every capitalistic nation any machinery and equipment for sale with gold as the medium of exchange. The Soviet representatives came to Canada and took our engineers; the men from our mines—and not only mining engineers but mine bosses and mine superintendents—and entered into contracts to take them to Russia to develop Soviet production. The only reason the Soviet government of that day could do it was that gold was an international money, and her payments of wages and salaries for services rendered were made under gold contracts payable in London and New York. I offer that as an illustration of my belief that in the years following the war, in the great reconstruction period that must come to pass if peace is to prevail, gold and gold-producing nations, silver and silver-producing nations—and Canada produces both gold and silver—will have a field of service that is wider and more valuable than it has ever had before.

Now what is the real attitude of sound money bankers and orthodox financiers to gold? Following their advice, we shipped gold out of this country as though it were just an ordinary commodity. Let me give the house the figures as to gold exports from this

nation, shipped out as non-monetary gold on a commodity basis. From 1930 to 1941 we shipped out gold valued as follows:

1930	.....	$ 43,453,601
1931	.....	58,093,396
1932	.....	71,479,373
1933	.....	84,350,237
1934	.....	102,536,553
1935	.....	115,595,279
1936	.....	131,293,421
1937	.....	143,326,493
1938	.....	166,205,990
1939	.....	184,115,951
1940	.....	204,479,083
1941	.....	206,040,026
Total	.....	$1,510,869.303

Yet this is Canada's international money. This, the one thing that is recognized as money the world over, and we shipped it out like an ordinary commodity to the extent of $1,510,000,000 in the ten years preceding the war. Let any banker stand up and say now that it would not have been the part of wisdom to accumulate that gold in our own Canadian mint in order to have it on the day when we needed international money to serve the needs of war. What would the position of the Dominion of Canada have been if we had had the gold we shipped away in our possession the day that war was declared? What will our position be in the future if we continue to treat our gold not as international money, but as a mere commodity such as wheat or lumber or any other perishable consumer goods? Is not now the time to consider that important question? Oh, yes, my friends say, but we had to meet our international debts; we had not any other means of settling them. Such was the pre-war attitude, but we shall always be in that position if we fail to manage our international trade and control the movements of our international currencies, credits and investments. The powers of regulation that have come into being under the pressure of the war disclose to us many of the fallacies under which we have suffered in the past. And if we as Liberals and as representatives of the people of Canada fail to recognize and to put into effect the lessons we have learned then, we shall fail in taking advantage of the opportunities the experience of the war is offering to us now.

I would commend to every hon. member an article which appears in the *Globe and Mail*, published at Toronto, of Wednesday, March 31. It is headed:

Keynes' Plan Uses Gold, Reverses his 1942 Ideas, Bids for Lower Pound.

The article states:

Dr. Melchior Palyi, noted economist, says reasonable proposals are endangered by fantastic inflation now in United States.

[Mr. McGeer.]

The article is written by one of the best financial editors in Canada, Mr. Wellington Jeffers. He says:

Dr. Melchior Palyi, who was in Toronto yesterday, is an American citizen of international reputation and experience as an economist, a man who was in pre-Hitler days adviser to Germany's central bank and chief economist of the Deutsche Bank, the largest European institution. He is now a research economist with the University of Chicago, sees merit in Lord Keynes' plan for an international clearing union, for a bancor as an international currency unit geared to gold and also great difficulties ahead.

Further he says:

Although the plan of Lord Keynes for a post-war international clearing union (as described in a cable from London in the *Globe and Mail* of March 29) is not entirely clear in all particulars, two things do stand out:

First, it proposes a basis for an agreement for mutual stabilization between the United Kingdom and the United States governments, and that means in practice American support of the pound;

Second, the new international bank currency, the bancor, is to be based on gold, though not inflexibly.

Time does not permit me to refer to all that is in the article, but if hon. members want to get a picture of post-war possibilities of disagreement and conflict, this article will give them something to think about.

The CHAIRMAN: I have to inform the hon. member that he has spoken for forty minutes.

Mr. McGEER: Might I just finish? I have not agreed with the policies of the Minister of Finance, but I have felt that there were more important matters for parliament to consider than my views on finance. We are engaged in a desperate struggle, and I have the firm conviction that this is no time to introduce controversial matters that disturb not only the government but the public opinion of the nation. But under our parliamentary practice we revise our bank laws only once in ten years, and in 1944, that is next year, the banking laws of Canada will be up for revision. They should be revised to meet the new conditions that have been disclosed in this war. I am convinced that the same government, imbued with the same inspiration of Liberalism that brought the Bank of Canada into being as the property of the people of this dominion will carry through reforms that will make the Bank of Canada, with the Canadian mint, institutions of economic security and of financial power that will give Canada as a nation in the world of nations a strength relative to the industry and the genius of our people and

to that enormous value of resources that Providence has given as the heritage of this land of Canadians. Stop this nonsense of laughing at so serious a question as the nation's medium of exchange. Let us not hesitate to acknowledge that accepted theories were wrong. If we will give to it the just and proper consideration that our national medium of exchange deserves, we shall be able to do things for our people that will make Canadian democracy better than any other form of government in the world.

Mr. ESLING: The reply to the hon. member for Vancouver-Burrard must properly rest with the Minister of Finance. I want to get back to the cost-of-living bonus, because representations have been made to the government from a number of industrial organizations, and particularly from munitions workers, which clearly indicate a contradiction in connection with the bonus. The *Labour Gazette,* which is the official organ of the Department of Labour, in April, 1941, stated that in order that the standard of living for workers might be maintained in the face of rising costs due to war conditions a cost-of-living bonus might properly be applied. And in August, 1942, the cost-of-living bonus for munitions workers was fixed at sixty-one cents a day on the basis of a six-day week. That amounted to $190 a year. That is for such a worker in a munitions plant. But by reason of the fact that the cost-of-living bonus is included in one's taxable income, that bonus of sixty-one cents a day is reduced to from thirty-eight to forty-two cents according to the man's dependents or other exemptions; this applies to a munitions worker with a wage just over $1,800 a year.

Of course any thought of the minister changing that phase of the tax at this session is out of the question, because it would upset the entire budget. But perhaps it may be considered for the next session, because it is a direct contradiction of the government's policy as stated in the *Labour Gazette* and as stated by the government in fixing the bonus.

We are now on special supplementary estimates for last session; and there are estimates and supplementary estimates down for this session. It is to be hoped that in the interests of the good name of this House of Commons these estimates will not be delayed until the dying days of the session, as they were last year. The passing of the estimates last year was clearly a disgrace to this House of Commons. Why, all the estimates were put through in about three days. The estimates of the Department of Labour totalling some $18,000,000 were put through in forty-five minutes. Those of the Department of Agriculture were more contentious; they took four and a half hours. Then we came to the Department of Transport and the Department of Public Works, $16,000,000 in the one case and $12,000,000 in the other; they went through in one hour. The estimates of the Department of Mines and Resources, amounting to $11,000,000, went through in two hours and a half. Those of the Department of National Revenue, amounting to some $16,000,000, and of the Post Office Department, some $45,000,000, were passed in less than one hour each. Surely the last session of parliament was the most wasteful anyone could contemplate. We sat here for 123 days, practically one-third of which was taken up with the discussion of the speech from the throne as it referred to the plebiscite, and the resolutions and bills relating thereto. Our one hope now is that the government will bring down these estimates early enough so that private members may have an opportunity to discuss them, as they are entitled to do.

Mr. FAIR: On another occasion I raised my small weak voice in behalf of the low-paid workers all across Canada in connection with the recent increase in the price of beverages. This is only a small, five-cent item, but I think people will realize that even the low-paid workers have to eat three times a day, and that as a result this five-cent increase will cost them no less than $55 a year. Not many days ago the Minister of Finance told us that we should not bring up these contentious matters. He told us we had a cost-of-living index.

Mr. ILSLEY: May I ask the hon. member what item he is speaking to? Under the arrangement made last night he has the right to speak to items *416, 417, 421, 422, 423, 424, 425, 426, 427, 429* and *430,* but I am anxious that the remarks of hon. members should be relevant to one of these items, and I think they should state with what item they are dealing, so that we may not drift into a general debate.

Mr. FAIR: I am speaking in connection with item *417,* which has to do with the cost-of-living bonus. I hope I have the right to speak on it, because I do not want to be out of order. On March 22, as reported at page 1428 of *Hansard,* the minister had this to say:

> Someone might say: You have a cost of living index which you are holding up before us; but is your cost of living index a true index? That matter has been most carefully investigated. A pamphlet entitled, "Is the Cost of Living Index Phony" has been issued by the wartime prices and trade board, and in that pamphlet they have shown that upon the most careful investigation it is a true index of prices. It is a much truer index of prices than would

be indicated if we had a different system which allowed prices to go up all-round the articles in the index. But by our ceiling policy we keep prices down over the whole field, and we have a true cost of living index.

I maintain that if we are to have a true cost of living index, it must reflect the cost of meals, because meals are necessarily included in the cost of living. On March 22 a return was tabled in reply to some questions I had asked. Paragraph 9 of that order read:

Will the increase in the cost of meals be reflected in the cost of living index?

I think that was a proper question under the circumstances, and the reply was:

The index reflects only the changes in prices of foods purchased for home consumption.

If you can eat at home it is all very fine, and a number of hon. members do eat at home most of the time. But we have many people who are not privileged to do so, people who have been compelled to leave home, as I was years ago. I remember the first job I got, at a time when jobs were scarce and help was plentiful. I went to work at $9 a week and it cost me $5.50 for room and board. That was my start when I landed in New York, and many people all across Canada to-day are in the same position. They have to eat, and when prices increase they are all affected in exactly the same way. So that I say we have not a true cost-of-living index. If the minister insists that the board continue to permit this increase in the cost of beverages, then I say the government and industry should pay a cost-of-living bonus to equalize that extra cost in the restaurants as well as in the homes.

I have had a number of small voices all across Canada telling me that I was putting forward the case of the low-paid worker. The last letter of that kind I received contained a clipping from *PM* of March 18, headed, "Dandy Idea" and reading:

Many restaurant owners won't admit that butter rationing has increased their profits. Rosoff's restaurant, on West 43rd street, east of Times square, brags about it, and with reason. For on its menus it carries a box stating that it had gathered surplus of $1,000 through reduced butter costs, and had contributed that sum to a number of war relief outfits. Rosoff's also gives service men a ten per cent reduction on their checks.

That is just one of the samples I have been getting. In some restaurants they have changed Hungarian goulash to Irish stew and raised the price, though they have not changed the dish. In connection with stews and the material going into them, the minister reminded us that the cost of beef to the restaurants had been increased considerably.

[Mr. Fair.]

If that is so, that increase should have been reflected all the way down to the producer, but I have not noticed any such increased prices being paid. So that I am wondering what the wartime prices and trade board has been doing, to permit an increase in one place without having it extended all along the line.

I do not think it is necessary to say very much more at this time, but on behalf of the low-paid workers I would ask that something be done toward having the old price reestablished, or else that the wartime prices and trade board see to it that the cost of living bonus is increased to meet the increase in the cost of living of those who eat in restaurants.

Mr. HOMUTH: Before the minister replies to the hon. member for Vancouver-Burrard, as he undoubtedly will, since the hon. member made some rather startling observations, I would suggest that one thing the minister should answer is the statement made by the hon. member in regard to the Bank of Canada, when he said: "Another job we Liberals have to do is to make this a people's bank, not a bankers' bank, and I know it is going to be done." Was this said with the approval and consent of the minister, and is that the policy of the government? I think the house should have an answer to that. Too often a member of parliament will rise in his place and enunciate a policy which may suit his section of the country, or himself, but which is repudiated in other parts of the country. Very often in those circumstances we find a discrepancy of policy which is not in the best interests of the country. We ought to have a definite answer as to whether this is the government's policy.

Mr. ILSLEY: The hon. member for Vancouver-Burrard was speaking on his own behalf, not on behalf of the government. I did not understand his statement in the same way as did the hon. member for Waterloo South. I took it as an expression of confidence that his views would commend themselves to the government, when the time came—and that is all.

Mr. HANSON (York-Sunbury): He said he knew it was going to be done.

Mr. ILSLEY: I think I have said what he meant.

Mr. McGEER: What did I say I knew was going to be done?

Mr. ILSLEY: The hon. member for Vancouver-Burrard has just now entered the chamber, so that perhaps I might be permitted

to say what has occurred. The hon. member for Waterloo South has asked me if the statement of the hon. member for Vancouver-Burrard to the effect that the Bank Act would be revised and that the Bank of Canada, which is now a bankers' bank, would become a people's bank, was a statement of government policy, and if it was made on behalf of the government, or whether it had no authority. I have replied by saying that it was made by the hon. member for Vancouver-Burrard on his own behalf, and not on behalf of the government, and that I did not take his statement as meaning anything other than that he had confidence that his views would commend themselves at the proper time to those in authority.

Mr. McGEER: I am very hopeful.

Mr. HANSON (York-Sunbury): That is what you call pressure politics.

Mr. ILSLEY: No; I did not take it that way at all. As a matter of fact, while my views and those of the government on matters of finance are very different from those of the hon. member for Vancouver-Burrard, I have appreciated his attitude during the war. With his considerable ability as a parliamentary speaker, if he were to attack and had continued vigorously to attack the policy of the government, it would have been embarrassing and prejudicial in the conduct of our loan campaigns, and the carrying out of our policies of taxation. While he has these views he has shown a great measure of restraint in the tone of his address to-day. It was simply the tone which one would use with a view to keeping one's position on record, in the hope that at the proper time it might be favourably considered.

As I have said, I differ from him. I do not think the printing of money is the proper way in which to finance a war. To-day the hon. member advocated that the mint should be turned to that purpose. If we wish to print money we have another mint in which we could do it, namely, the Bank of Canada. The borrowing of money from the Bank of Canada has exactly the same effect as the printing of it at the Royal Canadian Mint. The mint does not print money; it makes coins.

Mr. McGEER: I was talking about the physical part of it. The bank note company is the private corporation making notes.

Mr. ILSLEY: There is nothing new either in the hon. member's position or in mine, and I do not desire to revive old controversies, or to enter into old discussions. For the purposes of the record perhaps I should reiterate my position, that I think it is highly undesirable to finance a war, or indeed anything else, by the heavy printing of government money, either by borrowing from the Bank of Canada or by direct printing operations. And while the drawback of the system we follow is that it results in the creation of a heavy internal debt, it is my belief that that is by far the lesser of the two evils.

I do not like of course to see the debt of this country piling up. But I do feel it can go a great deal further without seriously interfering with our ability to service it. I say that because the interest rate is coming down steadily. It is now about 2·6 per cent, or around 2½ per cent; and the addition of very considerable sums to our debt do not increase interest charges very much. When one compares the interest charges with the total amount we have to raise, although we could not say they are a drop in the bucket, yet we can say they are very, very small indeed. It i my belief that the system we are following is considerably the better of the two. If we were to follow the other system I do not know how we could prevent the tremendous volume of money which would be in existence in the country from creating an uncontrollable price rise, a runaway inflation.

The hon. member was good enough to say that we had proved that we could control inflation. I wish I was just as sure as he is that we can, over a long period of time. We have a bitter fight every day in our efforts to do so. And we could not, if we did not tax as severely as we do, and go to such tremendous lengths to siphon back the purchasing power of the people by borrowing from them. If we did not do that we could not begin to make our price ceiling stick at all.

In other words, we have to borrow large sums from the people, and we must pay them interest in order to induce them to save. That is why we have to pile up interest charges. We are not doing it for fun. We are not doing it because we like doing it, but because we are engaged in a terrible war. Some of the things we have to do would not be done in a perfectly planned utopia, under ideal conditions. I do not wish to enter into the discussion at greater length. The hon. member for Vancouver-Burrard has been considerate and moderate in what he has said this afternoon, and I am trying to be the same.

In our fourth victory loan we are going to ask the people of Canada for a very large sum of money. I do not want them to think that we do not know what we are doing, or that we are off on the wrong foot, and that the whole thing is needless or unnecessary. The method we are following is the one followed in Great Britain, in the United States, and in other

British dominions and, in my view, it is the better one. That is all I can say on the point.

Mr. MacINNIS: Do all civil servants or all government employees under a certain salary range receive the cost-of-living bonus?

Mr. ILSLEY: All public servants—what we call civil servants—receive the cost-of-living bonus if they are in receipt of less than $2,100 a year, or $175 a month. I cannot think of any exceptions.

Mr. MacINNIS: An exception was brought to my attention, in connection with the employees in the office of the custodian of enemy property in Vancouver. It was pointed out to me that they are not receiving the cost-of-living bonus. While I have not had an opportunity of verifying my information, I should like the minister to look into it. I see no reason why these government employees should not be placed on the same basis as others.

Mr. HANSON (York-Sunbury): I should like to give the details of the case of a wife of a civil servant who in order to help out in the effort went into the service. She gets only $50 a month as a grade one civil servant. I have given the details of this case to the chairman of the civil service commission. She went in as a grade one stenographer and has lately been transferred to a branch in national defence where she is in charge of six operators of machines. She is quite capable and was to get an increase in her grade, but she was told that she would have to wait until after six months. That time has expired and she has not received her increase, the theory being that there is a new ruling, either already in effect or to be put into effect, that no increases can be granted until she has been there a year. I believe there are cases where the cost of living bonus has not been paid. The whole thing is in the hands of the treasury board and I shall not pursue it any further.

Another matter was brought to my attention recently which will come up under item *422*, "Annuities Act—further amount required, $3,500." I will put the facts of this matter on the record so that the minister and the Minister of Labour may be able to answer to-morrow. I do not expect an answer to-day. It has been reported that the annuities branch is to be taken from the Department of Labour, which has handled it for over twenty years, and passed over to the Department of Finance. My recollection is that the annuities branch was formerly under the Post Office Department, but was passed over to the Department of Labour about twenty years ago because it was considered that the latter department was more interested in the social security programme than was the Post Office Department.

Since 1908, when the annuities system was first established and put into operation, fathered I believe by Sir Richard Cartwright, approximately $200,000,000 have been raised at a cost of one and a fraction per cent, apart from interest on the funds. Last year the annuities branch did $20,000,000 worth of business. With due respect to the hon. member for Vancouver-Burrard (Mr. McGreer), these annuities have been looked upon as the small people's savings bank. If sufficient support is continued to be given by the government, it is estimated that the annual income might be raised to $100,000,000. We are talking about social security, but if this branch is to be scrapped as has been suggested—

Mr. ILSLEY: Who suggested it?

Mr. HANSON (York-Sunbury): Before I am through I intend to ask the minister if it is to be scrapped.

Mr. ILSLEY: Has anyone suggested that it was to be scrapped?

Mr. HANSON (York-Sunbury): That is the report, that it is being transferred to the Department of Finance.

Mr. ILSLEY: To be scrapped?

Mr. HANSON (York-Sunbury): And at a later stage, may be scrapped. I suggest to the minister that there should be some undertaking given, not only that the branch will be carried on but that it will be extended. This constitutes a fine economy in the lives of many people; it represents a great saving and it ought to be protected. There may be good reasons why the branch should be transferred to the Department of Finance, but as yet I am not aware of them. It has been suggested to me further that there is in contemplation a reduction of the four per cent interest on annuities to three per cent, which will make it practically impossible for annuities to be sold to the people of Canada who have available to them war savings certificates and bonds which may be cashed at will. I wonder if the insurance companies have made any representations to the minister and the department.

Mr. ILSLEY: Apparently somebody has given the hon. gentleman some material from which he is reading—

Mr. HANSON (York-Sunbury): I have a memorandum.

Mr. ILSLEY: —in order to stop something they fear. Why does the hon. gentleman say

that it will be impossible to sell annuities to the people of Canada if the rate is three per cent? I do not know of any plan to reduce the rate to three per cent, but I should like to know why the hon. gentleman is interjecting a highly tendentious statement into his memorandum, or perhaps somebody has done it for him.

Mr. HANSON (York-Sunbury): If the rate is reduced from four to three per cent you will not sell any annuities because the people can put their money into war bonds which will be more readily available for resale. That is the theory I have in mind. Then there is no tax on war certificates. I should like to have an undertaking from the minister, first, that there is no contemplated transfer of this branch to the Department of Finance, or, if so, that he give us the reason why it is being done; second, that there is no intention on the part of the government to scrap this system of savings—one of my regrets is that I did not avail myself of it years ago—third, that there will be no tinkering with this matter in the interests of the insurance companies, because we all know that the insurance companies cannot handle these annuities as cheaply as can the government. That is what I say, and perhaps the minister will give some attention to it.

Mr. ILSLEY: The hon. gentleman has said quite a lot; he has been making statements in the form of questions.

Mr. HANSON (York-Sunbury): Interrogatories.

Mr. ILSLEY: I am not in position to make any statement on that. I am under the impression that some consideration has been given to the terms of annuity contracts and the department by which they should be administered. When the decision is arrived at, it will be announced. Before that is done, I cannot make any statement about it.

Mr. HANSON (York-Sunbury): Can the minister say that the system of government annuities is to be maintained? Such a statement will be reassuring to many people.

Mr. ILSLEY: That is like asking me whether the Department of Finance is to be maintained. I do not know of any plan, nor have I heard of any suggestion that the sale of government annuities is to be abandoned.

Mr. HANSON (York-Sunbury): Then the minister has something to learn.

Item stands.

Progress reported.

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

Thursday, April 1, 1943

The house met at three o'clock.

RIGHT HON. ANTHONY EDEN

SUSPENSION OF SITTING TO WELCOME THE BRITISH FOREIGN SECRETARY

Mr. SPEAKER: In accordance with arrangements which have been made for Mr. Eden's visit, it has been considered advisable not to enter upon routine proceedings, and with the consent of the house I would ask that the sitting be suspended until 8 o'clock this day.

SITTING SUSPENDED

At 3.05 p.m. the sitting of the house was suspended until 8 p.m.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, on behalf of hon. members of both houses of this parliament of Canada, it is my privilege and pleasure to extend a very warm welcome to the Right Honourable Anthony Eden, Secretary of State for Foreign Affairs in the United Kingdom, who has honoured us with his presence on the floor of this chamber this afternoon and very kindly consented to address the members here assembled a little later in the course of the afternoon.

May I say to Mr. Eden that I extend this welcome, not only on behalf of the members of the two houses of parliament, but on behalf of the Canadian people as a whole, whose representatives we are.

When we learned that Mr. Eden had accepted the invitation extended to him by the government of the United States to visit the United States to discuss with the President and his colleagues matters pertaining to the war, we were delighted to learn that he hoped to be able also to visit Canada before returning to the United Kingdom. I should like at once to thank Mr. Eden most warmly for having accepted so promptly the invitation which upon his arrival in Washington was extended to him by the government of Canada—not only for his kindness in accepting the invitation, but also for agreeing in the course of his stay to address both houses of parliament and to speak to the Canadian people over our radio broadcasting system; and may I add, for his courtesy in sparing the time to spend two or three days with us in the capital.

I am not going to reflect upon the intelligence of members of the two houses of parliament by attempting to review even in briefest outline the outstanding attainments of Mr. Eden's very notable career. They are known not only in this country and in

all British countries but in all parts of the world. I would however say to Mr. Eden that we specially welcome him in our parliament to-day because of the important place which he has filled for some twenty years past in the parliament at Westminster, and for the position he now holds of Secretary of State for Foreign Affairs in the United Kingdom and as leader of the British House of Commons. In his twenty years in parliament Mr. Eden has been more intimately associated with the work of the Foreign Office than most of his distinguished predecessors in that high position. I believe it is true that the present Secretary of State for Foreign Affairs has visited more countries in Europe and in other parts of the world, has visited more parts of the British commonwealth of nations, knows personally more of those who are directing the affairs of both the allied countries and the enemy nations, than any previous occupant of his high office. It is certainly true that no secretary of state for foreign affairs has held that all-important position at a time more critical in the affairs of the world. He has brought to his high office exceptional qualities—qualities, may I say to him, which have been reassuring to all who are members of free assemblies.

We welcome him not only for his position as Secretary of State and for all of high attainment that it signifies, not only for his position of leader of the House of Commons of Britain, which he holds at the present time, we welcome him as well because of the high and important mission on which he has come to this side of the Atlantic. Mr. Eden himself has told us that his mission was to undertake a general exchange of views with the President of the United States and his colleagues on all aspects of the war situation and to discuss the most effective method of preparing for meetings between the governments of all united nations to consider questions arising out of the war and questions which will continue to confront the united nations as they seek to work out the problems of peace and of the post-war world. It is not less gratifying to us than I am sure it has been to Mr. Eden himself and to the President, the Secretary of State, Mr. Cordell Hull, and other members of the government of the United States, to know that he and they were in such complete agreement in respect of the many important subjects they discussed.

Mr. Eden has come to us to discuss similar problems. As hon. members are aware, since the time of his arrival on Tuesday afternoon he has been meeting, almost continuously, members of the war cabinet and other of my colleagues. We have been discussing the same subjects and problems. May I say to him that I think we have found ourselves in measure of agreement with him equal to that in which he and the President found themselves in relation to matters they discussed.

In his memorable address at Annapolis, before leaving the United States, Mr. Eden spoke of the British commonwealth of nations as affording a pattern for the better organization of the united nations and for more effective means of consultation and conference between them in carrying out the great purposes they have in common. In making that statement I think I may say that he has spoken for Canada as well as for the United Kingdom. I am sure he has spoken for all the self-governing parts of the British commonwealth of nations.

We welcome Mr. Eden not only for his great accomplishments, for all that he has so successfully achieved in the twenty years of his public life, for his wide experience and his wisdom in public affairs and his knowledge of men, but also and most of all for what he is in himself. There is no doubt that the new order, which we all hope is going to follow the termination of this war and prevail in the period of peace, will take on the character of the men who are at the head of affairs and who will have to do with the shaping of that new order. It is fortunate indeed for the world that a man who holds the high standards of thought and purpose which Mr. Eden has so consistently upheld, one who has been so strong a champion of the rights of free men, and of justice as between nations, should be one who will be a foremost figure in the shaping of that new era. It is I say a fortunate thing for the well-being of mankind, for the relations between individuals and between nations, that one who possesses so eminently the high qualities of integrity and justice and love of freedom, the belief in the oneness of the human family, and so strong a sense of brotherhood, should be of those who will have a commanding voice in the shaping of the new order that is to come.

In conclusion, may I ask you, Mr. Eden, on your return to Britain if you will take with you the most loyal of greetings and expressions of devotion of His Majesty's Canadian subjects to the King and Queen. Will you also take with you the warmest and best wishes to the Prime Minister of Britain. Tell Mr. Churchill how relieved we all were at his speedy recovery after the unfortunate indisposition he suffered on his return from North Africa, and tell him we do hope and pray that

he will continue to the end to enjoy the vision, the wisdom and the endurance which he has manifested from the beginning in his conduct of the affairs of this war. And tell him and tell all the people of Britain that Canada is heart and soul with them in this struggle, and that we shall continue so to remain until the fight itself is ended and victory and peace have been achieved.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, speaking on behalf of the members of the Progressive Conservative party may I add a word to what has been so eloquently said by the leader of the government of Canada, the Prime Minister (Mr. Mackenzie King). I should like to join in the welcome he has extended to our distinguished guest and to say that we in this chamber are honoured and privileged to have with us not only the voice of Britain itself, but a distinguished world figure.

Mr. Eden fought valiantly, courageously and heroically in the dark and trying days of the last war. He was decorated by His Majesty for those services; and throughout the period between the last war and the present one his years of contribution to the preservation of the peace for which he and so many others fought, shone as a beacon light in a confused and stormy international sea. At times he stood almost alone in that period. But may I say this, Mr. Speaker, that while he may have stood almost alone, he has seen, in the events of recent years, that stand fully justified.

To-day our distinguished guest continues the fight. As the Prime Minister has said, we welcome him not only for what he has done but for what he is doing. We welcome him for what he represents, and because of what he stands for. We welcome him, too, for what he is. What the Prime Minister has said I need not repeat; but it augurs well for Mr. Eden's position in the structure which will be developed in the world after the war that friendliness, humility, honour and devotion to duty are some of the outstanding but not all the fine characteristics which distinguish him.

Mr. Eden's loyalty to the cause of justice as between little nations and big nations, his loyalty to that cause so far as "little" men and "little" women throughout the world are concerned, have been characteristic of him ever since he became a spokesman for Great Britain in the field of international politics and international law. He has had many gifts at the hands of his government and his people. He was Secretary of State for War in Great Britain when the fateful decision had to be made whether or not Great Britain itself would have to be denuded of its strength in order that the action taken should be a favourable one with respect to holding the Suez canal. He was also Secretary for War when our motherland and empire went to the aid of the heroic Greeks. And I say now that we shall always look back with a great deal of pride on the daring move that was made on that occasion.

As Secretary of State for Foreign Affairs Mr. Eden is on a mission to arouse us and our fighting allies in this war to the realization of the need of fighting for common aims and formulating common plans both for victory and for peace. Our honoured guest has made a notable contribution to democracy through these last twenty years of service, but, thank God, he is still a young man as years of public life are counted. Having that youth, and having had such wide experience, two very important qualifications, we may, I think, in the days that lie ahead, look for a contribution by the Right Honourable Anthony Eden to world affairs that perhaps will eclipse even his prevous record of outstanding service. As the Prime Minister said a moment ago, Mr. Eden's attachment to the pattern of the British commonwealth of nations, in so far as the structure for world peace is concerned, is one of course to which all of us subscribe.

The Prime Minister has asked that Mr. Eden take back to Their Majesties, to the Prime Minister of Great Britain and its people our best wishes and good will. I reecho his sentiments. But I wish also to ask the right hon. gentleman if he will carry back to the Canadian armed forces overseas an expression of our recognition of the part they are playing and the sacrifices and services they are making and are prepared to make and to give an order that we in Canada may have security and freedom. My only hope is that we in Canada, in our deliberations and our work, shall be worthy of their sacrifices and their services. To the people of Great Britain I would ask Mr. Eden to carry back this message from the Canadian people: We are prepared to fight to the last, with Great Britain and the united nations, until every vestige of terrorism and danger to freedom is crushed and dead.

And may I say in simple and heartfelt language to our distinguished guest, when he leaves our soil: bon voyage, good luck, and may God's richest blessings rest upon him and his giant undertaking in the interests of a better world, in which freedom and justice shall be the unassailable right of all.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, we of the Cooperative Commonwealth Federation are pleased to join in the welcome extended to the Right Honourable

Anthony Eden. He represents to us a brave people who stood steadfastly together, and almost alone, when many thought that our cause was lost. We remember that throughout his public career he has stood consistently for the preservation of peace by means of collective security. Nor do we forget that because in 1938 he believed that the covenant of the League of Nations involved certain obligations he resigned the high office he held at that time.

We have noted with considerable satisfaction his timely assurances that we are not fighting to-day to preserve the status quo, but rather in order that there may be a possibility for future world progress. As a free nation in the British commonwealth of nations our people, too, are prepared to go forward to ultimate success in the high hope that in association with our allies of the united nations, we together, when victory is won, may lay the foundations of a world in which there shall be freedom from fear, freedom from war and freedom from want.

That, sir, is the message that I would ask him to convey to the British people on behalf of the party for which I speak.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, the Right Honourable Anthony Eden represents the people of a country, one of the great poets of which sang these noble words:

> The old order changeth, yielding place to new;
> And God fulfils himself in many ways,
> Lest one good custom should corrupt the world.

It has fallen upon Mr. Eden's shoulders in these trying times to preside, as it were, while the prophecy which was voiced in those words is being fulfilled. We desire that he shall be inspired and guided in the performance of all he does, and that wisdom, vision and courage shall be his, as they have been in the past.

Members of the Social Credit group wish to join with members of other parties in expressions of loyalty and devotion to the great cause which is symbolized by the British commonwealth of nations. Whenever great changes are about to be brought into being there is always the danger that we shall go from bad to worse. It must be our constant endeavour to see that we shall go from good to better. We were greatly comforted when it was reported to us the Right Honourable Anthony Eden had said that the blueprint of the future was to be the British commonwealth of nations. We recall that in the memorable document known as the Balfour declaration it was set forth explicitly that members of the British commonwealth of nations are to be "autonomous communities within the British empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs". We believe that in the new world and the new order that principle should prevail. We desire that, with respect not only to members of the British commonwealth of nations but also to other nations which may join themselves together in an endeavour to improve matters, it will be possible for each nation to say truthfully in the words of another great English writer:

> Daughter am I in my mother's house,
> But mistress in my own.

We ask that the Right Honourable Anthony Eden shall take back to Great Britain our congratulations, our sympathy, our expression of devotion and our association with them—

> Till danger's troubled night depart
> And the star of peace return.

Hon. THOMAS VIEN (Speaker of the Senate): Mr. Eden, honourable members of the Senate and of the House of Commons, it is indeed a great honour and privilege to extend on behalf of the Senate of Canada to the Right Honourable Mr. Eden a most cordial welcome on the occasion of his visit to our houses of parliament.

You have come to us, sir, as a knight in shining armour. We know the important part you have taken and are still taking in the momentous struggle of the united nations to ensure the final victory of right over might, of justice over iniquity, of liberty over tyranny and oppression. We shall be forever thankful that, amidst your innumerable occupations, it has been possible for you to visit us. And we may tell you in advance that your stay in Ottawa will leave in our minds an imperishable memory, and that the speech you are about to deliver will be to us an inspiration and an incentive of the highest order.

May I add that the example of duty and devotion which you have set to the empire and the world in the present war is already engraved in our minds in a most ineradicable manner.

(Translation): Mr. Eden, I take much pride at being the spokesman of my French-Canadian compatriots to welcome you to our country and I feel gratified in acknowledging in my own tongue, on behalf of the French-Canadian members of the Senate and of the House of Commons, the inspiration and encouragement that will flow from the speech you are about to deliver and which will remain engraved in gold both in our public records and in our hearts.

Since 1848, French has been one of the official languages of our country. I may therefore use it to state that the French Canadians have done their full share in the prosecution of this war; that they are happy to be British citizens and to live under a form of government under which they enjoy the greatest freedom; that they always have remained faithful to the parliamentary and democratic institutions which they enjoy. Their sole desire, to the fulfilment of which they apply their best efforts, is to ensure the triumph of our armed forces and to bequeath to the coming generation an enlarged inheritance which can be assured only through an allied victory.

You appear to us as a fearless and faultless knight; and I wish to convey to you the gratitude we feel for the commendable part you have always played in promoting the triumph of right over might, of justice over evil and of freedom over tyranny and oppression.

Mr. SPEAKER: Honourable members of the Senate and the House of Commons, we are met this afternoon to receive a very distinguished visitor, the Right Honourable Anthony Eden, Secretary of State for Foreign Affairs and Leader of the House of Commons. Mr. Eden is no stranger to the forum of the House of Commons. He, like Mr. Churchill, is a House of Commons man; and it is therefore eminently fitting and proper that Mr. Eden should give his first public address in Canada from the floor of the Canadian House of Commons.

It would be a work of supererogation for me to recite the many virtues which have been expressed to-day by members of the house regarding Mr. Eden. His name is a familiar one in Canada. His career is known to many people throughout our dominion. And I believe that on this occasion—and none could be more appropriate than this gathering of members of both houses of parliament—Canada through its parliament would wish to express to Mr. Eden the deep-souled appreciation and unstinted admiration of the courage and fortitude of the British people during those tragic months of 1940 and since. We who understood the desperation of those times will ever be thankful that there was a noble band of leaders in the United Kingdom who, when it seemed that the last bastion of freedom in the European world was crumbling in ruins, stood steadfast and firm, never faltering; and that they and the British people gave an example of courage and determination greater and more heroic than that displayed at any other time in the long history of Britain. Mr. Eden was an outstanding leader among those leaders of whom I have spoken.

To us in Canada it is a most comforting thought that in that crisis Canada and the other nations comprising the British commonwealth never swerved from their stern and implacable purpose to support the United Kingdom and to resist with all their strength and resources the forces of evil ranged against democracy. The commonwealth, let it never be forgotten, stood alone in those days. We now have allies of the most powerful nations in the world. And although the road may be long and dreary, and the end not yet in sight, there is no doubt now as to the issue.

Now, sir, I hand over to you the members of both houses of parliament. The listening world is eagerly awaiting your address. You are not bound by the rules of this house—you may even read your speech. And our rule limiting speeches to forty minutes is with unanimous consent, now given, suspended entirely.

Honourable members of the Senate and the House of Commons: I present to you the Right Honourable Anthony Eden, Secretary of State for Foreign Affairs in the United Kingdom.

Right Hon. ANTHONY EDEN (Secretary of State for Foreign Affairs in the United Kingdom): Mr. Speaker, I am deeply grateful to you and to the members of the parliament of Canada for the compliment which you have paid me in thus inviting me to speak to you here from the floor of the house. I understand, of course, that the compliment is not paid to me personally but to our own House of Commons at home, of which I happen to be, for the time being, the unworthy leader. I feel sure that my colleagues in the House of Commons at Westminster would wish me to express to you here and now their warmest thanks and gratitude for this truly thoughtful gesture. There is no compliment, as you, sir, have hinted, that could appeal more to the heart of any House of Commons man.

Sir, this procedure and these surroundings are familiar to me, though I confess that your house is at once more spacious and more generously fitted—and, let me add, less battered—than our own. As you are perhaps aware, our own chamber at Westminster has been destroyed, and as an act of gracious generosity we now meet in what was formerly known to us as "another place". None the less I can assure you with all conviction that the spirit of the House of Commons lives on, undismayed by enemy action or even by its present more august setting.

I would like to take this opportunity, sir, to express to my old friend the Prime Minister, to his colleagues and to other friends here in Canada my warm thanks for the kindness and

hospitality they have shown me since I have been in this great city. The Prime Minister referred just now to the work we have done together in a few crowded hours. I almost think that he and I have been keeping the kind of hours that are usually associated with my own Prime Minister. However that may be, I share with him the full satisfaction at the result of the work we have been able to do together.

Some very generous things have been said about me this afternoon. If I thought there was any danger of your believing any of them, I should be highly nervous, but I am comforted by the reflection that there was no risk of that.

I would preface what I say to-day by giving you this assurance, if I may. Those who have preceded me have given many generous messages to my country. I shall regard myself as privileged to take back to Their Majesties the King and Queen, to our great Prime Minister, Mr. Winston Churchill, and to the people of Britain, the encouraging, the heartening and cheering words which have been uttered in this parliament to-day.

To think of Canada in these times is to think of her armed forces by land, sea and air, and it is of these that I would speak to you first. It so happens, by the chance of events, that I have been lucky enough to see something of the Canadian forces since the earliest days of the war. As dominions secretary in the opening months of the war it was my privilege to travel to a certain port, there to welcome the first contingent of your army to reach the shores of the old country. Sir, I could never forget that scene. It was a beautiful winter morning, such as we do have in Britain sometimes, at a famous port which I suppose must still remain anonymous; such are the rules of censorship. I was the spectator of the scene from the flagship of the commander-in-chief of the home fleet. As the great armada of liners swung into sight under the escort of the Royal Navy, cheering Canadian troops lined the decks and the band of the flagship played "O Canada." I suppose that seldom in human history have so many great transports and so many powerful ships of war been assembled together at one time. That was Canada making her contribution in the hour of need, and that was only the beginning. Many contingents of your army have followed the forerunners. When in April, 1940, a few brief weeks before the drama of Dunkerque, the Prime Minister, Mr. Winston Churchill, formed his government, he asked me to take over the war office. There again I had the opportunity of meeting officers and men of the Canadian forces. Those were the dark days of 1940 to which you, sir, have just referred, when the presence of your troops was at once a safeguard to our threatened citadel and an inspiration to our own efforts. Since those days the Canadian army in Britain has had to endure a long period of training and waiting. No experience can be more exacting for the morale of any army. Its officers and men have sustained this ordeal with a patience and a sense of discipline that has won the admiration of us all. Save for the attack at Dieppe, carried through with that brilliant dash and daring which the world has come to associate with Canadian arms, the lot of your fellow countrymen in Britain has been one of waiting for the hour that will come. This message I should like you to give to the people of Canada, in all sincerity: As the months and the years have passed, the affection of the British people for their Canadian guests and comrades has grown until we have come to regard them not as visiting kinfolk but as our very own, men whom we respect and admire. We know that one day their distinguished commander, General McNaughton, will lead them to victory.

Now, sir, let me speak for a moment of the undying achievements of the Royal Canadian Air Force, made possible by the well-planned execution of the commonwealth air training scheme. It so happens that as dominions secretary I also saw the first conception and early execution of that scheme. I do not think that any of us then quite realized—I freely admit that I did not—the extent to which its development might influence the whole course of the war, even though its potentialities did inspire us all to do what we could to ensure the success of its early beginnings. Well, sir, if Canada had done nothing else in this war, her predominant share in the commonwealth air training scheme would ensure for her an enduring place in the roll of fame.

I had a fortunate experience this morning, such as seldom falls to the lot of those of us who have to bear political burdens in this time. I took a couple of hours off, and I went not far from this city to see one of those training centres. It was a truly inspiring experience. Clearly the work that is being done there has much more than merely war-time importance. In one flight I saw young men from Canada, from Australia, from New Zealand, from the United States and from the old country working together in complete comradeship and understanding. It does not require much imagination to understand the significance that can have for the future. These young men are getting to know and respect each other. They are breaking down some of the old barriers. Some of the old prejudices are being removed by this greater comradeship of the air. All the instructors to whom I spoke gave me evidence of this. So, sir, I say that these

young pilots may be the best ambassadors of the future. If we can only capture and keep the spirit which they have learned in these schools there is no international problem which we cannot resolve.

I am going to ask hon. members of these two houses if for a moment now they will cast their minds back to the early days of the war, because I should like to tell them that there is in the minds of all my countrymen one recollection above all which stands out from those days. We can never forget that when we went to war to redeem our pledged word—a fact that I like to keep present in my mind—when we did that, you stood with us. Four self-governing dominions of the British empire took their stand in partnership with us. That event is part of recorded history. No man can change it. It is an event of which the British commonwealth will always be, I trust, supremely proud. This close association in the hour of danger was the outward expression of the inner meaning of the British commonwealth.

Let us for a moment consider its significance, because I am of the opinion that we do not talk about ourselves enough. What did it mean? It meant that a number of self-governing communities scattered all over the world realized as clearly as we did, who were very much closer to the scene, the peril that beset not only them but mankind. Understanding full well that the threat to one was a threat to all, they rallied unanimously in defence of the common cause. That event was all the more remarkable when we reflect that the citizens of this commonwealth are not all of one common stock. Here in Canada are millions of French descent, whilst in South Africa the majority is in fact of Dutch origin. Moreover, India and the colonial territories of the empire have from the first day taken their place at our side. When, therefore, all is measured, there has been no more striking, no more inspiring episode in human history than this free and spontaneous action by all the peoples of the British empire.

Since those days we have battled through some pretty stern times together. We have known dark days and, on occasion, brighter hopes. To-day, when we survey the world scene, we are conscious of the support of many and powerful friends, so that if we hold together and persist until the end, the issue is not in doubt. In recent months encouraging reports have reached us from many theatres of war. We are entitled to rejoice at them, to take fresh heart from them, but there would be an element of danger if they were to cause us for one moment to relax our efforts.

The better news must not tempt us to underrate our enemies' strength; it must only nerve us to greater efforts. Our Turkish friends have given many wise sayings to the world. There is one in particular which I would commend to you as being a suitable motto for the stern business of war—"Though thine enemy be an ant, imagine that he is an elephant." So it is our duty to concentrate all our strength upon the first task in hand, which is the utter defeat of the enemy. It is well, very well that we should take thought and counsel together as to the future problems that may beset us. It would be bad if we were to allow such necessary preparation to dim for one instant our vision of the work at hand and our determination to see it through.

Sir, even as I speak at this hour, the battle of the Atlantic is raging. It is yet undecided. In the struggle that has ebbed and flowed these months and years, the Royal Canadian Navy has played a glorious part. The epic of the convoys is never ending; it would require libraries to do justice to it; the words of the greatest poets that ever lived would not suffice. We must regard the U-boat as our greatest menace. It is the ceaseless task of our navies to protect our life-lines, and to fight a way through for our convoys. The enemy is clearly staking heavily upon his U-boat offensive. We must not only continue, but intensify our efforts against this desperate challenge. You may be confident that we shall do so.

Sir, having uttered this warning, perhaps I may yet speak to you for a little of the future. As the war progresses we see the conception of the united nations gradually taking shape. I believe it is better that this development should come about in this gradual way. Co-operation which is born of stern necessity and forged by experience has the best chance to survive into the years of peace. It is better to build as we go along, to test our mutual understanding and to develop it rather than to devise all at once some elaborate structure into which we shall seek to fit the component parts as best we may. In this sphere of international endeavour the commonwealth has its specific contribution to make.

Sir, it has been our practice for many years to allow and encourage cooperation to grow. We have neither rigid rules nor precise formulæ between us, but we have the spirit of understanding and we know the road that we would travel. Can we infuse something of this same spirit into the sphere of international relations? If we can, we shall have made an essential contribution to a peace that can endure.

(Translation) One thing I should like you to know about our British people is that, after three years of war, they show no sign of weakening. The British are united in a stubborn

determination to see the struggle through to a finish, for they are armed with strength, courage and fortitude.

The enemy's pre-war slander about the British being exhausted and done for has been disproved with a consummate vigour unparalleled in history. Above all, the British have a very youthful spirit and, both east and west, you may depend upon them until the end of the conflict and until triumphant peace.

Many a nation has painfully suffered in this war. France has known a particularly hard and bitter ordeal.

Throughout my life I have believed in the greatness of France and, to-day, my faith in her future remains unshakable.

For our part, we have but one wish: to witness a renewal of the bond which unites all Frenchmen who have sworn to fight our common enemy. We will always be ready to help them achieve that purpose for it marks the first step toward the regeneration of France and the opening of a new chapter in her glorious history.

(Text) Sir, when we consider the unhappy years, the distressful years between the two wars we should surely do so in the determination to learn the lessons of our failure. I have myself had some experience, as have your Prime Minister and others of your Canadian statesmen, of the attempts which have been made to keep the peace by international machinery. Well, sir, one lesson is predominant in my mind. The League of Nations suffered, no doubt, from a number of human failings and shortcomings. We all do. However, what above all it lacked was a sufficiently wide international authority to express its decisions with conviction and an adequate force to see them executed.

So it was that the gangster nations, Germany, Italy and Japan, could test their strength and work their will. Mr. Speaker, we must never be in that position again. It is essential that when this war is over the united nations should maintain sufficient force to ensure that neither Germany nor Italy nor Japan can ever plunge the world into war again. The experience through which I have lived is similar to the experience which many of you have known. I have taken part, as you have done, as a soldier in one war which we had hoped, as I have just been reminded, was a war to end war. I now watch my son prepare to take part in a second war. Mr. Speaker, it is our duty to see to it that this cruel and inhuman lot is not also the heritage of our children's children.

For my part I, therefore, say definitely that I am not prepared to take risks again with either Germany, Italy or Japan. I have no faith in the promises of their statesmen or in the smooth assurances of their apologists. There is only one security for mankind in respect of all of them—to ensure that they shall be totally disarmed and in no position ever to try their strength again. And then indeed peace may have its chance. After the bitter lessons which we have learnt we must insist upon the fullest precautions. Sir, to say these things is not to show a lack of humanity, but to clarify our thought on issues upon which the future life of the world will depend.

It is no easy task to coordinate the action of the united nations in war, nor will it be simple in peace; but if the basis which I am propounding is accepted, as I am sure it will be by us all, then the task can be achieved. I have myself been greatly encouraged by the conversations which I have had upon these matters a year ago in Moscow and more recently in Washington. They have been an inspiration to me. Admittedly there will be differences and divergencies amongst us. Five per cent I think the President allotted to them, and of course there always will be such. But they are not insurmountable, because at heart we want the same thing—international security, so that all of our peoples may live and develop their lives in freedom and at peace.

Let me then sum up my message to you. For this task we shall need not only a close understanding among the nations of the British commonwealth, the United States, Russia and China, but the full cooperation of all the united nations. Together we can win the war and win the peace, and nothing less shall content us. It is our duty to hand on to our children a world in which freedom can live and a man command his soul, free from that constant dread which shadows our own time. To that task we have set our hands and will dedicate our lives. Let us give this pledge this afternoon: We will neither falter nor fail until we have redeemed our word and opened to future generations a peace and promise that we have never known.

Mr. SPEAKER: I do not propose to add anything to the address to which we have just listened. All I shall do is to express to you, sir, the profound thanks of Canada and of both houses of parliament here assembled, for a speech memorable in phrase and style, and moving in its appeal. And I would seek to express the prayer of multitudes of people in all parts of the world that you and your colleagues may be given strength and wisdom to complete the high task to which you have been called and that through victory, peace and happiness may return soon to this war-torn world.

SITTING RESUMED

The house resumed at eight o'clock.

Hon. J. L. ILSLEY (Minister of Finance) moved:

That the address of the Right Honourable Anthony Eden, Secretary of State for Foreign Affairs and Leader of the House of Commons of Great Britain, delivered before the members of the Senate and House of Commons of Canada in the chamber of the House of Commons on Thursday, April 1, 1943, be included in the *House of Commons Debates* and form part of the permanent records of this parliament.

Motion agreed to.

PRIVATE BILLS

MONTREAL SHRINERS' HOSPITAL FOUNDATION

Mr. D. C. ABBOTT (St. Antoine-Westmount) moved the first reading of Bill No. 53 (from the senate) to incorporate Montreal Shriners' Hospital Foundation.

Mr. GRAYDON: Will the hon. member give us some explanation?

Mr. ABBOTT: This is a bill to incorporate a charitable foundation known as the Montreal Shriners' Hospital Foundation. The objects of the foundation are set out in section 4 of the bill. Briefly, they are to establish and maintain an endowment fund for the benefit of the Shriners' Hospital for Crippled Children. As some hon. members know, that hospital has been operated in Montreal for a considerable number of years. It receives as patients only children whose parents are unable to pay fees, and makes no charges for the hospital services which are rendered.

Motion agreed to and bill read the first time.

CANADIAN ALLIANCE INSURANCE COMPANY

Mr. LIONEL CHEVRIER (Stormont) moved the first reading of Bill No. 54 (from the senate) to incorporate Canadian Alliance Insurance Company.

Mr. GRAYDON: Explain.

Mr. CHEVRIER: This bill, I understand, passed the senate last night, and I am instructed that it received second reading during last year's sittings of the house but through some mishap did not get third reading. I am not familiar at the moment with the circumstances surrounding it; I have not the bill before me, and I am not in a position at this moment to give any more details concerning the bill than I have done.

Mr. CHURCH: Why was the bill introduced first in the senate?

Mr. GRAYDON: Will my hon. friend give us some explanation to-morrow with reference to this bill?

Mr. CHEVRIER: Yes.

Motion agreed to and bill read the first time.

PRIVILEGE—MR. POULIOT

PAGES MISSING FROM CERTAIN COPIES OF OFFICIAL REPORT OF DEBATES OF MARCH 18

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I rise to a question of privilege. I hold in my hand two copies of *Hansard* of March 18, and I have received observations from some of my colleagues about the fact that pages are missing from 1383 to 1398 inclusive. This means that the copy of *Hansard* which I hold in my hand, and which I will leave with the Clerk, contains only the exordium of the excellent speech made by the hon. member for Dauphin (Mr. Ward) and the peroration of the speech made by the hon. member for Yorkton (Mr. Castleden); that the whole of the speech made by the hon. member for Charveloix-Saguenay (Mr. Dorion) is also missing; and, what is the worst, that there is also omitted the most interesting and most human speech delivered since the beginning of this session, namely, the speech of the hon. member for Springfield (Mr. Turner) on beer. I wonder whether instructions have not been given by the censor to the king's printer to remove that speech from *Hansard*, at the request of the Rev. Arthur Irwin, or of the Rev. Mr. Cameron, or of the Rev. Mr. Coburn, or anyone else, and I protest, because those who received similar copies of *Hansard* did not receive a complete *Hansard*, and missed reading the excellent, interesting and human speech made by the hon. member for Springfield and the other very good speeches which I have mentioned.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

USE OF CANADIAN SECURITIES FOR LEASE-LEND AID

Mr. LaCROIX (Quebec-Montmorency):

1. What Canadian or non-Canadian governments, companies, firms, corporations, trusts, associations, and others, (a) in Canada, (b) outside of Canada, own Canadian bonds, debentures, obligations, stocks, certificates, currency or any other form of Canadian obligations, and what is the amount owned by each?

2. Is there any agreement existing or contemplated regarding the return of such assets in exchange for our help, either on the lease-lend system or for our military help or any other way, during or after the war?

Mr. ILSLEY:

1. This information is not available. It is not possible to state what amount of Canadian bonds, debentures, obligations, stocks, certificates, currency or other forms of Canadian obligations are owned by any particular group of persons in Canada or outside Canada. Many of these securities are in bearer form and pass by delivery from person to person.

Securities issued by the Dominion of Canada are issued in fully registered form or bearer form. It is obviously not possible to state

by what agencies or individuals bearer securities are owned. It is also not considered desirable to disclose the names of registered holders of dominion securities. This information has always been regarded as confidential. Its disclosure would tend to make Dominion of Canada issues less attractive to investors and thus harm Canada's credit both at home and abroad.

In the case of securities and other investments in Canada owned by non-residents, the only information in the possession of the dominion government is in respect of those held by residents of the United Kingdom. The value of these holdings of securities fluctuates from day to day. From an estimate recently made it would appear that the market value of these securities is slightly in excess of $1,000,000,000.

2. There is no existing agreement regarding the return of such assets in exchange for our help, although under the War Appropriation (United Kingdom Financing) Act, 1942, the government of the United Kingdom gave us its obligation to pay $700,000,000 in accordance with subsection 2 of section 4 of that act. As to whether any agreement may be contemplated it is not the practice to answer questions related to future policy.

MOBILIZATION ACT—ALIENS CALLED UP FOR MILITARY TRAINING

Mr. GREEN:

1. Have any aliens been called up for military training under the National Resources Mobilization Act?

2. If so, how many, and what is the number of each nationality?

3. How many of the men so called are now in the armed forces?

Mr. MITCHELL:

1. Administrative Divisions

	A	B	C	D	E	F	G	H	I	J	K	M	N	Total
	40	—	214	—	—	1	—	12	2	475	—	—	7	751

2.

Albania	—	—	1	—	—	—	—	—	—	—	—	—	—	1
Argentina	—	—	2	—	—	—	—	—	—	—	—	—	—	2
Armenia	—	—	1	—	—	—	—	—	—	—	—	—	—	1
Austria	2	—	—	—	—	—	—	—	—	—	—	—	—	2
Brazil	—	—	1	—	—	—	—	—	—	—	—	—	—	1
Czechoslovakia	3	—	52	—	—	—	—	—	—	—	—	—	—	55
Denmark	2	—	21	—	—	—	—	2	2	71	—	—	1	99
Eire	—	—	3	—	—	—	—	—	—	—	—	—	—	3
Finland	—	—	—	—	—	—	—	1	—	—	—	—	—	1
France	—	—	6	—	—	—	—	—	—	8	—	—	—	14
Germany	5	—	—	—	—	—	—	—	—	—	—	—	—	5
Greece	—	—	24	—	—	—	—	—	—	5	—	—	—	29
Holland	1	—	—	—	—	—	—	—	—	—	—	—	—	1
Hungary	8	—	—	—	—	—	—	—	—	—	—	—	—	8
Italy	2	—	—	—	—	—	—	—	—	—	—	—	—	2
Lithuania	—	—	7	—	—	—	—	1	—	—	—	—	1	9
Luxembourg	—	—	—	—	—	—	—	1	—	—	—	—	—	1
Macedonia	—	—	1	—	—	—	—	—	—	—	—	—	—	1
Netherlands	—	—	10	—	—	—	—	—	—	—	—	—	—	10
Norway	—	—	12	—	—	—	—	—	—	—	—	—	—	12
Poland	1	—	34	—	—	—	—	—	—	—	—	—	1	36
Rumania	3	—	—	—	—	—	—	2	—	—	—	—	—	5
Russia	—	—	13	—	—	—	—	—	—	199	—	—	1	213
Sweden	—	—	8	—	—	—	—	—	—	62	—	—	1	71
Switzerland	2	—	15	—	—	1	—	1	—	—	—	—	2	21
Syria	—	—	3	—	—	—	—	1	—	—	—	—	—	4
United States	6	—	—	—	—	—	—	3	—	—	—	—	—	9
Yugoslavia	5	—	—	—	—	—	—	—	—	—	—	—	—	5
Others	—	—	—	—	—	—	—	—	—	130	—	—	—	130

3.

	—	—	—	—	—	—	—	1	2	—	—	—	—	3

In submitting the above figures, it is to be taken into consideration that in many administrative divisions no aliens have been ordered for military training although "orders —medical examination" have been issued to them.

The attached statement gives information as to the legal liability of aliens for compulsory mobilization under national selective service mobilization regulations.

Re: Ordering out of aliens for compulsory mobilization under national selective service mobilization regulations.

(1) Compulsory mobilization of man-power is being effected in Canada for the army pursuant to national selective service mobilization regulations. Subject to the excepted classes of men mentioned in subsection 2 of section 3 of national selective service mobilization regulations, there are liable for compulsory mobilization in Canada all those men who come within the designated age classes mentioned in subsection 1 of section 3.

(2) Under subsection 1 of section 3, the required age classes are designated by proclamation of the governor in council and there are attached such proclamations defining the present age classes dated respectively September 30, 1942, December 15, 1942, and February 4, 1943.

(3) In accordance with subsection 2 of section 3 an alien is excepted from compulsory mobilization as follows:

(h) a non-declarant enemy alien.

(i) a non-declarant alien who is a national of Belgium, Czechoslovakia, the Netherlands, Norway, Poland, the United States of America, Yugoslavia or any other country which is a foreign power under the foreign forces order, 1941, if he has filed with the registrar satisfactory evidence that he has become a member of the armed forces of the state of which he is a national, or

(j) a non-declarant alien who is a national of any country not specified or described in paragraph (i) of this subsection if he has completed a statutory declaration in the form set out in schedule "A," and has filed the same with the registrar.

(4) It has been the policy in connection with compulsory mobilization, to give every opportunity to nationals of Belgium, Czechoslovakia, the Netherlands, Norway, Poland, the United States of America, Yugoslavia, whereby they may be mobilized by the respective foreign missions of their countries effecting mobilization of their respective foreign forces in Canada. Therefore, since the beginning of compulsory mobilization in Canada, there has been delayed enforcement of compulsory mobilization as against such aliens liable thereto. In the interim many aliens have been voluntarily mobilized as members of the foreign forces of their respective countries mobilizing in Canada. Some weeks ago negotiations were completed with the foreign forces of Belgium, Czechoslovakia, the Netherlands, Norway, Poland, the United States of America and Yugoslavia, whereby compulsory mobilization is to be enforced under national selective service mobilization regulations against nationals of these countries. But in accordance with established policy full opportunity will be given to such aliens to complete enlistment in the foreign forces of their respective countries prior to voluntary enlistment or compulsory mobilization in the Canadian army. Registrars are now proceeding administratively to effect the foregoing.

OIL CONTROL

Mr. DIEFENBAKER:

1. Have enforcement officers been engaged to look after the enforcement of the oil control regulations?

2. If so, how many, by provinces?

3. Are they authorized to endeavour to induce the commission of offences in their investigations of infractions of the regulations?

Mr. ILSLEY:

1. Yes.

2. Quebec, 3; Ontario, 8; Manitoba, 3; Saskatchewan, 1; British Columbia, 2. A part of the duties ordinarily performed by 174 other investigators and other enforcement officers of the wartime prices and trade board includes assistance from time to time in the enforcement of regulations of the oil controller.

3. No.

ISSUE OF RATION BOOKS AT ONTARIO POINTS

Mr. ROSS (St. Paul's):

How many ration books have been issued to date in the city of Toronto, Ontario; the village of Forest Hill, Ontario; the town of Leaside, Ontario; the town of Weston, Ontario, Mt. Dennis and Swansea?

Mr. ILSLEY: The number of No. 2 ration books issued as at March 29, 1943 for the following places: Toronto, 595,000; Forest Hill, 10,992; Leaside, 6,048; Weston, 6,779; Swansea, 6,034. Details for the town of Mount Dennis are not available as this is part of York township.

SELECTIVE SERVICE—ADVISORY COUNCIL

Mr. POULIOT:

1. What is the total membership of the advisory council of the national selective service?

2. What members of the advisory council are farmers and what experience have they had as such?

3. What members of such council have had railway experience and of what nature?

Mr. MITCHELL:

1. 24.

2. Dr. G. S. H. Barton, deputy minister of agriculture, was born and raised on a farm; after graduation from Macdonald college was appointed a lecturer on animal husbandry and then dean of the faculty. P. D. MacArthur, Esq. No specific information but presumably life-time experience. Chairman was born and raised on a farm. Wm. Dunn, Esq., since 1935 has been general supervisor, community gardens' association, Toronto.

3. George Hodge, Esq., executive; J. A. Bell, Esq., telegrapher and union official; A. R. Mosher, Esq., freight checker and union official.

COMMODITY PRICES STABILIZATION CORPORATION—IMPORTED FOOD PRODUCTS

Mr. SENN:

1. Was any portion of the vote of $80,000,000 for Commodity Prices Stabilization Corporation —administration and subsidies—War Appropriation Acts 1942-43, applied to imported food products?

2. If so, to what products?

3. In what amount to each?

Mr. ILSLEY: Order for return.

COMMODITY PRICES STABILIZATION CORPORATION—CANADIAN FARM PRODUCTS

Mr. SENN:

1. Was any portion of the vote of $80,000,000 for Commodity Prices Stabilization Corporation —administration and subsidies—War Appropriation Acts 1942-43, applied to Canadian farm products?

2. If so, to what products?

3. In what amount to each?

Mr. ILSLEY: Order for return.

Mr. SENN: These two questions which stand in my name have to do with the commodity prices stabilization corporation payments. I separated them purposely so that, as I thought, they would not apply to more than one department. Does the minister say that they do?

Mr. ILSLEY: I think they apply to only one department. The first will require a good deal of paper in answering. And I think the second will also. The fact that a question relates to more than one department is not the only reason for making it an order for return.

Mr. HANSON (York-Sunbury): That is the usual reason.

[Mr. Pouliot.]

Mr. ILSLEY: Yes, but if the answer is to be long, a question is often made an order for return.

Mr. GRAYDON: It is very difficult to understand the rule that is adopted from time to time outside of the one the minister has just mentioned, where a question relates to more than one department. Some answers coming through on *Hansard* are very lengthy, and some passed as orders for returns are very short. I would ask the Secretary of State whether in these two instances he might reconsider the matter and, if they are not too long, put them on *Hansard* as answered.

Mr. McLARTY: I did not ask that they be made orders for returns. The only thing I would say is, I think it is the common practice that if the answer is to be too long to burden *Hansard* with it, it is made an order for return. I know nothing about these particular questions. My colleague the Minister of Finance asked that they be made orders for returns.

Mr. ILSLEY: I am sure that the answer to the first question will be a long, bulky one. There are a great many imports; it will take a lot of work to find just what are food products and what are not, and how much was paid on each. I think it should be an order for return. The other I will let stand if the hon. gentleman wishes.

Mr. SENN: I had the idea that there were only a very few imported food products on which subsidies had been paid.

Mr. ILSLEY: Let them both stand then.

Questions stand.

TRADE BALANCE

Mr. LACOMBE:

1. Has Canada a favourable trade balance?

2. If so, for how many years without interruption?

3. In what years was the balance unfavourable?

Mr. MacKINNON (Edmonton West):

1. Yes.

2. 1932 to 1942.

3. 1929, 1930, 1931.

MOBILIZATION ACT—REGISTRARS

Mr. BOUCHER:

1. What are the names of the registrars under the N.R.M.A.?

2. What are their salaries?

3. What has each registrar received in expenses during each month since January, 1942, to date?

Mr. MITCHELL:
1, 2 and 3:

NAMES OF DIVISIONAL REGISTRARS AND ANNUAL SALARY

Expenses paid to Divisional Registrars by months since January, 1942

Division—Name	Salary	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan..	Feb.	Mar.	Total Expenses
	$	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts
"A" Wm. A. Martin	3,600																
"B" R. A. Irwin	3,600					44 70											44 70
"C" L. McDonell	3,600					43 27							51 60		30 45	19 65	144 97
"D" W. A. Elliott (to be separated from Staff April 18, 1943).	3,600					116 05											116 05
"D" E. W. Edwards	1,450																
"E" R. Ranger	4,200			18 45	43 40					15 45			41 55	22 75	15 37		156 97
"F" J. H. Pare	3,600														31 50		31 50
"G" Col. E. Mingo	3,600			108 41		109 71											218 12
"H" Col. E. J. Mooney	3,600						76 50										76 50
"I" J. P. Hooper	3,600										3 60				62 30		65 90
"J" Lt.-Col. C. D. McPherson	3,600		35 05	71 45	54 95	145 10		15 30				12 50	9 30			6 65	350 30
"K" C. G. Pennock	3,600																
"M" F. C. Wilson	3,600					177 95				27 60		5 50					211 05
"N" J. P. McIsaac	3,600			21 55			211 90										233 45

MACARONI MANUFACTURING PLANTS

Mr. ROSS (Souris):

1. How many macaroni manufacturing plants are there in Canada?

2. Where are they located?

3. What is the annual capacity of production of each?

4. What quantity of durum wheat is used annually in this production?

5. What other commodities are used in the production of macaroni?

Mr. MacKINNON (Edmonton West):

1. There were twenty firms manufacturing macaroni in 1941.

2. The following is a list of the firms reporting the manufacture of macaroni, spaghetti, vermicelli, noodles, etc., in 1941.

Quebec.—Barbieri, Mafaldo, 6758 St. Lawrence blvd., Montreal; Sorrento Macaroni, Limited, 14051 Notre Dame street E., Pointe-aux-Trembles (Montreal); Catelli Food Products, Limited, 6890 Notre Dame street east, Montreal (Longue Pointe).

Ontario.—Cabot Macaroni Manufacturing Company, 325 James street north, Hamilton; Canada Food Products, 225 Sterling road, Toronto; Muratori Macaroni Manufacturing Co., Thorold; The Ontario Macaroni Co., Ltd., rear 272 Laughton avenue, Toronto; Toronto Macaroni and Imported Foods, Ltd., rear 60 Hock avenue, Toronto.

Manitoba.—Catelli Food Products, Limited, 425 Henry avenue, Winnipeg; Constant Marcaroni Products, 254 rue Dumoulin street, St. Boniface; The Creamette Co. of Canada, Ltd., 287 Stanley street, Winnipeg; Marious and Company, 471 De Lamourenie street, St. Boniface.

Alberta.—Catelli Food Products Limited, Lethbridge.

British Columbia.—Far Kay Noodle Factory, 433 Georgia street east, Vancouver; Famous Foods, Limited, 1315 Hastings street east, Vancouver; Catelli Food Products, Limited, 573-575 Beatty street, Vancouver; K. Natsuhara, 545 Powell street, Vancouver;

Charbonneau, Ltée., 1800 Nicolet street, Montreal, Quebec; H. J. Heinz Co. Ltd., Leamington, Ontario; Quaker Oats Co. Ltd., Peterborough, Ontario.

3. Information is given to the statistics branch in confidence and it is not lawful to disclose such information if it would be of use to competitors.

4. No information. The total quantity of flour used annually is 46,000,000 pounds.

5. No information.

[Mr. Mitchell.]

EMPLOYMENT OF CANADIAN LABOUR IN CANADA BY UNITED STATES CONTRACTORS

Mr. MacINNIS:

1. Has the government issued an order to prevent American contractors employing Canadian labour on projects in and around the city of Edmonton, in northern Alberta and northern British Columbia?

2. If so, what was the date of such order?

3. Was the order based on a report made by Mr. F. J. White, regional superintendent of the unemployment insurance commission?

4. Was there an agreement entered into between Canada and the United States whereby United States contractors would not be allowed to employ Canadian labour on work projects in Canada?

5. If so, what is the date of such agreement and what are its terms?

Mr. MITCHELL:

1. No.

2. See answer to No. 1.

3. See answer to No. 1.

4. No.

5. See answer to No. 4.

In explanation of the foregoing answers and for the information of hon. gentlemen it is reported that conferences were conducted through diplomatic channels prior to United States projects being undertaken and as a result of these negotiations conferences at which representatives of the various federal departments interested participated were proceeded with. As a result of these conferences, it was agreed

(a) in general that American labour would be employed by American contractors at American rates

(b) that Canadian contractors would employ Canadians at Canadian rates

(c) arrangements were made that emergency or special conditions would be met as far as possible by permitting American contractors or American organizations to employ Canadians at Canadian rates when the situation in regard to Canada's man-power would permit. When the employment of Canadian workmen was agreed to they would be paid at Canadian rates.

It might be further reported that the cost of the projects is being financed entirely by the United States authorities; that it was the desire of the United States authorities to use American man-power; that the situation in Canada would not permit of undertaking the work in its entirety by Canadian man-power, and, because of the requirements of the Canadian wage stabilization policy, it was necessary to provide that Canadians if employed would be paid in accordance with Canadian law.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PENSIONS AND NATIONAL HEALTH—COMPETITION FOR DISTRICT ADMINISTRATORS

Mr. HOWDEN:

1. How many applications were received for competition 42-1441, district administrators—male—Department of Pensions and National Health, under the civil service commission with Manitoba residence qualifications?
2. What were their names and addresses?
3. How many of these applicants received an oral examination?
4. What were the qualifications of the applicants chosen for the oral examination?
5. How many of these applied for (a) grade III position, (b) grade II position, (c) grade I position, (d) grades I, II and III?
6. What were the names of the successful applicants for the positions III, II and I?
7. By whom were the oral examinations conducted?
8. Where were they conducted?

GOLD PRODUCTION—CANADIAN DOLLAR AND POUND STERLING

Mr. LACOMBE:

1. What was the production of gold from Canadian mines between the years 1911 and 1931, both inclusive?
2. What quantity of gold was produced by Canadian mines between 1931 and 1942, both inclusive?
3. What is the par value of the Canadian dollar, and its actual value?
4. What is the par value of the pound sterling, and its actual value?

INQUIRY OF THE MINISTRY

REFERENCE TO SPEECHES OF WELCOME TO MR. EDEN ON ADDRESSING MEMBERS OF SENATE AND HOUSE OF COMMONS

On the orders of the day:

Mr. FREDERICK DORION (Charlevoix-Saguenay) (Translation): Mr. Speaker, I ask the government what is the reason why a member representing the French-Canadian element in this house has not been invited to welcome the Right Hon. Anthony Eden this afternoon.

Hon. ERNEST BERTRAND (Minister of Fisheries) (Translation): Mr. Speaker, the answer is that all the speakers this afternoon were English except the Speaker of the Senate, who spoke in French.

Mr. DORION (Translation): With the exception of Hon. Anthony Eden.

SUPPLY

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

DEPARTMENT OF FINANCE

416. Royal Canadian Mint, including the Dominion of Canada assay office—further amount required, $16,630.

Mr. GILLIS: The matter I am going to raise comes under item *417.* I realize that these estimates are supplementary and have to do with last year. My reason for bringing this matter to the attention of the minister again is because it is unfinished business. On two occasions in the house, and by correspondence on several occasions, I have brought to the minister's attention and to the attention of other departments the question of the cost-of-living bonus as affecting the special constable guards employed with the Royal Canadian Mounted Police.

This force was set up in 1939. It numbers some 1,500 men. Most of the men employed in that capacity are veterans of the last war. The remuneration they receive is small. A married man with dependents receives no allowance for those dependents but works for the sum of $3.20 a day, while a single man is paid $1.60 a day. I understand that last year the remuneration of the regular constables of this force was increased by fifty cents a day. At that time these special guards made application for either that statutory increase or the cost-of-living bonus. They were informed that because they were not employed as regular constables they were not eligible for the statutory increase, and they were also refused the cost-of-living bonus. My information is that the commissioner of the mounted police recommended that they should be paid either the one or the other, and I am informed that the Department of Justice made a similar recommendation. These recommendations were considered by the treasury board, however, and were rejected.

I am raising this question again to-night. I do not wish to elaborate upon it because I know the minister is well informed on the matter, since it has been discussed with him both in the house and by correspondence. I make a special appeal to him now on behalf of this particular group of men. Their numbers are fairly considerable; they are doing an essential war service, and in addition they are mainly veterans of the last war. If anyone in this country is entitled to that cost-of-living bonus, I think this particular group should receive consideration, and that consideration should have been given long ago.

I am anything but satisfied as to the application of the cost-of-living bonus generally. There is a large percentage of the workers of Canada, particularly in the low income groups, for whose benefit this cost-of-living bonus was designed, who are not receiving it. Its application is anything but uniform, and there is a great deal of dissatisfaction with it. I believe this legislation requires a thorough overhauling. One feature that I should like to emphasize in particular is that any time anyone brings up the question of giving people what is justly theirs, immediately someone raises the question of inflation. I think that word has been greatly abused. I do not think it would have anything to do with inflation if a man who is maintaining a family were granted a sufficient amount of money to feed and clothe that family.

I noticed even last night that when the question of the cost-of-living bonus was raised, immediately someone raised the question of inflation. The people who are getting that cost-of-living bonus, the people on whose behalf I am speaking particularly now, are not receiving enough to meet their legitimate obligations. I have some correspondence here from men in that category living right in Ottawa, and they give me their budget, so much for rent, so much for fuel, and so on, only the absolutely essential things. That budget runs up to $113 a month, which they must pay in order barely to get by, with no luxuries; and what they are receiving now is far from that figure. If this cost-of-living bonus were designed to take up the slack in the cost of living because basic wages cannot be increased, then I think every worker in this country is entitled to it. There is a great deal of dissatisfaction, and justly so, when it is found that in one plant the employees are receiving the full cost-of-living bonus of $4.25 a week, while in the next plant doing similar work the employees are receiving sixty cents a week, and in another plant perhaps in another section of the city the employees are receiving nothing.

Mr. MITCHELL: Where would they be receiving nothing?

Mr. GILLIS: In the aircraft industry in the city of Montreal.

Mr. MITCHELL: I would differ with my hon. friend. I know better.

Mr. GILLIS: Since the opening of this session I met and discussed this question with representatives of seventeen different plants in the city of Montreal, and we were informed by that delegation that fifty per cent of the employees of those aircraft plants were not receiving any cost-of-living bonus. If that situation has been remedied, the adjustment has been made since the opening of this session, and I have no information on it. Not only that; the cost-of-living bonus was being used for propaganda purposes. In the plants that were organized they were not getting it, while in the plants that were not organized they were getting it.

Mr. MITCHELL: My hon. friend knows that is not a statement of fact; no one knows that better than he does. I do not think it is in the best interests of the working people of this country to make statements of the kind my hon. friend has made.

Mr. GILLIS: I do not know any such thing.

Mr. MITCHELL: Of course the hon. member does.

Mr. GILLIS: I do not know that is not a statement of fact. That statement was made not only to me but to several other members of this group by representatives of the seventeen aircraft plants in the city of Montreal, representative heads of functioning organizations in that industry, and I am stating what they told me. It is a fact as far as I am concerned.

Mr. MITCHELL: May I say this to my hon. friend, because I was raised in the same sort of school as he was. Such statements are all right for the soap-box, but they do not go in this House of Commons.

Mr. COLDWELL: Mr. Chairman, the minister has made two statements which I think he should withdraw.

Some hon. MEMBERS: No.

Mr. COLDWELL: Just a moment; I am raising a point of order. The first statement which I think should be withdrawn was that the hon. member for Cape Breton South was making statements which he knew were not founded on fact. The second statement was that the hon. member was making statements which were all right for the soap-box but not for this house. I suggest to the minister that those statements are not in conformity with the rules of this house and that they should be withdrawn.

The CHAIRMAN: The first statement of the Minister of Labour would be out of order, but I do not believe the second statement would. I think the first statement, to the effect that the hon. member for Cape Breton South was making statements which he knew were false, should be withdrawn.

Mr. MITCHELL: I would say they are not in accordance with the facts.

Mr. COLDWELL: Has the minister withdrawn?

Mr. MITCHELL: Well, if it satisfies my hon. friend I will withdraw. That is all in the game; we understand that.

Mr. COLDWELL: Mr. Chairman, that is not a good reason for withdrawing. It is either according to the rules, or it is not.

The CHAIRMAN: I understood that the minister had withdrawn the first statement.

Mr. COLDWELL: He qualified it by saying, "if it satisfies my hon. friend."

The CHAIRMAN: It must be withdrawn without qualification.

Mr. MITCHELL: I just want to say that many loose statements are being made, and I am not referring to my hon. friend in particular. As an individual, to put it in that way, I resent anyone saying that the cost-of-living bonus is used for propaganda purposes. Many loose things are being said up and down this country at the present time, and I think it is the duty of you and me who know better, or who should know better, to give the working people of this country the right kind of advice. I think I know something about the aeroplane industry in Montreal. I know something about the background of the granting of the bonus to the aeroplane industry in Montreal. I would say to the hon. member for Cape Breton South that sometimes when one meets a delegation dealing with the very much involved question of the cost-of-living bonus and wages, it is difficult to get the real, basic import of what the delegation brings before the minister or before my hon. friend. If I remember correctly, the cost-of-living bonus in the aeroplane industry in Montreal is $1.50 a week.

If the hon. member wishes to go into the mechanics of the application of the cost-of-living bonus, I am quite prepared to do so. My hon. friend has just said I should withdraw something. But when an hon. member brings before the bar of the House of Commons the argument he has brought forward he should have evidence. When a statement is made it should be based on facts, and the hon. member should have the evidence. I do not believe the argument that the government is just using the cost-of-living bonus as propaganda is the kind of argument which should be permitted to go abroad.

Mr. GILLIS: I did not say any such thing. It appears to me that a large percentage of hon. members on the minister's side of the house either have guilty consciences, or are very touchy on that subject. I did not say the government was using the cost-of-living bonus for propaganda purposes. I did say it was being used by employers in the aircraft industry in Montreal for propaganda purposes.

Some hon. MEMBERS: No.

Mr. GILLIS: Oh, yes, I did; and if it does not register with some hon. members, that is not my fault.

Mr. MITCHELL: Let us be fair about this.

An hon. MEMBER: Sit down.

Mr. MITCHELL: It is all right for someone to say "sit down"; that is the easiest thing he could say. It does not take much courage to say that. But when my hon. friend speaks about the aeroplane industry may I say that both employees and employers applied to the national war labour board for an increase in the cost-of-living bonus to employees engaged in the aeroplane industry in Montreal. Those are the facts. There is no propaganda about that.

Mr. GILLIS: I also said if the situation was cured, then it was cured since this session opened. Since the opening of the session representatives have been here from Canadian electrical trade unions in Montreal, and those representatives spoke for seventeen plants. The basis of their dispute, and their reason for being in Ottawa was that they were quarreling with the application of the regulations in Montreal, as applied to the aircraft industry.

Mr. MITCHELL: If I might say to my hon. friend—

Mr. GILLIS: The minister may make his speech after I have finished. I have been patient.

Mr. MacNICOL: More than patient.

Mr. GILLIS: Their reason for visiting Ottawa was that they had a grievance in respect of the cost-of-living bonus. The heads of the organizations who came to visit us stated they had made application to the war labour board, and that their application had not received the consideration they thought it should have received. As a result of delayed action on the part of the board, they were compelled to send a delegation to Ottawa, and that delegation discussed the matter with us for about two hours, before they went to meet the board.

They stated, in effect, that the cost-of-living bonus was being used by employers in unorganized plants for the purpose of keeping unionism out of those plants. It was pointed out that they were receiving the cost-of-living

bonus, whereas in the organized plants it was not being received. It was stated further that if they persisted in the formation of unions they would lose their cost-of-living bonus. The cost-of-living bonus was definitely being used by employers for propaganda purposes. If the minister is now prepared to tell the house that the cost-of-living bonus is being paid in the entire aircraft industry of Montreal, I shall be pleased to hear it.

Mr. MITCHELL: The two trade unions about which the hon. member has spoken have not even an agreement with the aeroplane industry in Montreal.

Mr. GILLIS: They are trying to get one.

Mr. MITCHELL: No, they are not even trying to get one. The hon. member is getting his unions mixed up.

Mr. GILLIS: They have sections of it in there.

Mr. MITCHELL: No, they have not.

Mr. GILLIS: They are endeavouring to get in on these plants.

Mr. MITCHELL: No.

Mr. GILLIS: The cost-of-living bonus either means something, or it does not. The government froze basic rates, by order in council.

Mr. MITCHELL: No.

Mr. GILLIS: Oh, yes, you did. You can call it stabilization if you like; but I know you froze them. And there are times when the house is led to believe that in New Zealand, United States and other countries, where similar regulations are being put into effect, they are following the lead given by Canada. That is absolutely untrue, because in the United States, New Zealand and Australia, where similar regulations are being put into effect they levelled their rates up to a decent standard before those rates were stabilized. They stabilized their rates at a certain point. We froze our wages at pre-war levels. We froze a peace-time wage structure on a war economy; and that is an entirely different matter.

Mr. MITCHELL: No.

Mr. McLARTY: The highest wages of any time.

Mr. GILLIS: You need not tell me anything about that. I know that question thoroughly. Wages are being paid in Ontario to a point as low as 14 cents an hour, and in Montreal from 16 to 25 cents an hour. In the basic steel industry in Montreal wages are as low as 30 cents an hour, and they were jacked up to 35 cents later on. If any hon. member can say that is a reasonable and decent standard of wages, then we have from him some conception of the kind of standard of living he is prepared to give the working people of this country.

When these wage rates were frozen at that level the cost-of-living bonus was introduced to compensate for the increased cost of living. Whether you be a fisherman, a farmer, a miner, a steelworker or a textile worker you are affected in some way by that increased cost of living. If you are entitled to a bonus in one industry, then you are entitled to it in another, if there has not been a move in your base rate.

I want to see the thing work. If the government wishes to eliminate friction, then it cannot pay 60 cents in this industry, something altogether different in the next one, and permit those differences to exist right across the country. That condition cannot remain, if the government expects to get anywhere in this matter. It is only making for turmoil. There should be some uniformity. And until there is such uniformity the government must expect trouble from that direction.

My purpose in rising this evening was to bring this matter again to the attention of the minister, and to repeat what I have been saying consistently for the last two and a half years. In this instance 1,500 men, most of them ex-service men from the last war, are engaged in an essential war job. They are working for $3.20 a day if married, and $1.60 if unmarried, and to some extent they supply their own clothing. The cost of living has gone up for them, too; and these certainly are not decent wages.

On behalf of that group I am asking the minister to have the treasury board give further consideration to the matter by extending to them the cost-of-living bonus. I am informed that the Royal Canadian Mounted Police and the Department of Justice have already decided that the request is fair and reasonable, and that the stumbling block is the treasury board.

Mr. ILSLEY: The hon. member says that he has written to me about this matter. I do not deny it, but I am sorry to say I have no recollection of the correspondence. Perhaps I handed it to someone else, and I might have forgotten about it.

The hon. member says that recommendations have been made by the Department of Justice and the Royal Canadian Mounted Police, and that those recommendations have not been accepted by the treasury board. I can neither confirm nor deny that statement. I do not know, I shall have to look into that.

Mr. GILLIS: I have documentary evidence which I can show to the minister.

Mr. COLDWELL: The minister has written to me regarding the matter.

Mr. ILSLEY: I wish to ask for a little information myself. The hon. gentleman says that the rate of pay is $1.60 a day.

Mr. GILLIS: If single.

Mr. ILSLEY: If single. Is $1.60 the total wage?

Mr. GILLIS: That is the total.

Mr. ILSLEY: There must be sustenance allowance in addition, or something of that kind.

Mr. GILLIS: No; $3.20 if married, and part of the uniform.

Mr. ILSLEY: Is there any allowance for board and lodging with the $1.60.

Mr. GILLIS: No.

Mr. ILSLEY: The hon. gentleman must be wrong about that. As I say, I know very little about the matter, but I think there has been an attempt to make the pay of these guards about the same as the pay of the soldier. The men in the army do not get any cost-of-living bonus, nor do the members of the Royal Canadian Mounted Police. A member of the army now gets $1.50 a day, but that is only the beginning, and I feel sure that the hon. gentleman must be wrong when he says that we are asking men to live on $1.60 a day and nothing more.

Mr. GILLIS: No, I am not wrong on that point. The Royal Canadian Mounted Police constables have received an increase of fifty cents a day since the outbreak of the war, and that is when this issue was raised. The special constable guards expected to get that statutory increase or a cost-of-living bonus. I have a letter from one man in the city of Ottawa who is married and receiving $3.20 a day. His obligations consist of house rent, $30 a month; groceries, $30; milk, $12; bread, $5; fuel, $16; clothing, $15, and miscellaneous, $5. This totals $113 a month. The special guard who is single receives only $1.60 a day and must pay for his own upkeep. He does not live in barracks; he must rent a room or live at home. I have about fifty letters from different parts in Ontario, Quebec and Nova Scotia which I can send across to the minister. I have received three letters from the minister on this matter during the past two years. They were signed by him, or perhaps someone may have used his stamp. I have documentary evidence from these people to the effect that the matter was in the hands of the treasury board and that they believed the request was fair and reasonable.

Mr. DIEFENBAKER: I should like to ask the minister a question in regard to the cost-of-living bonus. Section 34, subsection 2 of order in council, P.C. 5963, reads:

> The amount of the increase or decrease, or the amount of the cost-of-living bonus to be paid, shall be calculated by the national board for the purpose of such general order in the matter hereinafter set out in respect of the rise in the cost of living index number for the month prior to such order above the cost-of-living index number for the month of October, 1941.

Under the original order in council the date from which the cost-of-living bonus is based and as therein set out was October, 1941.

On March 23, 1943, P.C. 2370 was passed, which provides:

> Provided that where, in the opinion of the national board the application of this subsection has resulted in, or will result in, unequal or unfair combinations of wage rates and cost-of-living bonuses within an industry, it shall be within the power of the national board to order such adjustment of the cost-of-living bonus through the use of a month other than prescribed above but not earlier than August, 1939, as the national board may determine.

I should like to know whether the amendment that was passed the other day was to cover the situation mentioned by the hon. member for Cape Breton South. If not, what was the purpose of making the change, and what representations were made to the government which resulted in the change? That is the first question. I might as well mention the other two matters so that they can all be dealt with at once. The whole situation with regard to the cost-of-living bonus is, I presume, tied up with the maintenance of the price ceiling and the prevention of inflation. Up to the present we have not been informed what the cost of these expedients has been. Having regard to the manner in which the government of the United Kingdom has approached this problem, I think it would be well if the minister was prepared to give a statement showing what has been dispersed by way of cost-of-living bonuses, first, by the government and, second, by private industry. Then there is also the matter of subsidies. I think it is only fair that the minister should place before the house and the country the cost of subsidies to date in order that the people of Canada may know what has been expended in order to maintain the price structure. These are matters that are of interest to the taxpayers and to the people of Canada as a whole. On one side of the equation we have the benefits, with which we all agree, but on the other side is the cost. So far as

I know this has not been placed before the house. I am sure that hon. members would appreciate a statement on these two matters.

Mr. ILSLEY: I shall let the Minister of Labour deal with the reason for the amendment to the wage order. With regard to the other matters, I expected that at the proper time I would have to give the house, and I would have no hesitation in doing so, a statement of expenditures on subsidies. It is elementary that the house would be entitled to that information, and I had expected to deal with it on the war appropriation. These are questions that would have to be answered at any time that hon. members want the information.

Mr. DIEFENBAKER: Would the minister be prepared to give the expenditures to date in round figures?

Mr. ILSLEY: I should not like to try it because I might be too far out.

Mr. HANSON (York-Sunbury): I started to try to get this yesterday, but something else intervened. I did not follow it up because I thought it would subsequently be brought out. Certainly the minister ought to be in a position to give us the cost to the treasury of the cost-of-living bonus for the civil servants. The other is also most important. The country ought to know, as the hon. member for Lake Centre has said, first, what is the cost to the taxpayers, and second, what is the cost to industry of this policy of maintaining the wage level. I do not know whether this is the appropriate time, but certainly we ought to know at some appropriate time what is the cost of subsidization to maintain the price level of commodities.

Mr. ILSLEY: I will get the totals with regard to the public service to date, and if we are on this item to-morrow I will give it then.

Mr. HANSON (York-Sunbury): That will be good enough.

Mr. ILSLEY: But I do not think there is any way of getting the total of the cost-of-living bonus paid by private employers. I will make inquiries and see, but I do not know any way of getting it. All employers in Canada are paying the cost-of-living bonus, but at different rates. In a great many instances the bonus is based on the cost-of-living increase since October, 1941; in a great many other instances, on the increase since August, 1939, and in other instances on the increase from intermediate dates, the intermediate date as a general rule being the date of the last basic wage increase.

Mr. HANSON (York-Sunbury): Perhaps the bureau of statistics has the information.

Mr. ILSLEY: I do not think it has.

Mr. HANSON (York-Sunbury): Certainly it is asking for information from employers.

Mr. ILSLEY: I will see what I can get on subsidies between now and to-morrow, but I think a more appropriate time to give that information would be on the estimates for the wartime prices and trade board.

Mr. DIEFENBAKER: We do not know when they are coming up.

Mr. ILSLEY: I wish I knew—I can tell the committee that.

Mr. DIEFENBAKER: Inspectors have been appointed in connection with the administration of the cost-of-living bonus, and they are investigating from time to time for the purpose of ascertaining whether industries are in fact paying the bonus. I would think that these inspectors would report the nature of the bonus and the amount, and that that information would be in the hands of the department. Without that information it is impossible to tell what the cost-of-living bonus is costing the country.

Mr. MITCHELL: I did not know that this was to be the drift of the debate this evening. I thought this question might more likely come up under the war estimates or the departmental estimates. I do not wish to give my hon. friend offhand a figure that I may have to correct later.

With respect to the question raised by the hon. member for Cape Breton South, I think he was referring more particularly to the civil service. He covered a lot of territory, but I think he was speaking particularly of the amendment that had been made to the order. It was felt that there should be some elasticity so that the bonus might be equalized in certain respects after the board had dealt with the case. As in all cases when amendments are made to orders, representations were made by different organizations that that should be done. I do not think I can go further than that at the moment.

I think my hon. friend will agree that I had something to do with the establishment of the wage stabilization policy in this country. I will be frank and say that I could not give offhand the statistics which he thinks should be given to the house. I did have placed before me to-day the amount of the wages and of the bonus involved in applications with respect to war labour boards, and I could easily table that information. When it is

realized that every one who works for wages in this country comes under the wage stabilization policy, I think my hon. friend will agree that it would be somewhat difficult to get the information he desires because, after all, there is nothing static in industrial employment. Men are quitting or taking a few days off or a few weeks off from time to time, so that it is well-nigh impossible to get anything like the definite figure my hon. friend desires. But let me say this to my hon. friend, that if hon. gentlemen over there were sitting here they would in the very nature of things have to bring down and maintain a policy of a similar character to that now in effect. I think it has been the greatest contribution made by any government for the protection of what I might call the defenceless people in this country, those living on old age pensions and pensions generally and people living on fixed incomes. The great white-collared class do not belong to any organization, and the policy is for their protection. Since implementing this policy we have been able to stabilize the cost of living to a much greater degree than our good friends to the south or the people of Great Britain have done.

While any policy of this kind will be criticized, I would say to the critics that they must take the responsibility when they are criticizing if, as a consequence, we are unable to maintain the price structure. That responsibility goes along with the right of criticism. On the whole I think the policy has worked reasonably well. Of course no policy on such a large scale could work 100 per cent perfect. It is a policy that is based on fairness and equity for the protection of the weaker classes in the dominion. I am not greatly concerned over the criticism that it is propaganda and that sort of thing, because this policy was worked out by sincere people who had at heart only the interests of the great mass of the Canadian people; and when the history of this war is written, provided we keep our feet on the ground, when we look back to this period all of us will be able to take credit for the fact that we were able to stabilize the cost of living for the Canadian people.

Furthermore, to those who speak of social security and Beveridge plans I would say that, when this war is over, unless you have a stable currency and a stable price structure, you will miss the tide and another generation will pass by before your plans can be realized. I think that Mr. Beveridge himself recognizes that in his report. We must plan for social insurance, and there must be a reasonable assurance that the price level and purchasing power will remain stable. The thrifty people are the backbone of a nation, and I think it would be positively dishonest to borrow money from people through war savings certificates, to borrow say one hundred dollars, and then to give back only fifty dollars in five years' time, when you have the means at hand to see that they will get back the full purchasing power of the money they lent. All that is tied up in this stabilization of prices and wage stabilization policy. I feel sincerely that the policy up to the moment has worked successfully, and can be maintained provided it gets the support of the people. Of course, without that support it must by the very nature of things fail.

Mr. McGEER: While a discussion of the cost-of-living bonus is undoubtedly timely in a general sense, I understood that the item under consideration by the committee was the mint.

Mr. ILSLEY: May I explain that?

Mr. McGEER: I think the minister might do so.

Mr. ILSLEY: The item is *416*, which is the Royal Canadian Mint; but a number of items other than that—*417*, *421*, *422* and so on—were allowed to pass the other night on the understanding that anything under these items might be discussed under item *416*. That is the reason for the range of the discussion here this evening.

Mr. McGEER: Of course I understand that the mint is so general a topic of itself that almost anything can be discussed under it. However, the feature of it in which I am interested is the mint that produces the thing with which the cost-of-living bonus is paid, as well as a great many other things.

I rise this evening, Mr. Chairman, because in his kindness the minister expressed appreciation of my attitude. I want to let him know that I believe I echo the sentiments of every member of this committee when I say that I do not think Canada in war time or in peace time has ever had a minister of finance who has been more devoted to his responsibilities, who has been more industrious in his efforts, and who as an orthodox financier has shown more ability to perform the difficult tasks with which every orthodox finance minister is confronted. I am not speaking because his attitude or his ability disappoint me; I am speaking because I believe I see in his administration a cautious but nevertheless well-moving programme to the consummation of monetary reforms which will in time give democratic government the power to relieve the people and the government of Canada from the slavery of involuntary debt.

He made one remark with regard to which I should like to speak; it was with reference to myself. It seemed to say that I was keeping "my" ideas before parliament. I say to hon. members, to my colleagues and to the minister that no idea I have ever expressed in reference to monetary reform belongs to me. What I laid before the banking and commerce committee in 1934 was, I believed, a correct interpretation of the Macmillan committee report filed with the British government in 1931. I did not develop any fantastic conceptions by looking up at the mountains which fringe the Pacific coast. Any ideas which I had were developed in the hardest kind of reading and study of men who had given expression to their thoughts and ideas and who had come to their conclusions in the field of actual experience.

This evening I shall ask the committee to bear with me while I call as witnesses out of the pages of our history some of the men who have declared the need of the reforms which I believe we are on the way to see put into effect.

We have all heard of Guernsey island currency. That should be of particular interest to Canadians, because it was an experiment in national currency carried out by Delisle Brock, president of the government of that island. Delisle Brock happened to be a brother of Sir Isaac Brock, who died at the battle of Queenston heights and whose monument is one of the greatest historical relics of our dominion. After putting into effect national currency as a means of bringing relief to the people of Guernsey island after the period of the Napoleonic wars, Brock offered this conclusion: He said:

> If there is one incontestable principle it is that all matters relating to the current coin of any country have their source in the supreme prerogative, and that no one has a right to arrogate to himself the power of circulating a private coinage on which he imprints for his own profit an arbitrary value. If this is true for metal coins still more so is it for paper money which in itself has no value whatever. . . . Permission cannot be granted to certain individuals to play with the wealth and prosperity of society. . . . Let the private banks reply to the questions already put: Let them say what inducement they can offer the public to drive out of circulation the state notes, the profit on which benefits all, especially the productive classes, and substitute for it bank notes, the profit on which benefits only individuals of the unproductive classes? The public treasury is the heart of the state. Finance is the pivot on which turns the administration of affairs. The government must retain its sovereign right to issue currency.

That was issued more than a hundred years ago.

[Mr. McGeer.]

To come to our own continent, President Andrew Jackson, who was responsible for the veto of the first bank of the United States, which was modeled after the Bank of England, said this:

> The bold effort the present bank has made to control the government, the distress it has wantonly produced, the violence of which it has been the occasion in one of our cities famed for its observance of the law and order, are but premonitions of the fate which awaits the American people should they be deluded into a perpetuation of this institution or the establishment of another like it.
>
> It is fervently hoped that thus admonished, those who heretofore favoured the establishment of a substitute for the present bank will be induced to abandon it.

During the same time, one of the greatest senators who ever spoke in the senate of the United States gave his view upon the danger to the state of transferring to a banking corporation the power to issue money or a substitute for money. He said:

> There never has been devised by any man a plan more specious by which labour could be robbed of the fruits of toil than the banking system. The people not only take bank paper as money, paying interest on it, but when the banks suspend, the people lose the discount while the bankers gain it.
>
> The people wonder why financial panics occur so frequently. I can tell them why. It is to the interests of the bankers and brokers that they should occur. It is one of the specious methods by which these despotic and utterly useless knaves rob the producing, manufacturing and mercantile classes of their honest earnings. It is one of the chief plans by which this infamous ring is riveting the chains of slavery upon the limbs of labour. It is one of the chief means adopted to build up a money aristocracy that shall live in idle luxury and ape the pretentious airs of European nobility.

That was Daniel Webster, United States senator.

To come back to England, Gladstone, a Chancellor of the British Exchequer, in 1852 recorded this statement:

> The government itself was not to be a substantive power in the matter of finance, but was to leave the money power supreme and unquestioned.
>
> I began to fight the conditions of this situation by financial self-assertion from the first. I was tenaciously opposed by the governor and the deputy governor of the Bank of England, who had seats in parliament, and I had the financial community of London (the city) for an antagonist on almost every occasion.

Gladstone, as a result of that fight, established the post office savings bank in England, and we in Canada copied the post office savings bank but never put it to work. It is hidden away in the post office. It is one means by which the government of the day could secure

an enormous amount of savings deposits for the service of the government both in time of peace and in time of war.

There are a great many witnesses that I could call upon from history, but the other night I referred to Lincoln. I believe Lincoln was the most profound statesman that the people of our race have ever produced. When he used national currency to win the civil war he left a record that everyone should be ready to study and to benefit from. We hear our national currency described as "confetti" or "rubber money." Let me quote what Lincoln thought of the national currency with which he won the civil war and which is available to us I believe in even greater measure. Writing to the one to whom he gave credit for that assistance to the government, he said:

My dear Colonel Dick, I have long determined to make public the origin of the greenback, and tell the world that it is one of Dick Taylor's creations. You have always been friendly to me and when troublous times fell upon us and my shoulders, though broad and willing, were weak, and myself surrounded by such circumstances and such people that I knew not whom to trust; then I said in my extremity, "I will send for Col. Taylor, he will know what to do." I think it was in January, 1862, on or about the 16th that I did so. You came and I said to you, "What can we do?" Said you: "Why, issue treasury notes, bearing no interest, printed on the best banking paper. Issue enough to pay off the army expenses and declare it legal tender." Chase thought it a hazardous thing, but we finally accomplished it and gave it to the people of this republic, the greatest blessing they ever had—their own paper to pay their own debts.

It is due to you, the father of the present greenback, that the people should know it, and I take great pleasure in making it known. How many times have I laughed at you telling me plainly that I was too lazy to be anything but a lawyer.

That is from "Lincoln's Words on Living Questions", by Taylor and Fulwiler.

When men sneer at our national currency as "confetti" or "rubber money" let them remember that in Lincoln's estimation it was the greatest gift that had been given by a democratic government to the people of any country.

Let us now come to some other witnesses in more modern times.

We have had some strange experiences during the twentieth century. One remark made by the distinguished visitor in the house to-day referred to the terrible times which happened between the two wars of the twentieth century. Let me put upon the records of this house the statement of a prophet who published a book on monetary reform in 1896. This was his final paragraph:

The gold standard money system creates debts and then prevents men from settling them. It places mankind in perpetual bondage. It is a prison gate that only opens inward. Its victims are permitted to enter but never to escape.

Not only are the factors of well-being and of progress rendered impotent by the gold standard money system, but the factors of evil minister to its exploiters. Wars, state extravagance and political corruption all serve to build up this pyramid of irremedial debts which almost every nation is now adding to and upon which the gold octopus feeds.

Repudiation is inevitable. Let us clearly see this. It is not a threat. It is an inevitable result. It cannot be avoided. Nations must strangle this monster or it will strangle them. The gold debts of the world can never be redeemed.

In vain men toil, in vain they produce, so long as this tapeworm of society exists. All our surplus wealth which should go to form a national store, all our surplus creations we must sacrifice. In vain science prosecutes her voyage of discovery and art labours to convert the discordant and hostile elements of nature into a system of usefulness and harmony. In vain temples of learning are reared and libraries founded. All these institutions, all these achievements that have for their object the advancement of learning and the raising of labour to a higher state of efficiency serve but to strengthen and nourish this octopus and give it a firmer grasp and a strangle hold on society. The gold standard means inevitable war. Nations cannot possibly exist long under it.

The children born of it are fire and sword, red ruin and the breaking up of laws.

This question, this money question, is the supreme question of the hour. It is not a mere abstract question of economics. It does not merely concern statesmen and students of finance. It is the greatest moral, the greatest social question, which mankind has ever had to consider. It concerns the lives, fortunes and happiness of every human being in society and all the generations yet unborn. It is the problem at the turn of the century, and our answer to it will determine the character of the drama we shall have to witness and upon which the curtain of the twentieth century is about to rise.

Yes, we held to the gold standard and we bathed the world in blood, not in one war but in two wars in the twentieth century.

Mr. DOUGLAS (Weyburn): May I ask whose words those are?

Mr. McGEER: That is Arthur Kitson, in "A Scientific Solution of the Money Question," published in 1896. Arthur Kitson lived through the last war; he was still active when the Cunliffe commission recommended the return to the gold standard in 1918. He warned the people of England and the people of the world against the danger of accepting that recommendation. He said:

We cannot possibly go on in the sense of reconstructing and developing our trade and industries with a scarcity of money which the committee recommend. It is therefore the bounden and patriotic duty of those who really understand this great question and foresee the dangers and perils to which our economic

future will be exposed by a return to our pre-war currency system, to do all in their power to prevent the adoption by the government of the committee's report.

We are threatened with wholesale bankruptcy and national ruin through the return to the gold standard now being strenuously advanced by the treasury and inland revenue officials, aided by certain financiers both national and international and their organs.

But we laughed at Kitson; we accepted the advice of the experts on finance. In both instances the prophecy of disaster which Kitson had dared to offer to the world came to realization.

But let me go back to the United States, and I hope I am not wearying hon. members with these views of men whom I call as witnesses, who offer to-day a challenge to you, as the men responsible for the government of Canada and responsible to the people of Canada, to grapple with this problem before the disaster of unpayable debt again overwhelms us.

Mr. MacNICOL: Would the hon. member permit me to ask a question on that point, in regard to his reference to the money printed by Lincoln?

Mr. McGEER: Yes, gladly.

Mr. MacNICOL: I am not going to criticize in any way what the hon. member has said, but when he speaks of the greenbacks printed by Lincoln as winning the civil war I wish at the same time he would tell us why the money issued by the confederate states did not win the war for the south. The truth of the whole matter is that the northern states had a fleet and the southern states did not.

Mr. McGEER: My hon. friend is not asking a question; he is making a statement, which is pure nonsense.

Mr. MacNICOL: It is no more nonsense than what the hon. member is saying.

Mr. McGEER: I am pointing out that the confederacy lost the war—

Mr. MacNICOL: Because they did not have a fleet.

Mr. McGEER:—because they did not have the power; but when Lincoln came to find a medium of exchange to put his army on a paying basis, to meet his obligations and to get a medium of exchange that would serve the United States government in the place of gold, of which they had none and which was withheld from them at that time, he used a national currency system. Of course they did not win the war with currency; they won it with fighting men and guns, but they used that national currency to put those men and guns to work in the service of that nation.

Mr. MacNICOL: They had the men and the guns and the fleet before they printed the greenbacks.

Mr. McGEER: I do not know that my hon. friend is as conversant with the history of the civil war and with Lincoln's activities—

Mr. MacNICOL: I am glad to say that I am thoroughly conversant with the civil war.

Mr. McGEER: I have not the slightest doubt that the hon. gentleman thinks he is, but I am inclined to think he is wrong.

Mr. MacNICOL: Then explain why the southern paper currency did not win the war.

Mr. McGEER: Well, Mr. Chairman, I gave the hon. gentlman the courtesy of the floor, and this is the sort of thing we always get from that quarter. Let me quote from one who probably has as much knowledge of the United States as the hon. member for Davenport; I refer to Woodrow Wilson, who brought into being a federal reserve system in the hope that it might cure the situation that existed in that country. In 1911, before he was president, Woodrow Wilson pointed out:

> The great monopoly of this country is the money monopoly. So long as that exists, our old variety and freedom and individual energy of development are out of the question. The growth of the nation and all our activities are in the hands of a few men who, by reason of their own limitations chill, check and destroy genuine economic freedom.

Wilson made a great attempt at monetary reform in the establishment of the federal reserve system; but Elihu Root, one of the greatest lawyers who ever sat in the United States senate, said:

> This bill (the Federal Reserve Act) proposes to put in pawn the credit of the United States. We are setting our steps in the pathway that brought Rome to its fall.

That was because the federal reserve system was a bankers' system, owned by bankers and controlled by bankers, and not owned and controlled by the government of the United States. That was what Roosevelt found also when he came to power; but before that, President Hoover had something to say about the situation that existed in the disastrous years from 1928 to 1932, when he was president. This is what he said:

> I stated that this depression has exposed many weaknesses in our economic system. It has shown much wrongdoing. There has been exploitation and abuse of financial power. These weaknesses must be corrected and that wrongdoing must be punished.
>
> The American people must have protection from insecure banking through a stronger system. They must be relieved from conditions which permit the credit machinery of the

country to be made available without adequate check for wholesale speculation in securities, with its ruinous consequences to millions of our citizens and to national recovery. This the federal reserve system has proved incapable of doing. I recommend to congress the sane reform of our banking laws.

Let me now quote from another man who is somewhat conversant with American history. I refer to President Roosevelt who, in one of the first speeches to congress after his election, said:

Nature still offers her bounty, and human efforts have multiplied it. Plenty is at our door-step but a generous use of it languishes in the very sight of the supply. Primarily this is because the rulers of the exchange of mankind's goods have failed through their own incompetence. Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men.

Stripped of the lure of profit by which to induce our people to follow their false leadership, they have proposed only the lending of more money.

They have resorted to exhortations, pleading tearfully for restored confidence. They know only the rules of a generation of self-seekers. They have no vision and where there is no vision the people perish.

The money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths.

Let me now call as a witness another British statesman and what he had to say about Roosevelt when he tackled the problem of reforming the banking system of the United States. He has gone a long way beyond the point where Woodrow Wilson laid down his great work. Speaking of Roosevelt's attack on the bankers, Lloyd George said:

The intrepidity with which he is fighting against the machinations of the established and arrogant priesthood of the golden calf is being watched with a thrill of admiration by those who, all the world over, have been suffering from its thraldom. If he wins he will have rendered a service to mankind which will exceed that of Lincoln when he abolished a more limited slavery.

But his task is even more formidable, for the hierachy he has challenged is powerful and its janissaries in all lands are federated in a well-knit, well-drilled and well-equipped brotherhood in arms. They play into each other's hands—they fight each other's battles. If they fail, they will share each other's ruin—if they succeed, they will divide the loot among themselves.

In London and in Paris they are unassailably entrenched. To adopt the scriptural quotation, "Judas is their law giver. Industry is their wash-pot and over successive ministries have they cast their shoe."

I am not calling witnesses from the rabble rousers; I am calling as witnesses for this cause the statesmen of the world; and let no man in this house ever again say that I am bringing forward my own ideas. The ideas I have offered on this great question are not mine. They belong to men infinitely more capable than I, men of established position not merely in economic academic thinking but in the world of political history.

Let me now come to our own house; hon. members probably will recall these words:

Once a nation parts with the control of its currency and credit it matters not who makes the nation's laws.

Usury once in control will wreck any nation. Until the control of the issue of currency and credit is restored to government, and recognized as its most conspicuous and sacred responsibility all talk of the sovereignty of parliament and of democracy is idle and futile.

That was said by the then leader of the opposition speaking in the house in opposition to the Bank of Canada bill, establishing the Bank of Canada as a privately-owned institution. That leader of the opposition is now Prime Minister of Canada (Mr. Mackenzie King).

Supporting his then leader in opposition, now the Prime Minister, the present Minister of National Defence (Mr. Ralston) made this declaration:

The control of credit and currency is the biggest and most important public utility in the activities of the nation. The central bank is a public utility, and the citizens should not relinquish control of its administration.

I am not one who necessarily champions public ownership at all times and in all places, but there are certain things that should be under public ownership or public control, and certainly the very first and most important of these is the institution which controls, which guides, which directs the whole economic life of the nation.

I could quote many more—many men equally distinguished. In an ordinary case at law I never would have to call as great an array of witnesses men who were experts upon the basis of their actual experience to secure a verdict than those men whose statements I have placed before the committee tonight.

No; these ideas are not mine. I would not think of asking my colleagues in parliament to consider any view I might have on so important an issue as national currency, were I not able to sustain and support that view out of the wisdom of the ages, and out of the plain actual experience of reason and common sense. No; they are not my views.

There is one other statement the minister made. He said, "We are doing what England is doing." I want to say this: One of the great mistakes we have made in the economy of Canada has been our attempt to appropriate an economy which is successfully applied in England, but which does not apply to Canada at all. Canada is a nation with an abundance of resources and a dearth of

people. England is a nation with an abundance of people and a dearth of resources. Canada has an abundance of things to create and export. England depends upon her foreign trade, and must bring in, industrialize and ship out again. England's financial situation is not similar to ours, nor can what is good for England be accepted as good for Canada.

Let me point this out to the committee. A little while ago orthodox financial experts told us that we had to stick to gold, or we would lose our credit in the markets of London and New York. We were told that unless we maintained that credit we would not be able to get from the accumulated savings of the world the means by which we alone could build our railways, our schools, our hospitals, our communities, and all the things tending to the development of a young country which had not accumulated savings.

A miraculous change has taken place. Today we have assumed a war obligation for this year that is eleven times greater in money value than was the war obligation of the last year of the war of 1914-18. We are spending in 1943-44 about five thousand million dollars. The budget in 1917-18 was $450,000,000. We are financing this ourselves. But on top of that we have said we will finance a contribution to the war of England, to the war of China and of Russia to the value of another billion dollars. We are not going to New York. We are not going to London, for either money or credit. Canada has a bank which the people own, and a banking system that has proven that it can accept and fulfil that burden with Canadian capital. Let no one ever say again that the development of the Dominion of Canada is dependent upon the will of international bankers resident in New York and London.

There is one other statement, the answer to which I should like to have on the record, namely the statement that we know what we are doing. I am not questioning the ability of the Minister of Finance (Mr. Ilsley) or his advisers; but with the greatest of respect to them I say that in the matter of finance so far as this war is concerned we are moving in uncharted seas. A great job is being done, and we are proving that we can do things in the realm of finance we never dreamed we could do. But mark the difference between this war and the last one. In the last war we went along firmly convinced that victory would be ours, and confident that we would make the defeated nations pay every dollar of cost that the war would involve. We tried to impose those costs in the terms of the peace treaty. Reparations were set up. What did we find? We found that in the very imposition of those money obligations were the roots, the seeds, of the disasters which happened in the years of peace, and which eventually grew into another disastrous war.

We have no such conception as that. Today our statesmen are declaring that the power of Germany, Japan, and Italy must be completely destroyed. Does anyone think for one moment we shall take reparations out of those destroyed nations to liquidate the enormous cost of this war? No such idea prevails anywhere. We are therefore assuming obligations which cannot be carried with safety and security unless we bend the best ability and understanding we have to see to it that, when victory comes, the men who have won that victory and the people who have made their contributions in sacrifice are not to be shackled and enslaved by a load of unpayable debt.

There is no danger of our being unable to finance the maximum of the productive capacity and fighting power of the resources and materials that we in Canada possess.

I wish to say in conclusion that whether or not we agree with the policy of the minister, hon. members not only on this side but in all parts of the house must be solidly behind the administration until the fight is won. But that should not deny us the right to offer for consideration ideas which in our opinion may make some contribution to the better understanding and better solution of the problems which face us. So far as I am concerned, I offer what I have to offer in that sense, and with the understanding that if my suggestions can be of any value to the ministry I hope they will be accepted. If they are not accepted I shall not be deterred in the least iota from giving my wholehearted support to the minister in the work he has to do.

Mr. HANSELL: Perhaps we should pass this item after the speech to which we have just listened. Some time or another I wish the hon. member for Vancouver-Burrard would go a little further in his remarks. We know he is an authority on these matters, and we should like to hear more from him, not merely on the subject of currency but on the highly developed technique of banking in this country. I leave that suggestion with him.

I should like to ask the minister if the government is giving any consideration at all to increasing old age pensions. I know that this would not come under the present item, but I wish to know if any consideration has been given to granting a cost-of-living bonus to old age pensioners. We all realize that the wage-earner, who may be making a substantial wage, needs the cost-of-living bonus, but the fact remains that the bonus is

not given to these unfortunate people whose earning power is gone and who need the bonus even more than does the wage-earner. I wish the minister would give a favourable answer in this respect. There are many aged people who are getting less than $20 a month. The cost-of-living bonus would not amount to very much in their case, but that little extra would mean a lot. Could the minister give us some encouragement along this line?

Mr. ILSLEY: May I say a word to the hon. member for Lake Centre. He asked for the cost of the subsidies which have been paid to preserve the price ceilings. He will find on page 883 of the budget speech an estimate of the cost of administration and subsidies paid by the commodity prices stabilization corporation. For the fiscal year which is just closed, 1942-43, this estimate is $80,000,000, which I think is reasonably correct. I should like to point out that this estimate includes the cost of subsidies which are really production subsidies, such as those paid to producers of milk, and the subsidy on butter. It also includes the subsidies which were announced early in December to reduce the price of certain commodities in order to keep the cost-of-living index from rising, a type of subsidy which was not contemplated when the estimate of the cost of subsidies was given last spring.

The submarine campaign in the Atlantic is responsible for a substantial part of this $80,000,000. Increased freights and war risk insurance rates have increased import subsidies to a substantial degree, particularly on petroleum. In view of the fact that our estimate in the spring of 1942 was $50,000,000 for the year, and in view of the fact that these exceptional circumstances have developed, I think the estimate of $80,000,000 is a fairly satisfactory figure for the year that has just closed. The estimate for the present year is, I think, considerably higher than this.

Mr. DIEFENBAKER: Approximately what?

Mr. ILSLEY: I cannot remember, but if the hon. gentleman will look at the estimates of the war appropriations which were placed on *Hansard*, he will find the figure there.

Mr. DIEFENBAKER: I appreciate that answer, but I have not received a reply from the Minister of Labour in regard to the cost-of-living bonus. He made a lengthy statement on the success of the policy and condemned those who criticized it. I do not know whether that condemnation was aimed at me, because I do not think I would come within its purview. I was just asking for information; I want him to explain something which has not been explained, namely, the reason for the order in council of March 23 last. I will not repeat what I have said on previous occasions, namely, that I feel that something should be done in connection with orders in council which affect private rights. From time to time parliament should be made aware of those orders in council that transgress or interfere with private rights. Hon. members have a right to know what representations are made to amend orders in council already passed.

The whole basis of the cost-of-living bonus was founded on the cost-of-living index number as of October, 1941. That was the basis upon which the original order in council and subsequent orders in council were founded. Just a few days ago, in March, while parliament was sitting, the whole basis was altered. The national board has been given the power to order adjustments in the cost-of-living bonus using a month other than that prescribed in the original order in council, not earlier than August, 1939. An alteration such as that will make a considerable difference in the administration of the cost-of-living bonus.

I ask the minister, what were the representations made that necessitated that change? Something must have taken place within the last few days to make the change necessary. In what industries was the cost-of-living bonus to be paid? These are things we should know, and this is the only opportunity members of the house have to find out. Questions such as this cannot be answered by a lengthy dissertation on the benefits of the scheme; they can be answered only by direct answer to the question: What was the weakness in the original order in council that necessitated this change? I do not know what it was. The hon. member for Cape Breton South gave certain instances which might very well come within the purview of the new order in council, and the minister said that the instances had no basis in fact. I ask now that the minister give an answer to the question.

Mr. MITCHELL: Mr. Chairman, I think I gave an answer.

Mr. DIEFENBAKER: Never dealt with it at all.

Mr. MITCHELL: Yes, I did. The answer was so simple that perhaps my hon. friend did not catch it as I went along.

Mr. DIEFENBAKER: I went along with the minister, but I heard no answer.

Mr. MITCHELL: The framers of that order in council were not perfect. My hon. friend being a lawyer will agree with me that no law ever made is perfect. If it were, we would not need lawyers. In the functioning of the order in council certain difficulties confronted the boards in the adjustment of wage structures, and to correct those inequalities it was felt that an amendment of the order was necessary. We felt that the amendment would enable the order to be interpreted more easily and that it would make the order more just.

Mr. DIEFENBAKER: What benefit would flow from the alteration of the date from October, 1941, to August, 1939? That is what I want to get at.

Mr. MITCHELL: I could make a forty-minute speech on that.

An hon. MEMBER: It might be wise to do it.

Mr. MITCHELL: That is quite true, but after I had made it, perhaps my hon. friend might not be any the wiser. A historical review of P.C. 7440 and of all the orders in council that have to do with the cost-of-living bonus would make a long story. P.C. 7440 laid down the bonus principles applicable to those industries which came under the Industrial Disputes Investigation Act as extended by another order in council. In the light of our experience the government came to the conclusion that instead of dealing specifically with those particular industries a wage stabilization policy should be adopted dealing with every person who works for wages in this country. That is the reason for the two different dates for the application of the cost-of-living bonus. I had something to do with laying down the guiding principles of the wage stabilization policy. I am frank to admit that while we thought we had done a very successful job in laying down the first guiding principles, it was not long before experience showed us that they had to be amended. Then we come along to the amendment of which my hon. friend now speaks. It is felt that the policy can be administered better with that amendment because it gives the board power to make adjustments where in its judgment there are inequalities in the application of the cost-of-living bonus. I do not know whether I can make it any clearer than that.

Mr. NOSEWORTHY: Would the minister tell us whether in future we are likely to have the cost-of-living bonus in some industries as from August, 1939, and in others as from October, 1941? Is that the purpose of the new order in council?

Mr. MITCHELL: I cannot discuss a hypothetical case. I do not wish to get caught in that trap. My hon. friend had better take a case before the board. The board will have to speak for itself.

Mr. FRASER (Peterborough West): Does that not confirm what the minister said, that if he gave a forty-minute speech we might not understand it?

While I am on my feet I would ask a question of the Minister of Finance since the Minister of National Revenue is not in his seat at the moment. Item *427* provides for district offices of the income tax division, $350,686. I understand that is for extra assistance in the office. The taxpayers in the Peterborough district have to send their income tax returns to Belleville because the income tax division has no district office in Peterborough. Is there no chance of having an income tax inspector in Peterborough so that people there could go in and discuss their problems with him? The reason I ask for that is that the income tax forms are complicated and hard to understand, and some people certainly do not understand them. But if there were, in an office in Peterborough, some official to whom the people could go and discuss their difficulties, it would be very much better both for them and for the income tax department itself.

Mr. ILSLEY: The Minister of National Revenue is not in the chamber at the moment. It is a serious thing to establish a new income tax district office, and I would be doubtful whether that would be considered.

Mr. FRASER (Peterborough West:) Even if you do not establish an office in Peterborough, would it not be possible to have a man there at certain times during the year to explain the income tax forms to those desiring further information? Ottawa has an income tax office; Kingston has one; Belleville has one; so have Toronto and Hamilton, but Peterborough has none, and it is a large city. In fairness to the taxpayers themselves, I think some representative of the income tax division should be there, even if he were there only at certain times of the year before payments have to be made.

Mr. ILSLEY: All I can do is to tell my colleague that the hon. member for Peterborough West has made a suggestion and

tell him what the suggestion is. I do not know whether it would be possible to adopt it or not.

Mr. LACROIX (Quebec-Montmorency): Mr. Chairman, I read in the *Financial Post* of February 6, 1943, the following statement under the heading "Australian Complaint":

> Australia has been highly critical that while Canada supplied certain war material to the United Kingdom free of cost, Britain re-exported the goods for Australian use and charged the Australians in sterling. The Britain arguments were that Australia had considerable sterling balances with which to meet the cost, but the deal rankled none the less.

May I ask the minister whether that statement is true, and if so, what steps have been taken by the Canadian government to correct that state of affairs?

Mr. ILSLEY: The goods and materials to the extent of one billion dollars which were contributed to the United Kingdom in the last fiscal year were contributed without any strings attached. They were based upon an anticipated deficit for the whole sterling area. What arrangements the United Kingdom made with other parts of the sterling area are not known to me. I have heard the statement made, to which the hon. member has referred. Whether the arrangements between the United Kingdom and Australia are final, whether they are complete or not, I do not know. I am not in a position to state anything about those arrangements. We deal with the United Kingdom as the source of the sterling, as the centre of the sterling area, the dominant partner in that group; and I am unable to give any definite information as to the arrangements which the United Kingdom government made with the governments of the other parts of the sterling area.

Let me now say this with regard to the future. We are adopting, as the hon. gentleman probably knows, a new principle in the mutual aid bill of this year. It is not to be a gift to the United Kingdom; it is to be a supply of goods—materials, munitions and so forth—to such of the united nations as we think fit to supply from time to time and on such terms as we think fit from time to time; and the situation which is alleged to exist in the excerpt which the hon. gentleman has quoted, and which I cannot affirm or deny, will not exist in the future as far as our contributions are concerned.

Mr. HANSELL: Perhaps the minister has forgotten to answer my question with respect to old age pensions and the possibility of aged parents being able to receive the cost-of-living bonus. The most unfortunate people in Canada to-day in respect of income are the old age pensioners. A man in receipt of a salary is getting something anyway, although the cost of living has gone up and he is entitled to his bonus and should have it. The old age pensioner cannot earn a living; yet he has to exist on the very small income of $20 a month or less, in some provinces a little more, because some provinces provide an extra five dollars a month; but his earning power has gone, and yet there is no increase for him. The very things which the old age pensioner must have are the things which have risen in price. Take butter, for instance. I do not know how much the price of butter has risen since the war, but it must be somewhere between fifteen and twenty per cent. Or take meat. The price of meat must have increased thirty, forty or even fifty per cent since the outbreak of war. Last winter was an exceptionally hard winter, and while the cost of an extra ton of coal may not mean much to me or to some other man with a fair or even less than average income, to our mothers and fathers who are getting only $20 a month it means the absorption of a very large proportion of their monthly income. These old people are in a very unhappy position to-day. Would the minister indicate whether the government is considering the unfortunateness of these people, and can he give the country some hope that the old age pensioner will soon receive at least the cost-of-living bonus?

Mr. ILSLEY: I have always regarded the cost-of-living bonus as inappropriate to pensioners. The cost-of-living bonus policy is part of our wage policy and is confined to that. As a matter of fact, if the cost-of-living bonus were extended to old age pensioners on the same basis on which it was extended recently to soldiers in respect of their dependents, it would be so small that it would not be satisfactory to anybody. The old age pensioner's problem will have to be met in an entirely different way. A great deal of thought has been given to it. Essentially the question is one of jurisdiction; and the position which this government has taken, and which I announced in November, 1941, is that we regard the responsibility for old age pensions as primarily one of provincial jurisdiction, just to the same extent as mothers' allowances, for example. So that the provinces would not be penalized in any way, so that they would be perfectly free to increase payments to old age pensioners, we offered in November, 1941, to amend the regulations for any province which wished them amended in respect of that province, so that the province itself could pay supplemental allowances to old age pensioners without reducing the amount of the contribution which the dominion government was

obligated to make under the dominion act. Several provinces applied for amendment of the regulations, and several provinces are paying supplemental allowances, while others are proposing to do so. I think it is there that the responsibility lies. I hope to see the day when we shall have a contributory old age pension system in this country. We certainly should have it, but we require an amendment of the constitution in order to provide for it, just as we had to have an amendment of the constitution to provide for unemployment insurance. I cannot see why, in a state of affairs where all the provinces have surpluses, and some of them enormous surpluses, the provinces should not undertake this, which is primarily their responsibility, not ours, instead of calling on us, with our huge deficits, running up to two and three thousand million dollars a year.

Despite that fact, I did make this offer in 1941, that if all or substantially all of the provinces requested a reconsideration of the maximum limit in the Old Age Pensions Act, consideration would be given to that request. I did not say that favourable consideration would be given to it; and I am not so sure, in view of the high surplus position of the provinces, that favourable consideration would be given to it. But a start is being made to a certain degree in some of the provinces in accordance with the social views of the people of these provinces—which vary greatly from one province to the other—by the supplemental allowance system.

Mr. BLACK (Cumberland): Before this vote, having to do with the operation of the mint, is carried, will the Minister of Finance tell us what authority he or his department exercises over the closing of branch banks in different parts of the country? Branch banks are to an extent supplementary to the work of the mint, and in some places they have been closed, at great inconvenience to the people whom they formerly served. In my constituency of Cumberland, Springhill, which in 1941 had a population of 7,170 and is now well up to 8,000, with a large population tributary to Springhill, one of the two banks has been closed recently. We all realize that extra work is now imposed on the banks all over Canada, and that splendid services are rendered to the Canadian people at this time in spite of reduced staffs. Some bank managers have told me that nearly half of the work which they are doing now is related to the services they perform for the government. They are carrying on under great handicaps, because many of their staffs have enlisted and they have had to take on inexperienced help, including many girls. These banks pay heavy taxes both to the federal government and to the provincial and municipal governments. In spite of additional duties, in places such as Springhill and in other parts of Canada the banking facilities have been reduced. In the town of Springhill the demands on the banks have been greatly increased, but half the banking facilities have been allowed to close. I should like to ask the minister what authority he or the government exercise over the closing of branch banks in such circumstances.

Mr. ILSLEY: We have no authority over the chartered banks. However, at times I do make representations to them in respect of the proposed closing of a branch. I have done that on several occasions, and sometimes the banks have changed their plans in response to my representations; sometimes they do not. I have no power to do anything but make suggestions.

The banks have lost a great many of their young men, who have gone to war. They have tried to replace them by girls, and have been successful to a certain extent, but their man-power problem is a real one. In my judgment it is all right for the banks to close some branches, but for the most part I think they should be city branches rather than rural, because the cities are probably pretty well served, perhaps over-served in some instances. I think the banks have tried to serve the country as best they could. Very often a branch will not be making any money but will be running into a deficit year after year, and naturally the banks want to close such a branch. It is hard for me to press them to keep it open under such conditions, although I have at times urged that they give much consideration to the requirements of the community instead of to their own interest from the profit-making point of view.

Mr. GREEN: The Minister of Finance has taken a definite stand this evening with regard to the responsibility for the payment of old age pensions. He has said that it is primarily the responsibility of the provincial governments. As we all know, the situation is that the Old Age Pensions Act was passed by the dominion, and the dominion has taken the lead throughout. It paid first fifty per cent and now seventy-five per cent of the pensions. Now we come to the position where the pension being paid is not large enough to enable these older people, in many cases, to keep body and soul together. I suggest to the minister that he is dead wrong in taking the stand that it is not the responsibility of this government but of the provincial governments. He has compared the pensions to mothers' allowances, but they are an entirely

different type of allowance, paid entirely by the provincial governments and have been so from the start. There should not be any such comparison.

Mr. ILSLEY: It is not a different type, though.

Mr. GREEN: This matter is too serious to be just shoved aside in that way. Here is the group of Canadians who are suffering the most on account of the increase in the cost of food, clothing and other necessaries of life. Take for example, the increase in the cost of tea and coffee charged by the restaurants; it has hit many single old age pensioners very hard. The minister should take the lead in meeting the difficulty. He should arrange for a conference of representatives of the dominion and the provinces to review this whole question, including not only giving these people an increase to meet the rise in the cost of living, but also the regulations which in many ways are far too drastic and quite unfair. For example, I think the way in which the income of an aged person is arrived at is quite unfair in many respects; that should be carefully reviewed.

Year after year, some of us ask that these changes be made, that this condition be met, but each year we are just pushed aside and the question is shoved off. The matter is far too serious for that. Something should be done to improve the position of these older citizens.

Mr. McGEER: I was rather surprised to hear the statement of the minister to-night as to the policy with reference to old age pensions. We in British Columbia were, I think, the first to bring about the agitation for the establishment of a national act, and I had always thought that the old age pension was one of the great reforms inaugurated by the Liberal party in England in 1906 and that came forward as a great Liberal reform here in 1928. We passed a federal act offering to any province that would come in, to pay half the old age pension up to a ceiling of $20 a month. The theory of that legislation was that in time all the provinces would come in, because it was a reform sponsored and maintained by the national government. It was accepted as a national responsibility by the Conservative administration during the depression, when to relieve the provinces it took over an additional twenty-five per cent, paying seventy-five per cent of any amount paid up to $20 a month.

If we are going to lay down a new Liberal policy, if we are going to repudiate the Liberalism of 1928 and say that this is to become primarily a responsibility of the provinces, that is a retrograde step which I do not believe many Liberals will support.

I know something about these huge provincial surpluses, to which the minister has referred, bookkeeping surpluses, and where they come from They come from two sources: one, the abnormal expenditures of the national government; and the other, the curtailment in expenditures under conditions of war economy practised by every government. Also to some extent they are a product of the efficiency of the accounting department. I have been in politics in British Columbia and in Canada for about thirty-five years. I have heard of nothing but surpluses; I have seen nothing but the steady accumulation of public debt.

Whenever we say to the old age pensioner, you must be thrown upon the care of the provincial administrations because in war time they have surpluses, that would be another step in retrogression, not progress. I do not wish to discuss that more fully now, but I will do so when this matter comes up in its proper place in the estimates. We have either to recognize that a new Liberal policy repudiating that of 1928 is now in operation or to re-establish again the Liberalism of 1928.

In the United States the ceiling is $40 a month, and the federal government there contributes half of what any state government will pay up to that amount. In the state of Washington they have recognized the value of an old age pension not as a mere dole for the aged to live on, but have taken the view that the old age pensioner spending his living allowance is an economic unit of value, circulating throughout the community the medium of exchange that he requires to provide him with a decent standard of living. The old age pensioner takes his poor pittance, even of $40 a month, and spends it. He puts the farmer to work; he puts the local merchant to work; he becomes a consuming employer. We should begin to recognize that our aged are not people whom we should keep in pauperism and bondage but people who in a spirit of goodwill we should convert from liabilities to assets. I speak in this way because I do not think there will be any retrogression on the part of the Liberal party in regard to this matter even in war time.

Let me now add another word. It was a great Liberal reform in England that brought about this change, and it was the Liberals who reduced the age limit in England from seventy to sixty-five years. Mind you, Mr. Chairman, I am heartily in accord with the policy of the government in making a contribution of a billion dollars to the war effort of our allies,

but a nation that can find the means of financing such a magnificent contribution to the cause of world freedom can hardly say that we cannot do something for our own needy and aged. Canada must move along with England and the United States. We must get the age limit down to at least that of England; and being as wealthy and as capable of taking care of our people as the United States is, we ought to have at least the same standard that exists across the line.

The question of contributory pensions is not an easy thing to accept. There are a great many people who should enjoy old age pensions who have no means of making a contribution. What about the wives of the workers? It is true many of them are working to-day, in war time, but does anyone think that immediately this war is over we shall not attempt to return to the normal life of the nation, when the man will be the labourer and the breadwinner, and the wife and mother will be the custodian of the home? Do not accept contributory pensions as the solution and do not dismiss the needs of the aged of Canada to-day on questions of artificial surpluses. Let us never forget that we as a Liberal government have given birth to this great reform and that we have a responsibility to maintain it, as one of the national responsibilities of Canada.

Mr. ILSLEY: I wish to refer to a few remarks of the hon. member for Vancouver-Burrard. He says that it is a new policy to state that the responsibility for old age pensions is primarily provincial. That is not correct. I think it has always been admitted by all that the primary responsibility is provincial. That is why provincial governments have the administration of the old age pension system. The dominion government does not administer old age pensions, nor does it pay old age pensions. The dominion government makes contributions to provincial governments, nothing more and nothing less.

Mr. McGEER: We took the first step.

Mr. SHAW: May I ask a question?

Mr. ILSLEY: Just a moment; let us get that fundamental fact clearly in our minds. In order to get started a system of old age pensions in Canada, in 1926 we offered by legislation to make contributions to the exchequers of provincial governments to the extent of fifty per cent of their expenditures for old age pensions. The provinces were not able at that time, to anything like the extent they are to-day, to discharge their responsibilities; and because we wished to get established a system of old age pensions in Canada, and because the provinces were not able or did not think they were able to discharge those responsibilities themselves—I remember the deficits of that period, particularly the deficit of my own province—the dominion government made this offer and made that contribution. In 1930, before the election of that year, I remember distinctly that it was the policy of the Conservative party to contribute to the extent of 100 per cent. After the election, however, it was discovered that for some reason or another it would be inadvisable to do so. I presume the government of Mr. Bennett decided that it was administratively impracticable, administratively impossible for the federal government to contribute 100 per cent to the authority having the primary responsibility, and permit that authority to disburse the money itself. So that for that or some other reason Mr. Bennett in 1930 or 1931 decided to contribute to the pensions paid by the province up to the extent of seventy-five per cent of their responsibility.

The situation to-day is entirely different from the situation in 1926. Instead of a dominion government with surpluses contributing to governments which were in deficit, this government may have a three billion dollar deficit in the year to come. Certainly we are budgeting for a deficit of $2,750,000,000, while all the provinces, as I have said before, are in heavy surplus. It seems to me that they should discharge their responsibilities. At the same time I remind hon. members of what I said a year ago, when I stated that if all or substantially all of the provinces should request that we raise the limit of old age pensions by legislation of this parliament, consideration would be given to that request. That request has not been made by all or substantially all of the provinces to this date.

The hon. member for Vancouver-Burrard makes a very strong attack on the present position of the government, saying it is the enunciation of a new Liberal policy. I enunciated this policy in precisely these terms on November 14, 1941, and from that time to this neither the hon. member for Vancouver-Burrard nor anyone else has attacked it as being a new statement of principle. It is not a new statement of principle; it is simply keeping responsibility where responsibility lies. We are making a contribution up to the limit permitted by our legislation. We are asking the provinces to discharge their responsibilities to the old age pensioners within their jurisdictions. Some have done so; others are doing so. If others are unable to do so, and if a request is made for consideration of the whole matter, that request will be considered. I cannot say at the moment, as I said before, that favourable consideration will be given to it.

I know there is great interest in this matter, and I know it is a very great problem; but do hon. members think that when we are in the middle of a great war it is in the interests of the war effort for the government to pour out money and more money and still more money which will be spent on goods and services? I am not thinking only of old age pensions at the moment; but suppose that instead of $5,500,000,000, which is our estimate of expenditure in the coming year, in response to this terrific pressure for payments out of the treasury to all classes or all sections of the population, demands which are pressed here day after day, week after week and month after month, we were to give way so that instead of spending $5,500,000,000 we spent $6,000,000,000 in the coming year and gave the other $500,000,000 to the civilian population to be spent by that population to satisfy their demands or their needs. That amount of goods and services purchased by the civilian population would be withdrawn from the war effort, and to that extent would lessen the amount of goods and services that we could devote to the war. We are engaged in a terrible war; we are fighting for our lives, with our backs to the wall, and we cannot do these two things. It is all very well to say that we should have standards of comfort, of convenience and so on, equal to those in the United States or in other parts of the world. We have to make our choice. I have always considered that the first duty of this government was to win this war. I have considered it the first duty of this government to advocate self-denial on the part of the people, and to do the best they can with a difficult situation. I have asked the civilian population to make sacrifices and to assume burdens. In regard to old age pensioners may I say that I do not think they ought to be asked to assume heavy burdens. But I think that the governments which have provincial jurisdiction should come forward and do their duty. And some of them are doing it, and I think perhaps before long all of them will do it.

We recognize the problem here. I am not going to say the present level of old age pensions is a satisfactory one. But why grind at the dominion government all the time, with its terrific burdens, and with its deficit of two or three billions? Why drive us, or make it almost impossible for us to carry on at all?

Mr. NOSEWORTHY: In view of what the minister has just said, I am wondering whether he has given due consideration to the effect that the increase in old age pensions would have upon our war effort?

Mr. ILSLEY: It depends upon the increase.

Mr. NOSEWORTHY: I am thinking of the tens of thousands of old people in this country whose sons are in the armed forces, and whose old age pensions are reduced because those sons make assigned pay to the old folks at home.

Mr. ILSLEY: Assignment of pay does not reduce old age pensions.

Mr. LOCKHART: Yes, it does.

Mr. ILSLEY: No, it does not. There was an amendment made some months ago to the old age pensions regulations providing that assigned pay is not to be regarded as income to bring about a reduction of old age pensions.

Mr. NOSEWORTHY: Is that so in respect of dependents' allowances?

Mr. ILSLEY: No, that is different. Dependents' allowances are certainly income. Assigned pay with dependents' allowances are income—but not assigned pay alone.

Mr. NOSEWORTHY: But where there are dependents' allowances with assigned pay, they are counted?

Mr. ILSLEY: Yes.

Mr. NOSEWORTHY: I am thinking of the effect this condition has upon the boys themselves, in the armed forces. I have come in contact with scores of them who feel that their parents are not getting a square deal at home, while they are asked to risk their lives abroad. Has the minister given consideration to that phase of the matter, as it affects the war effort?

Mr. McGEER: I do not wish to accept the minister's statement. I would call to his attention the fact that British Columbia was the first province to accept responsibility of taking care of what we thought old age pensioners needed. I had something to do with that, myself, because in conference with members of the provincial government I pointed out I did not think we would get in war time an expansion of the old age allowance from the federal government. Therefore do not lecture me about failing to recognize the responsibilities of the provinces.

I appreciate the danger of inflation and the danger of withdrawing from the war effort something that can be sacrificed from civilian use, thereby making a contribution to the war effort. But some of the things the government has done have helped the war effort immensely. The increase in the pay of the soldiers, which applies in Canada as well as overseas, increased the spending power of our soldiers. The amount involved there is much more than would be needed to place old age pensioners in a category in which they could be cared for under the changed conditions of war. The increase this government has made with respect

to dependents' allowances has also increased spending power in Canada. But these things were never treated or recognized as factors which would reduce Canada's war programme. On the contrary they were things done by the government which strengthened enormously the war programme of the nation.

Let me say to the government, to-day when we are fighting for freedom let the word cross the seas to the Canadians in the armed forces; let the word go out to Canadians throughout this land that, notwithstanding the burdens we are carrying, we as a national parliament are prepared to guarantee not only that we shall give everything to the winning of the war, but that we shall give something to the well-being of our own Canadians in need. That will not interfere with our war effort at all.

In the discussion of every issue on domestic policy let us not raise this question or make the suggestion that all Canadians need to be reminded that the winning of the war is their responsibility. Every Canadian knows that. There has been no sacrifice yet asked to which Canadians have not willingly responded. I agree with the minister that not a penny should be spent that can be avoided. But when we say we must deny the old age pensioner a fair standard of living, a minimum subsistence allowance, and pay at the same time bonuses to the men who are working for wages they never had before, then that smacks of a type of impartial justice which is not the type of impartial justice for which we are fighting.

Yes, the minister has the support of every member of the house and every citizen in Canada in the work he is doing. But let us not overlook the fact that as we carry on the war there are some domestic obligations which have to be fulfilled at the same time.

Mr. ILSLEY: The hon. member has spoken about dependents' allowances, and the increased pay to soldiers. That was our responsibility, and goodness knows we have enough of things that are our responsibility. And we try to discharge our responsibility in the field where it is clearly our responsibility. But the point I was making was that the other was primarily a responsibility which the provinces should discharge.

Mr. SHAW: I rise to make one or two suggestions to the minister. In the course of his remarks he spoke about responsibility, and asserted that federal responsibility went only as far as contributions made to assist the provinces in meeting the cost of old age pensions. I would remind the minister of somethnig he well knows, namely, that the Old Age Pensions Act is a federal act, and that all the regulations in relation thereto are laid down by the dominion government. Federal government representatives are in the provinces to check every application submitted on behalf of old age pensioners.

In November, 1941, the minister asserted that payments made to old age pensioners were adequate inasmuch as the cost-of-living index in 1927-28 was in excess of what it was in 1941. But at that time he overlooked the fact that no one in 1927 or 1928 argued that the amounts paid at that time were adequate. It was stated that since this was a new adventure we must proceed with caution. It has been our bitter experience not only in respect of the Old Age Pensions Act but in respect of other acts that when payments have been made much lower than were considered adequate because the scheme was in an experimental stage we have lived to regret those low payments. I am not impressed unduly by the impassioned discourses of the minister when he takes exception to a matter of this kind. I contend that our war effort cannot be completely successful unless we give the fullest possible consideration to all classes of the people in our community and see that justice and equality of sacrifice prevail.

It cannot be asserted and substantiated that these payments to old age pensions, which range from between $11 and $12 to $25 a month, ever were or much less are adequate at the present time. Not only that; we have described the discrepancy which exists between the single and the married old age pensioner whose wife is not old enough to qualify. The single man of seventy years of age may have his application for old age pension granted, and he may receive the maximum of $25 a month. But the married man of seventy years of age, whose wife may be anywhere between fifty and seventy years of age, receives no increase in his pension because he is married. That is rank inequality.

In connection with dependents' allowances and assigned pay, I contend that these should have absolutely no effect upon the payment of old age pensions. It is appalling even to consider that our government is doing that. I know what effect it is having on many of our boys overseas, and I know what effect it is having upon unity in this country. The minister asserted—I think he later made a correction—that where assigned pay alone is being paid, no deduction is made in the pension, but that where assigned pay and dependents allowance is being paid, they are both regarded as income. I contend that neither should be regarded as income in connection with the payment of old age pensions.

When it comes to making an expenditure apart from old age pensions, or when it comes to granting a cost-of-living bonus to men who are getting $2,000 or $2,100 a year, there does not seem to be any danger of the economy of Canada being jeopardized; but when we appeal for $5 or $10 additional for our old age pensioners, just because it does not happen to be the government policy we are told that we are ruining the economy of the whole country. That is pure rot. We have to face up to this question, and we have to face up to it soon. It is only by doing so that we can establish the degree of unity which this government believes, or which it has stated at times exists in this country, but which many of us know does not exist. I urge once again that we accept our responsibility in this connection and make the payments to our old people to which we know they are entitled.

Mr. POULIOT: In the first place I wish to tell the Minister of Finance that I admire his patience. He follows the discussion in the house very attentively and gives answers to questions asked to the best of his ability, sometimes under the most difficult of circumstances. To-night I have listened to some of the speeches that have been made by hon. gentlemen. The hon. member for Vancouver-Burrard and the hon. member for Red Deer, who has just spoken, expressed some views with which I agree, and which I am sure are shared by many hon. members.

Mention has been made of old age pensions. In order to understand this we should go back to consider how old age pensions were instituted. In the first place it was not provincial legislation; the first act was dominion. It was only after that act was passed that it was offered to the provinces as bait to induce them to contribute on a fifty-fifty basis. Mr. Bennett increased the dominion contribution to seventy-five per cent; he did not increase it to 100 per cent because he knew that this was purely a provincial matter according to the constitution. There are many old people who receive a pension, and several of them have had their pensions cut quite drastically.

The hon. member for Red Deer was correct in his reference to assigned pay and allowances. A father is not entitled to an allowance except in special circumstances. This contribution by the state of an allowance is granted only when the soldier assigns one-half of his pay. The matter is subject to investigation by doctors who make a report. The soldier or the officer must contribute part of his pay before an allowance is granted. A bachelor, or even a spinster who is in the army and who is supporting parents or younger brothers and sisters is in exactly the same position as the head of a family, but the allowance to the wife is higher. Where a father is sick and unable to support his family; where this burden is assumed by a young man in the army who was the supporter of his family before his enlistment, I do not see why the allowance should be less than it is to a soldier's wife and children. I think that is most unjust. This is one of the domestic problems the government must consider.

The minister has referred to his burden and the burden of the country, namely, the tremendous debt. He has also said something about pressure that comes from other quarters. I admit that if any minister is subject to pressure, it is undoubtedly the Minister of Finance. He has my deepest sympathy. There are cases where we admit that there is pressure, and there are other cases where the pressure is not known, although it may exist. Members of the House of Commons are very anxious to know where the pressure comes from in certain cases, especially in the case of lend-lease for this year and the gift of one billion dollars that was made to Great Britain last year. Did any member of the House of Commons exert pressure on the Minister of Finance and on the government at large to bring down such a financial policy, or rather did the pressure come from the Old Lady of Threadneedle street—the Bank of England? We do not know what is behind it, but it was after the visit of Sir John Dill to Ottawa that we were told that the government had adopted this new policy of a billion dollar gift to the United Kingdom.

I do not see how we can give a billion dollars to any other country when we have some of our own fellow citizens who are old and some who are sick and who have not enough to make both ends meet. It is a question of humanity. All those who have spoken for the aged have been speaking for the underdog, the man or the woman who perhaps they will never meet but who is suffering now on account of the cold and who may be suffering also the pangs of hunger. What has been said to-night will be reported to them and will bring comfort to them. This is a domestic problem that has to be solved. In a country like ours there is no reason why we should not look after our own, and I appeal not only to the fairness of the Minister of Finance but also to his good heart, and in appealing to him I am not using any pressure. I ask him to remember the old people of the Annapolis valley, with whom he has lived and whom he knows so well, old people who may be sick, old people who were formerly fishermen but who cannot go out in their boats any more because they are too

old. I ask him to think of them when he has to make a final decision. I congratulate all the hon. members who have spoken for the aged. They have spoken as true Canadians. They do not forget that those who live in this country must rely upon the parliament of Canada for help when they need it, and I am speaking not only of help for our civilian population but also of help for our army. I will go further, Mr. Chairman, and ask the minister to enunciate a new policy on behalf of our soldiers, who at times have to pay for their own meals. I ask him to make the allowance to soldiers' wives and children, soldiers' parents, brothers and sisters in all needy cases non-contributory. I mean by non-contributory that, in the future, soldiers—when I say soldiers I mean both the men and the women who assign their pay—will no longer have to assign a portion of their pay to those who are so dear to them and whom they supported until they enlisted in the army.

Mr. MacINNIS: I do not know exactly how this question of old age pensions got into the discussion to-night. It is a pity that year after year we should be discussing pensions of $20 a month for our aged people, and year after year come to the conclusion that we can find nothing more for them than $20 a month. When we estimate the value of $20 a month in the things that the old age pensioners need, some sort of shelter, food, some clothing and a few other odds and ends to make their life fairly comfortable, are we to say that the people of Canada—and remember that these things can be provided only by the people of Canada who work and produce them—cannot provide our aged people with these modest comforts of life? I think every member of the house should blush with shame to ask our aged people, who have given their lives to building up this country, to live on the paltry subsistence that can be procured for $20 a month.

Mr. ILSLEY: The pension in British Columbia is $25, is it not?

Mr. MacINNIS: I agree. We are more generous in British Columbia than people are in other parts of the dominion. The further west you go, the more generous you find the people.

Mr. ILSLEY: The pension has been raised in other provinces. Nova Scotia is proposing to make it $25.

Mr. MacINNIS: I was a member of the city council of Vancouver some years ago, and I remember that a great many old age pensioners who had no relatives or homes used to come to council and turn over their pension so that they could go into an old people's home that was kept up by the city. The $20 a month which they turned over to the city did not pay more than half the cost of their living in the old people's home. I remember on one occasion asking the man in charge of the home what effect staying in the home had on the health and life prospects of the inmates. He said that it added on the average ten years to their lives because, he said, "When they come in they are free from all worry." I often wonder why or how the government of the day came to the conclusion that $20 a month at seventy years of age was the proper amount for an old age pension.

Item stands.

Progress reported.

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

Friday, April 2, 1943

The house met at three o'clock.

CIVIL AIR TRANSPORT

STATEMENT WITH RESPECT TO POLICY AS TO DOMESTIC AND INTERNATIONAL AVIATION

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should like to make a statement of the policy of the government on civil air transport. First with respect to domestic aviation:

1. During the war a remarkable expansion of Canadian aviation has taken place—in the training of air and ground personnel, in the construction of airports and air navigation facilities, in the manufacture of aircraft, and in the extension of air transport services. Details of this expansion in aviation cannot be revealed at present, and therefore its magnitude is not generally appreciated. The Canadian government is aware of the importance of the developments in aviation now in progress and intends that the people of Canada shall benefit from them to the fullest possible extent.

2. The expansion of air transport services during the period of the war has been confined to war requirements. Canada has concentrated on the development of the British Commonwealth air training plan and on combat flying and, as a result, by agreement with our allies, military air transport in the

northwest has largely been undertaken by the United States army and on the northeast ferry routes by the ferry commands. When war necessities permit and suitable equipment can be obtained, the government will encourage the further development within Canada of air transport services, to supplement and form part of an up-to-date transportation system for Canada by land, water and air. Transport by air requires close supervision on the part of the government. The board of transport commissioners will be responsible for regulating traffic matters and for allocating new routes apart from the lines brought under the Trans-Canada Air Lines Act. The civil aviation branch of the Department of Transport will be responsible for the administration of traffic and safety regulations and for the physical development of airways. The government intends to plan a number of routes suitable for post-war air services and offering traffic possibilities that will warrant a service. These routes will make use of aerodromes that have been developed for war purposes. The government will also continue to develop airports and other facilities for weather reporting and communications, which will contribute to the expansion of Canadian air transport.

3. While the employment in a peace-time air transport service of all the air and ground personnel of the Royal Canadian Air Force and all the men and women now employed in the aircraft industry in Canada will be impossible, a considerable number will be absorbed into the peace-time aviation industry. To this end the government has undertaken the design of distinctive Canadian types of transport aircraft suitable for post-war industry, in the hope that, when the war ends, a part at least of the equipment for Canadian air transport will be furnished by Canadian factories.

4. Trans-Canada Air Lines will continue to be the instrument of the government in maintaining all trans-continental air transport services and in operating services across international boundary lines and outside Canada. The government will encourage the company to obtain modern aircraft which will keep present services up to modern standards and will expand these services to the fullest extent that post-war conditions permit. The development of supplementary routes will continue to be left to private enterprise, unless considerations of public interest indicate that certain of these routes should be designated by the government as routes to be operated by T.C.A. The operations of T.C.A. will continue to be limited to important services of a mainline character, where the volume of passenger and mail traffic would justify it.

With respect to international aviation:

5. Canada has a geographical position that will enable it to play an important part in the development of international air transport routes. During the war, the development of international civil air routes must be deferred in favour of military aviation. Canada to-day is the fourth greatest military air power among the united nations, and in the post-war period Canada can make an equally great contribution to civilian air transport.

6. The future of international air transport will be determined in large measure by negotiations between the governments of the united nations. The policy of the government at the moment in dealing with all questions which affect international air transport is to make temporary arrangements, leaving the issues open so that Canada may be able to support, in international negotiations when they take place, whatever policy appears best at that time. The government, however, intends to press vigorously for a place in international air transportation consistent with Canada's geographical position and progress in aviation. All concessions and privileges that have been granted by Canada to other countries as part of the war effort will terminate at the end of the war or almost immediately thereafter.

7. T.C.A. has by its charter the right to operate international air transport services and has already been designated as the instrument of the Canadian government in air transport service across the north Atlantic, and in Canadian services to the United States. The fact that international negotiations of great importance must shortly take place confirms the wisdom of government policy under which its freedom of action in international negotiations is not limited by the existence of private interests in international air transport services.

8. The government has established an interdepartmental committee on international civil aviation to advise it on all matters of international air transport which affect Canada, and particularly on the attitude which Canada should adopt towards post-war developments. This committee has already been at work for a considerable time.

9. The problems of international air transport are, of course, immense and cannot be solved by one country. We are determined, however, that our influence on the course

of events will be in the direction of international co-operation and collaboration. The Canadian government is in complete agreement with the United Kingdom government that "some form of international collaboration will be essential if the air is to be developed in the interests of mankind as a whole, trade served, international understanding fostered and international security gained."

Conclusion:

10. The policy of the Canadian government on air transport may be summed up as follows:

(a) The government sees no good reason for changing its policy that Trans-Canada Air Lines is the sole Canadian agency which may operate international air services.

(b) Within Canada, Trans-Canada Air Lines will continue to operate all transcontinental systems, and such other services of a mainline character as may from time to time be designated by the government. Competition between air services over the same route will not be permitted whether between a publicly-owned service and a privately-owned service or between two privately-owned services. There will remain a large field for the development of air transport in which private Canadian companies may participate, and, while preventing duplication of services, the government will continue to encourage private companies to develop services as traffic possibilities may indicate.

(c) In order to prepare for forthcoming international negotiations on air transport, the government is studying carefully the problems which will have to be dealt with in the negotiations.

(d) The Canadian government strongly favours a policy of international collaboration and co-operation in air transport and is prepared to support in international negotiations whatever international air transport policy can be demonstrated as being best calculated to serve not only the immediate national interests of Canada but also our overriding interest in the establishment of an international order which will prevent the outbreak of another world war.

Mr. GORDON GRAYDON (Leader of the Opposition): Will the Prime Minister indicate when he expects the negotiations between the various nations, which he has announced, to begin? Will he indicate also whether or not there have been any preliminary discussions on this point between the united nations or others who may be involved?

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: I am not in a position to indicate when negotiations will be formally commenced between the united nations. With respect to the other question, I should like to have it stand as a notice, and I will give my hon. friend more exact information at another time.

DAIRY PRODUCTS

ANNOUNCEMENT OF PRICE AND SUBSIDY ARRANGEMENTS FOR 1943-44 PRODUCTION SEASON

On the order of motions:

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, in view of the fact that most of our dairy programme becomes effective as of yesterday, I should like to announce the price and subsidy arrangements that will apply on cheese, butter, milk used for fluid milk consumption and milk used for concentration purposes into whole milk products during the 1943-44 production season.

An agreement is being completed with the British ministry of food for 150,000,000 pounds of cheese to be shipped from Canada from the production of the year commencing April 1, 1943, on a price basis of 20 cents per pound at factory or grading shipping point. The shipping point basis has been substituted for the Montreal basis because when cheese is requisitioned inequalities result in returns which otherwise do not occur where cheese is sold for local consumption. The price of 20 cents at shipping point means an increase of ⅝ cent to one cent per pound, depending on the location of the factory or grading station. Quality premiums of one cent per pound for 93 score cheese and two cents per pound for 94 score cheese payable by the dominion government are being continued. Apart from provincial subsidies which may be provided, the maximum return for cheese for export will therefore be 22 cents per pound at shipping point.

I wish to announce also the establishment of minimum prices for first grade creamery butter, delivered to the purchaser as follows:

	Alberta Saskatchewan Manitoba	B.C. Ontario Quebec	P.E.I. N.S. N.B.
	c. per lb.	c. per lb.	c. per lb.
May, 1943	30	32	33
June, 1943	30⅜	32⅜	33⅜
July, 1943	30¼	32¾	33¼
Aug., 1943	31⅛	33⅛	34⅛
Sept., 1943	31½	33½	34½
Oct., 1943	31⅞	33⅞	34⅞
Nov., 1943	32¼	34¼	35¼
Dec., 1943 to Apr., 1944 ..	32⅝	34⅝	35⅝

The dairy products board has been authorized to support the butter market as may be necessary to maintain these minimum prices, by purchasing butter on the basis of the minimum prices specified for butter delivered at Vancouver, Toronto or Montreal during the month purchased. In addition to these measures a dominion government subsidy of 8 cents per pound will be paid to producers for butterfat used in the manufacture of creamery butter during the months from May, 1943, to December, 1943, both inclusive, and a subsidy of 10 cents per pound for butterfat for the months from January, 1944, to April, 1944, both inclusive.

Provision likewise has been made for the payment of a dominion government subsidy for the production year commencing May 1, 1943 of 25 cents per hundred pounds on such milk used for fluid milk consumption as the agricultural food board may determine. Producers of milk used for concentration purposes into whole milk products will be paid a dominion government subsidy of 25 cents per hundred pounds of milk used for this purpose during the period from October 1, 1943, to April 30, 1944.

Mr. HANSON (York-Sunbury): May I ask the minister if any provision is being made for what is commonly known as dairy butter?

Mr. GARDINER: Not in connection with this particular arrangement, but there are separate arrangements made in connection with dairy butter.

FOOD

CONFERENCE TO CONSIDER POST-WAR PROBLEMS—CANADIAN PARTICIPATION

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, on Wednesday, March 31, the hon. member for Rosetown-Biggar (Mr. Coldwell) asked, as reported at page 1725 of *Hansard*, whether Canada would participate in the conference to be held in the United States on April 27 to consider long range post-war food problems; and if so, how and by whom this country would be represented.

May I say in reply that the Canadian government warmly welcomes the initiative of the President of the United States in issuing invitations for the discussion of questions connected with the distribution and consumption of food in the post-war world, and will be represented at these discussions. How and by whom will be stated in due course.

OIL CONTROL

EMPLOYEES IN ONTARIO BRANCH—REFERENCE TO QUESTION OF PRIVILEGE RAISED ON MARCH 31

Hon. C. D. HOWE (Minister of Munitions and Supply): Mr. Speaker, on Wednesday's orders of the day the hon. member for Lake Centre (Mr. Diefenbaker) raised a question of privilege concerning the reply made by the Department of Munitions and Supply to a question of the hon. member regarding Lawrence B. Lougheed. It was the contention of the hon. member that incorrect information had been given in the reply, inasmuch as the reply stated that Lawrence B. Lougheed was not an employee of the oil control branch, whereas evidence taken under oath in a court case in Toronto would indicate that he was.

I now find that the reply given to the question is quite correct. Lawrence B. Lougheed is not now, nor has he ever been, an employee of the oil control branch. I am informed that Lawrence B. Lougheed is an enforcement officer of the wartime prices and trade board. Had the question been framed in more general terms this information would have been given. As it was, the question asked specifically whether Mr. Lougheed was an employee of the oil control branch; and a specific answer was given.

Mr. DIEFENBAKER: Have enforcement officers been engaged to look after the enforcement of oil control regulations?

Mr. HOWE: Not by the oil controller. Enforcement is handled by a separate organization, administered as a branch under the direction of, and as part of the organization of, the wartime prices and trade board.

Mr. DIEFENBAKER: Mr. Speaker, on a question of privilege arising out of the statement by the minister, I asked a question based upon the sworn testimony of Lawrence B. Lougheed and the other men named, wherein these men, called by the representative of the oil controller, Mr. J. C. McRuer, K.C., swore to the following statement:

Q. Mr. Lougheed, on August 14 last you were employed to do some special investigation by the oil controller of Canada?
A. Yes, sir.

The minister now says that the witness, an *agent provocateur*, who gave evidence in Toronto, as the result of which a conviction was registered, gave false testimony.

Mr. HOWE: May I say that Mr. McRuer was not engaged by the oil controller. He was engaged by the Department of Justice. And I think that a reading of the evidence, with a knowledge of the facts, will indicate

that the answers given in the examination are not inconsistent with the situation which I have disclosed.

PRIVATE BILLS

REFERENCE OF PETITION TO COMMITTEE ON STANDING ORDERS

Mr. BROOKE CLAXTON (St. Lawrence-St. George) moved:

That the petition of Theodore Panos and Mary Constance Keys Bates, presented on March 31, each praying for the passing of an act to dissolve the marriage of the petitioner, together with the report of the clerk of petitions thereon, be referred to the standing committee on standing orders to consider the suspension of standing orders 92 and 93 (3) (a) and (c) in relation thereto.

Mr. LOCKHART: Does this involve another volume of printed evidence, such as we had handed to us a few days ago? Is this the type of thing which develops in that way?

Mr. SPEAKER: I understand this is a divorce case.

Mr. LOCKHART: I am referring to something which was apparently along the same lines, in connection with which we received a volume some inches in thickness, thereby loading more work on the king's printer. Could some arrangement not be made to eliminate an imposition of this kind?

Mr. SPEAKER: This is a reference to the committee. I am told there will be no printing.

Motion agreed to.

CANADIAN ALLIANCE INSURANCE COMPANY

Mr. LIONEL CHEVRIER (Stormont) moved:

That the standing committee on standing orders be instructed to consider the advisability of exempting the petitioners for the introduction of Bill No. 54 (Letter C of the Senate), "An act to incorporate Canadian Alliance Insurance Company" from the capital stock charge and other charges levied during the last session of parliament required by the rules of the house, said charges having been paid last session on Bill No. 116 (Letter A-4 of the Senate), "An act to incorporate Canadian Alliance Insurance Company" that had received second reading and that stood for consideration by the committee of the whole when prorogation took place in January, 1943.

Mr. POULIOT: Happy birthday to you.

Mr. CHEVRIER: Last evening the leader of the opposition (Mr. Graydon) asked me if I would give the house an explanation in connection with this bill. If I may be permitted, I will do so at this stage. The bill is one to incorporate the Canadian Alliance Insurance company. The powers are contained in section 6 of the bill. The company seeks the right to sell fire insurance and other casualty insurance. It is an insurance company which has been in existence in the province of Quebec for the last five years. At the last session of parliament a bill passed both houses, was approved by both committees of banking and commerce, and was approved as well by the superintendent of insurance. This is a standard bill in the usual form which applies to insurance companies of the kind. Had it not been for a mishap it probably would have received third reading.

Mr. GRAYDON: What was the mishap—

Mr. CHEVRIER: The fact is that it had received both first and second readings, and was about to receive third reading when prorogation took place.

Motion agreed to.

WHEAT ACREAGE REDUCTION ACT

AMENDMENT AS TO PAYMENTS FOR 1942 AND 1943

Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to amend the Wheat Acreage Reduction Act, 1942, by clarifying in certain respects the basis of payment in respect to wheat acreage reduction in the year 1942 and to provide that payments may be made in respect of wheat acreage reduction in the year 1943.

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

Some hon. MEMBERS: Explain.

Mr. GARDINER: The resolution indicates the bringing down of a bill which will provide for payments to be made on wheat acreage reductions in 1942 which resulted from the seeding of grass or rye in areas preceding 1942. That was intended, but the act did not make it clear. It provides also for the payment in 1943 of $2 per acre wheat acreage reduction on each acre by which wheat acreage is reduced in 1943 as compared with 1940.

Motion agreed to.

THE ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following communication:

Ottawa, April 2, 1943.

Sir:—I have the honour to inform you that the Right Hon. Sir Lyman Poore Duff, Chief Justice of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber to-day, for the purpose of giving the royal assent to certain bills.

I have the honour to be,

Sir,

Your obedient servant,

F. L. C. Pereira.
Assistant Secretary to the
Governor General.

LABOUR CONDITIONS

MONTREAL TRAMWAYS STRIKE—TELEGRAM FROM PRESIDENT OF LOCAL 790

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, a short time ago I received a telegram from Mr. Elphege Beaudoin, president of local 790, and president of the provincial federation of labour, with regard to the Montreal tramways strike. It reads as follows:

Jean-François Pouliot, M.P.,
Ottawa.

As a result of an illegal strike my own members are unable to go back to work. Those who want to work are forced to pay one dollar to the Canadian brotherhood. Three of my men were beaten this morning. We are loyal citizens who have always respected the laws of the country and we have a right to expect protection from government authorities. It is enough that we were robbed of our authority as a party to illegal contract without having to pay a penalty in order to be able to return to work. In the name of justice I demand immediate action from the government. If we are unable to get justice in this case blood might be shed in the streets between the workers members of the A.F. of L. and the Canadian brotherhood who perpetrated this illegal strike.

Elphege Beaudoin,
President,
Local 790, President of the
Provincial Federation of Labour.

If it would be of any help I am ready to go to Montreal at my own expense to look into this matter and to report to the minister in due course.

Hon. HUMPHREY MITCHELL (Minister of Labour): I appreciate the sentiments expressed by my hon. friend in volunteering to inquire into this alleged dispute. Just before the house opened I received a wire similar to the one he has just read. He may rest assured that an officer of my department will be dispatched immediately to Montreal to see if the statements made in the wire are true. I do not know that I can say anything more, except that the first responsibility for the maintenance of law and order rests upon the civil government of the city of Montreal. I think that is clearly understood by everyone in this house.

BUSINESS OF THE HOUSE

ROYAL ASSENT—SUPPLEMENTARY ESTIMATES—EASTER RECESS

On the orders of the day

Right Hon. W. L. MACKENZIE KING (Prime Minister): Hon. members have just heard His Honour the Speaker read a communication from His Excellency the Governor General to the effect that it is expected that the Deputy of His Excellency will proceed to another place this afternoon or this evening to give assent to certain bills. The house will recall that on March 26 two bills were passed, one for granting to His Majesty aid for national defence and security and the other to grant certain sums of money for the public service for the financial year ending March 31, 1944. The government hopes that at the same time it will be possible to have the royal assent given to the supplementary estimates which during the last day or two have been under consideration in committee of the whole.

At the moment we have planned to have the deputy of the governor general present at a quarter to six o'clock this afternoon. If the estimates have not been passed by that time it will be necessary for the government to ask hon. members to sit this evening to see if we cannot have the royal assent given to the supplementary estimates before eleven o'clock to-night. Hon. members will recall that I said the government hoped we might be able to have the Easter adjournment begin on April 16, which is a fortnight from to-day. I am afraid that if this measure and one or two others which we are concerned about are not completed by that time it may be necessary to shorten the Easter recess more than we had hoped it would be shortened.

Mr. GORDON GRAYDON (Leader of the Opposition): I am somewhat confused as to the necessity for the rush in putting through the further supplementary estimates. I do not direct my question to the Prime Minister; I direct it to the Minister of Finance. The other evening the Minister of Finance asked us to vote certain items in the further supplementary estimates on the basis that if they were not passed that evening the civil service might conceivably have to go without their pay at the end of the month. I ask this question only for purposes of clarification, but it is very necessary that the minister answer it. We are now being asked to finish up the further supplementary estimates in order that they, as well as the items which were passed in such a rush and on that basis, may be given royal assent this evening. If that is so, then the obligation is upon the Minister of Finance to indicate what was the necessity for the speed

which was indicated when he asked us to expedite the matter on that particular occasion. The procedure was irregular and it placed us in a very embarrassing position; we were faced with either meeting the government's wishes or seeming to hold up, as we thought and as we were told by the government, the pay of the civil service. I should like the minister to clarify that. There may be an answer, but it does seem to me that time after time we are being asked to press and push things through. This opposition is here for the purpose of examining carefully the expenditures of the government, and there are tremendous expenditures. We are not objecting to them, but we do want to have the opportunity of examining, so far as we may with the limited means at our disposal, each item of government expenditure. Some of these items run up to almost three-quarters of a million dollars. The minister ought to explain to the house why he asked that these estimates be pushed through so hurriedly.

Mr. ILSLEY: I explained that in answer to a question asked by the hon. member for York-Sunbury (Mr. Hanson) on the day of the evening in question.

Mr. GRAYDON: I am sorry I was not in the house on that occasion.

Mr. ILSLEY: The hon. gentleman will find what I said in *Hansard,* but I will repeat it for his information and for the information of hon. members.

So far as I know the government never issues cheques unless there is some authority for the expenditure, unless the House of Commons has passed upon it. But there have been occasions in the past when after items were approved by the House of Commons—

Mr. HANSON (York-Sunbury): After resolutions.

Mr. ILSLEY: Yes, a resolution or an item. Where it has been passed upon by the house the Minister of Finance has taken it upon himself to direct the comptroller of the treasury to issue cheques, knowing that the legislation confirming what had been done would be passed later. That was why I wanted these estimates through that night—because the civil servants had either to be paid the next day or told to wait. I therefore picked out the most pressing items and asked the house to pass them, which it was good enough to do on the understanding that hon. members would have the fullest opportunity of discussing anything in connection with these items on a particular item I named. That discussion is going on at the present time.

With regard to royal assent, beginning yesterday morning telephone calls have been coming in from various departments wanting money. I do not want to press too far this practice of paying out money without legal authority, and I do not propose to do so if I can help it. We have passed two interim supply bills, one of them on March 26 providing for payments in the present fiscal year. Those payments are being clamoured for at the present time, and yesterday and to-day we have had to tell them that they cannot get their money until to-morrow. That is on the assumption that there will be royal assent to-day to the bills which have already gone through.

Mr. GRAYDON: They are not held up, in any event.

Mr. ILSLEY: No. With regard to the supplementary estimates I do not know exactly what the position is, but the official who is sitting with me here told me, when they were discussed the other evening, that very early in April, there would be a pressing demand for money to be paid under these supplementary estimates. I assume that that is the case, but I do not know just what items are affected. My information on that is not definite.

I would point out that I brought these supplementary items before the house one week ago to-day, confidently expecting that both the supplementary estimates and the interim supply bill would go through that afternoon. Year after year the supplementary estimates, which are merely for the purpose of carrying out existing commitments the principle of which has been passed upon at the previous session, which introduce nothing new, and which presumably have been fully debated, go through in half an hour or an hour. But instead of that we have been a week on these supplementary estimates, and I have had to keep pushing back my budget resolutions from day to day. Hon. gentlemen know the pressing nature of those resolutions. I am running myself into grave difficulties by deferring the placing of those resolutions before the house. There is also the mutual aid bill which it is most embarrassing at the present time for us not to have passed. I do not think I am asking the house for anything unreasonable when I place these supplementary estimates before them on one Friday and we go through to another Friday without having taken anything else up in the meantime, not a thing so far as I can remember—there was the debate on the

motion to go into supply on Monday and Tuesday, but I could not help that debate—I do not think I am asking anything unreasonable when I request the house this afternoon and if necessary this evening to help me put through these supplementaries. They bring not a single new thing before the house. There is nothing in them except to carry out existing commitments. Members during this session, as soon as we get to the main estimates, and I am willing to get to them as soon as possible, will have an opportunity of debating upon them anything they might wish to raise on these items. But we cannot do all our debating in the early days of the session. You cannot press everything into those early days. Important legislation is waiting to come down. There are the budget resolutions, the arrangement with regard to last year's taxes, and the war appropriation, which we have not touched at all, which we cannot get to at all. There is also the mutual aid bill, which is most urgent. In view of all this I think it is only reasonable to ask the house to help expedite the passing of these supplementaries.

Mr. GRAYDON: There is a very good reason why at this session there has been perhaps a little more extended debate than usual on the further supplementary estimates. I remember distinctly what happened in the dying days of the last session. The labour department, for example, brought on its estimates only two or three days before the session closed. It is all very well to say that hon. members could have had all the time they liked to debate those estimates. True, but every one realizes the atmosphere of the house in the dying days of a session and the invisible pressure which every member feels in speeding up business. I am not seeking to place the responsibility for that upon any one, but I am just pointing out that there is that feeling when the house is trying to draw its business to a close. One of the reasons why the further supplementary estimates have engaged the attention of the house to a greater extent on this occasion is that at the end of last session members had not entirely exhausted their questions and their desire for information on these items.

Mr. M. J. COLDWELL (Rosetown-Biggar): I was just going to say precisely what the leader of the opposition (Mr. Graydon) has said. If we were assured that at this session the estimates would be taken up in such a manner that we can discuss the various matters that come under them I have no doubt that the passage of these supplementary estimates would be greatly facilitated. Hon. members will recall that when we adjourned last session on August 1 the labour estimates came on only a few hours before we adjourned and I remember distinctly that the hon. member for Vancouver East (Mr. McInnis) protested vigorously against the delay in bringing down those estimates. The fact that we were not able to discuss them at that time as fully as we should have liked accounts I think for the more extended discussion now. So far as we are concerned, although I have not had an opportunity of consulting with my colleagues since this matter arose, I think I can say we are prepared to assist the minister in putting these estimates through, on the understanding that we shall not do as we have done in other sessions, leave the passing of the main estimates until the end of the session, when they cannot be given adequate consideration.

The Prime Minister (Mr. Mackenzie King) mentioned the Easter recess. I think the duty of the house is to give thorough consideration to the business coming before it and we should not rush the business in order to get away for Easter. The reason some of us were anxious that the house should adjourn for a fairly long period at Easter was that we have been asked to assist various organizations in the promotion of the victory loan. Some of us planned to go back home to say a word in regard to the campaign. We are anxious to do that. But we should give thorough consideration to the matters before us in the house. I realize that the minister is anxious to get the budget resolutions through, and, although I do not know what is in the minister's mind regarding the mutual aid bill, I know enough from the newspapers and from statistics I have seen to realize that that may be a pressing matter. If we know that when the estimates come up we shall have ample opportunity to discuss the matters we wish to discuss, there is no reason why this comparatively small estimate—it is only $2,694,000 out of over $560,000,000—should not be passed. The trouble is that we have been discussing here what we should have discussed on the main estimates.

Mr. E. G. HANSELL (Macleod): May I say just a word? I am not going to occupy much time, because we have already taken up time which could have been spent on the estimates. Our parliamentary experience here dates back to 1936; and I do not believe, with all the talk that has gone on in this chamber respecting estimates, we have ever seen one item reduced by one dollar. This is significant. It means that except for the principle involved we might just as well accommodate the minister and say that we will pass the estimates and talk about them afterwards.

Some hon. MEMBERS: Oh, no.

Mr. HANSELL: I knew you would say "oh, no"; that is why I modified the statement by saying "except for the principle involved". I have often wondered why the whips of each party could not get together on the matter of estimates and let us present to the ministers concerned the estimates we are particularly interested in, so that when their department is called they might be the first to be discussed. In this way we would facilitate the business of the session by not leaving important estimates to be discussed at the end of the session. So far as this group is concerned we would like to accommodate the minister and get these estimates through this afternoon.

Mr. MACKENZIE KING: May I say one word regarding what has been said, as to having the estimates down a little earlier.

Mr. COLDWELL: It is as to having them discussed at an earlier stage. They are down early enough.

Mr. MACKENZIE KING: I beg my hon. friend's pardon—having them discussed and voted on at an early date. A week ago to-day I was unavoidably absent from the house, but I requested one of my colleagues to ask hon. members if they would allow us to call two departments simply that estimates might be proceeded with on a Thursday or Friday, when there is no risk of losing an opportunity of early discussion through some amendment on the motion to go into supply being presented. That very simple proposal has not yet been acceded to. If it were, it would enable the government to take up on any Thursday or Friday whatever particular departmental estimates the house might have agreed to take up on either of those days. I said to the hon. members some time ago that to facilitate the passing of the estimates with as little loss of time as possible, the government was prepared to consider referring certain of the estimates to standing committees, and with this in view one of the departments which it was suggested might be called was the Department of Fisheries. It had been my intention, had an item in that department been called, to move very shortly thereafter that the estimates of that department be referred to the standing committee on fisheries, as a test of how that particular method of procedure might work out—all with a view to getting ahead with consideration of estimates. I imagine hon. members have not realized that such was the motive of the government. We have been anxious to get the estimates before the house. But these other measures which have been considered are of an exceptional character, and we have had to proceed with them first.

[Mr. Hansell.]

As to the Easter recess, one of the reasons the government was anxious to have a fortnight's recess is the one which the hon. member for Rosetown-Biggar mentioned. It was hoped that hon. members would, as we felt sure they would, take advantage of their presence in their constituencies to speak on behalf of the victory loan. But there is another reason. It is not a desire on the part of the government to obtain a holiday, or to have anyone have what might by some be regarded as a prolonged recess. From the government's point of view it is to give some of us an opportunity of having that careful discussion of matters of policy, over a period of days, which we cannot get when the house is sitting from day to day, but which is very necessary as a part of the work of government in this time of war.

Mr. COLDWELL: I think the Prime Minister discussed with the leaders of the groups the possibility of referring certain departments to committees—which we in this group approved. Did that meet with the approval of the various parties in the house? If so why could we not do it?

Mr. MACKENZIE KING: I heard from my hon. friend that he approved, and I believed his group would. I had every reason to believe that others would be prepared to accept one department or two departments as I have indicated, and it was for that reason I had asked particularly for the Department of Fisheries. Had any exception been taken at the time of proposing the motion, it would of course have been withdrawn.

[*Later:*]

Mr. GRAYDON: Arising out of the statement made by the Prime Minister in connection with referring the estimates to a committee, I did not apprehend until after reflection that perhaps he was indicating that our group had in some way given consent to the reference of any of the estimates to a committee. That is a matter upon which we want to reserve judgment at the moment.

Mr. MACKENZIE KING: I did say I had had approval of the idea from the hon. member from Rosetown-Biggar, and that I had proposed to bring the matter up formally, but if that exception should be taken when I introduced the motion I would not press it. I meant by that that any further word as to the attitude of others would, I imagine, be intimated to the house in the course of the discussion.

PRIVILEGE—MR. CLOUTIER

CELANESE FACTORY AT DRUMMONDVILLE—REPORTED SHORTAGE OF SUPPLIES

Mr. ARMAND CLOUTIER (Drummond-Arthabaska): Mr. Speaker, may I rise to a question of privilege? I have received a telegram from a citizen of my home town of Drummondville which reads as follows:

Approximately 600 employees Celanese will be dismissed in a few days unles immediate intervention hon. Minister of Munitions and Supply. Here is summary of facts. Celanese requires five carloads per month anhydric acetic acid. Controller chemical products just rationed Celanese two cars per month which will reduce production and labour twenty per cent. Information proves that Canada produces enough of this acid for requirements of this country but exports large quantities to England not for military purposes but for production artificial silk which is afterwards exported to Canada. Should make inquiry in house immediately to assert Drummondville interests.

I would like to ask what measures the Minister of Munitions and Supply will take to avoid this situation in my locality.

Hon. C. D. HOWE (Minister of Munitions and Supply): The hon. member was kind enough to give me notice of this question. I consulted with the chemicals controller, and am advised by him that the firm in question, which is the Celanese company, knew six months ago that a period of from six weeks to two months would be required to change over the plant making this particular chemical. The suggestion is that we cut off our exports to England so that this plant be not interrupted, but I may say that we have a contract with the United Kingdom Ministry of Supply to furnish certain quantities of this product monthly, and we know that the ministry rely on it for certain war production. We intend to maintain our shipments, and we shall do all we can to keep the shortage of supply to the Celanese company to a minimum. I might add that the Celanese company is the only user in Canada of this product, and we believe that they could, with six months' notice, have built up a stockpile to meet a situation which they knew to be inevitable.

CANADIAN WHEAT BOARD

HANDLING OF FEED GRAIN EXPORTS AND RETURNING OF PROFITS TO PRODUCERS

On the orders of the day:

Mr. J. A. ROSS (Souris): **On Monday,** March 29, in response to a question asked by me, the Minister of Trade and Commerce stated, as reported on page 1644 of *Hansard,* that he expected to be able to make a statement within twenty-four or forty-eight hours as to the manner in which exports of coarse grain and other feed grains could be handled and the profits returned to producers through the wheat board. Could the minister now give the house this statement, or say when he will give it? It will have a direct bearing on the plans of farmers for their seeding operations.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I am afraid I was too definite in that promise. I hope to be able to make a statement at the beginning of the week.

WARTIME HOUSING

REPORT AS TO PROJECT FOR CONSTRUCTION OF PERMANENT HOUSING

On the orders of the day:

Mr. NORMAN J. M. LOCKHART (Lincoln): I should like to ask a question of the Minister of Munitions and Supply (Mr. Howe). I did not have opportunity to advise the minister of this question but it appears that there is a definite rumour that wartime housing is about to develop into permanent housing construction. Would the minister make a statement within a day or two so that the ordinary construction men in the larger centres will get some idea of what is developing?

Hon. C. D. HOWE (Minister of Munitions and Supply): Yes.

SUPPLY

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

DEPARTMENT OF FINANCE

416. Royal Canadian Mint, including the Dominion of Canada assay office—further amount required, $16,630.

Mr. DIEFENBAKER: Under the order in council in volume 6 page 177, of proclamations and orders in council, relating to the war, wide powers are given to inspectors in connection with the enforcement of the cost-of-living bonus. As this is the only opportunity that will arise to discuss this order in council I wish to do so at this time, and with particular reference to the statement made to-day by the Minister of Munitions and Supply regarding enforcement officers.

It should be the aim of the government to enforce war-time regulations fairly and squarely and without regard to persons. I am not here to argue that legislation such as this should not be strictly enforced. Anyone who will commit offences against

war-time legislation, whether it is in the form of a statute or an order in council, is entitled to no consideration. I am not going to deal to-day with the question of the impropriety of having legislation as important as this in the form of an order in council, but I do object to the powers that are given to inspectors and enforcement officers under this and other like orders in council.

Under the order in council setting up the cost-of-living bonus the inspectors have powers that are not possessed under the common law or under many statutes. They have the power to examine orally, either alone or in the presence of another person, as they see fit, every person whom they find on the premises or in a place where they have reasonable cause to believe the person to be or to have been employed. Here the government sets up by order in council a group of persons called inspectors, who have the right to try a man before he comes to court. In ordinary proceedings there is not that right. And these inspectors have the right to insist upon receiving an answer to every question that they pose. That is bad enough, but when in other branches of government you find that the government is appointing enforcement officers who go through this country and induce the commission of offences during their investigation, I think the time has come to bring this to the attention of parliament.

Let me give an example. The other day I asked a question as to whether or not certain individuals were employed in the department of the oil controller, and the answer given was that they were not. Those individuals were called by the special counsel for the crown, Mr. McRuer, K.C., and they gave exidence there under examination that they were hired by the oil controller—

Mr. ILSLEY: Mr. Chairman, I rise to a point of order. Will the hon. gentleman indicate the item on which he is speaking?

Mr. DIEFENBAKER: I am dealing with the granting of powers under orders in council such as are granted under the cost-of-living bonus order in council, and illustrating my point by reference to what is going on in another department.

Mr. ILSLEY: I submit that the connection which the hon. gentleman is seeking to make between the subject matter of his discussion and the item before the committee is merely artificial. I am afraid that if hon. members are free to adopt that expedient there is nothing at all that could not be discussed under any item, and we shall be ranging over the whole field. The item that the hon. gentleman is speaking on is item 417:

To provide, subject to allocation by the treasury board, for cost of living bonus—further amount required, $745,000.

That is the cost-of-living bonus for civil servants. The hon. gentleman moves from cost-of-living bonus to civil servants, for which there are no inspectors, to cost-of-living bonus for industry, for which there are inspectors. He is discussing the inspectors in industry, but he then makes another jump to other inspectors who are doing another kind of inspection work in connection with cost-of-living bonus, and proceeds to make his speech. I contend that the connection is so remote and artificial that the hon. gentleman is out of order.

The CHAIRMAN: The understanding at the time was, I took it, that some latitude would be given on almost any subject pertaining to the items that were passed.

Mr. ILSLEY: That is right.

The CHAIRMAN: It may be true that the argument being made by the present speaker is going rather far afield, but it would be very difficult for the chairman to make a distinction. I would ask hon. members to keep as close as possible to the items before the committee.

Mr. DIEFENBAKER: The minister mentioned that this debate has been going on for a week. So far I have occupied about ten minutes. I protest against the attitude of the government in having enforcement officers in any department, whether under the cost-of-living bonus order in council, under the oil controller, or other departments, who are going out into the country and inducing the commission of offences when engaged in the investigation of offences. In the case of the Joy Oil company in the city of Toronto, in which one of the enforcement officers gave evidence to the effect that he was acting under instructions and his evidence was that he aided and abetted in the commission of the offence. The bonus order in council comes under the wartime prices and trade board. To-day the government has an army of inspectors, investigators and agents provocateurs, as the hon. member for York-Sunbury suggests, going up and down the country, which I suggest is totally unjustified. Look at what is done with regard to the oil regulations, in connection with which an answer was given yesterday. According to

that answer there are some twenty enforcement officers who have been engaged directly to look after the enforcement of the regulations of the oil controller. Then the answer goes on:

A part of the duties ordinarily performed by 174 other investigators and other enforcement officers of the wartime prices and trade board include assistance from time to time in the enforcement of regulations of the oil controller.

All over this dominion we have engaged in investigations numbers of inspectors out of all proportion to the work they are doing. Let me give an example. The number of prosecutions under the wartime prices and trade board is set out at page 1614 of *Hansard*. There is in each province a solicitor in charge of prosecutions. Most of those who are prosecuted plead guilty. Up to February 28, 1943, the total amount of fines imposed in these cases was $137,830, while the total legal fees in connection with the prosecutions was $50,415. These prosecutors are not needed in most cases; the local crown counsel could be used. The minister often says, "Give me an example of waste." I say that right in his department to-day, in connection with investigations and prosecutions under the wartime prices and trade board, sums of money are being expended that are totally unnecessary. In the western provinces the agents of the attorney general would prosecute. Yet in every case counsel is appointed for the purpose of appearing for the prosecution, though in most cases the plea is one of guilty.

In connection with the inspectors who are appointed under the wage bonus regulations as well as the other branches administered by the Minister of Finance, I ask that he do away with this multitude of officials and prosecutors, who are doing more to arouse antagonism in the people than anything else being done by this government to-day. There is nothing that would be more likely to bring the enforcement of law into contempt than to have officers appointed by departments of the government instructed, as the men to whom I have referred swore they were instructed, to induce the commission of offences when engaged in the investigation of offences. The reply given yesterday by the minister to a question I asked was that these men are not authorized to endeavour to induce the commission of offences in their investigation of infractions of the regulations, and I would ask the minister to have removed from office any officials who, while engaged as enforcement officers, are found to have induced the commission of offences. If that is not done the wartime prices and trade board and the legislation it is endeavouring to enforce will be brought into disrepute just as liquor legislation was brought into disrepute some years ago. I ask, too, that the costs of administration in connection with the investigation of these offences be reduced to the minimum, and that the unnecessary and undemocratic powers granted to these officials in the course of their work be withdrawn. I would ask for the assurance of the minister that these unnecessary and what I call unjustifiable invasions of private rights be not countenanced by the department which he administers.

Mr. GILLIS: Last evening in discussing the cost-of-living bonus as it applied to the mounted police special guards, the minister expressed some doubt as to the wage of $1.60 a day for single men employed in that capacity. On that occasion I stated that there was no further allowance paid to these men. In checking the matter over, I find that until recently there was an allowance of $1 a day, and that now another twenty-five cents has been added. I just want to keep the record straight on that point, and to state that single men employed in that capacity do receive an extra allowance of $1.25 a day. I think it only fair to correct the record in that regard, but I would reiterate the other things I said with respect to the cost-of-living bonus.

Mr. ROSS (Souris): When the house rose last night the question of old age pensions was being discussed, and that discussion would rather indicate a difference of opinion between the Prime Minister and the Minister of Finance, because on March 5 the Prime Minister certainly took credit to the federal government for the old age pensions legislation, while last evening the Minister of Finance said this was the responsibility of the provinces.

I should like to ask a question concerning my own province of Manitoba, where in the past year legislation has been passed granting an additional $1.25 a month to the old age pensioners of that province, in the hope that the federal government would grant an additional $3.75, on the understanding that the federal government pays seventy-five per cent of the cost of old age pensions while the province pays twenty-five per cent. It was pointed out in this house that Alberta and British Columbia pay the extra $5 themselves. What would have to be done by the province of Manitoba to obtain this extra $3.75? If a majority of the provinces ask the government

for this additional $5 a month, to which I think the old people are entitled at least by way of a cost-of-living bonus, would that request be given favourable consideration? It is very unfair to expect these old people to provide themselves with food, shelter and clothing on a mere $20 a month, under present conditions. It is just impossible.

The other question to which I wish to refer is in connection with labour. I have had tiffs before with the Minister of Finance about the price ceiling set-up as it applied to agriculture, and again to-day I would point out the impossible situation many farmers will encounter this summer—in fact within the next few days. I might have brought down some of my personal correspondence which shows the wages being asked on farms. I should like to refer to the settlement this government made last year with the steel strikers, in which a basic rate of fifty-five cents an hour was set, for ordinary labour.

I believe anyone will realize that during seeding and harvesting operations on the farms a person must work at least twelve hours a day, and at the rate of fifty-five cents this amounts to $6.60. In other parts of the season of course the farm day is about ten hours.

Mr. DUPUIS: Does that rate include bed and board?

Mr. ROSS (Souris): No. I have said that the government made a settlement with the steel strikers for a rate of fifty-five cents an hour. That does not include bed and board. This is not the customary wage on the farm, but usually bed and board are included in the farm wage. But I am saying that if the people who are offering their services for work on the farm ask the same rate of pay as was granted labourers in steel production, then under this price ceiling set-up there is no minister who will rise in his place and say that agriculture, if it is forced to pay that rate, can continue to produce the necessary foodstuffs for the war. I believe these people who are to work on the farms are entitled to the same rate of pay as are the workers in the steel mills. To-day they are asking that, and rightly so. They point out that they can get fifty-five cents an hour from their work in mines and in industry, and that they are guaranteed that much by the government. That is further proof of the utterly hopeless situation with which we are faced.

I know of farmers in my district who operate highly mechanized farms. The men who can operate that machinery will not want to operate it this spring to put in the crop, because they can receive the rates I have mentioned from industry, and from other lines of work.

The Minister of Finance, in conjunction with the Minister of Labour must adjust this matter in the very near future. If they are to bonus organized labour, then they must bonus efficient agricultural labour to the same extent; otherwise the whole scheme of food production will collapse in the coming twelve months. That is something which must be faced, and I am asking for a statement from the minister in respect of these two matters.

Mr. ILSLEY: What was the second matter?

Mr. ROSS (Souris): I asked what would happen if a majority of the provinces asked for increased payment from the federal government, and what Manitoba's position would be with respect to old age pensions. My second question was with respect to farm labour.

Mr. ILSLEY: I am not in a position to enter into any discussion involving labour policy, nor would I discuss the bonusing of farm labour. If the hon. member is asking whether the government will bonus farm labour I will say simply that I do not know. It is not in my department, and I do not think I should be asked or expected to deal with it.

Mr. ROSS (Souris): It arises as a result of the price ceiling policy, which comes under the minister's department.

Mr. ILSLEY: No, it does not result from the price ceiling. I do not agree with that for one moment.

The other question is one which might properly be asked me—if indeed a discussion of old age pensions is now in order. Perhaps it would be, under one or another of these items. I made very clear indeed the old age pension policy of the government when I spoke last night. Had the hon. member been in the house he would have found an answer to his question in what I said.

Mr. ROSS (Souris): I read *Hansard* carefully to-day, and I did not find an answer.

Mr. ILSLEY: With regard to what would happen if a majority of the provinces wanted the limit raised, I would refer my hon. friend to my statement in the house on November 14, 1941, when I said that if all, or substantially all the provinces asked to have the limit raised the government would give consideration to their request. I made it clear last night that

I was not saying that such consideration would be favourable. I am simply saying that consideration would be given.

Mr. HANSON (York-Sunbury): That situation has not arisen?

Mr. ILSLEY: No; that situation has not arisen. Then, with respect to Manitoba I would say that it, in conjunction with some other provinces, has sought an amendment to the old age pensions regulations permitting it to pay supplementary allowances to old age pensioners. I understand the supplementary allowance Manitoba proposes to pay is $1.25.

Mr. ROSS (St. Paul's): The minister said last night that changes in old age pensions increases would be one of the things which would cause inflation.

Mr. ILSLEY: I do not think that is quite correct.

Mr. ROSS (St. Paul's): That does not follow, because if the total amount of $31,000,000 paid out by the federal government were increased by twenty-five per cent that increase would amount to only $7,700,000—and possibly not quite that much.

On the other hand, these people are certainly entitled to some consideration. Everything else has gone up in price. How in the world can they live on less than a dollar a day? As some hon. members said last night, this is one of the things which is bad for the morale of our people and our troops.

The minister said last night that this was a matter for the provincial governments. How does he justify that statement, in view of what was said by the Premier of Ontario, as reported in to-day's *Globe and Mail*? This is the report:

> Mothers' allowances are provincial and old age pensions a federal responsibility, he told the house. "A survey is being made and allowances will be increased where investigation indicates need for increased allowance on the basis of an approved budget—"

And so on.

Then the report continues:

> The government, the Premier said, proposes to examine all the 59,000 cases on its files and increase grants according to the need. Meanwhile, the dominion was considering lower age limits and increasing maximum pensions from $20 to $30 monthly.

Those are the words of the Premier of Ontario, and I hope what he has said is true. But his statement does not seem to be the same as that made by the Minister of Finance last night, in which he pointed out that this was a purely provincial matter.

Has the dominion government supervision over the regulations made by the administrative branches in the various provinces? It has come to my notice that regulations contrary to the federal act respecting old age pensions are being made, and that these regulations are in many instances to the disadvantage of the pensioners. In my view the federal government should have supervision, to see to it that there is no possibility of injustice. Many people are receiving cost-of-living bonus, while others are having increases made in their salaries. Large numbers are being given assistance of one kind or another. But in this instance we find these poor, old pepole who are unable to do anything for themselves, but who must continue to live on the pittance they are given. It is a crime to permit such a condition in this country. In view of the small amount that is involved, surely the government can do something about this matter. The premier of Ontario has indicated that he is willing to do something.

Mr. HANSON (York-Sunbury): I assume the Minister of Finance has made his position clear on old age pensions and does not want to say anything further.

Mr. ILSLEY: No; I think I have covered it.

Mr. BLACK (Cumberland): Has the minister or his department made any representations to the provinces for larger payments, particularly to Nova Scotia, New Brunswick and Prince Edward Island? The discussion here has been upon the basis of payment of $20 a month to old age pensioners. The average payment in Nova Scotia has been around $14; in Prince Edward Island it is much less. In New Brunswick I believe it is also less than in Nova Scotia. Requests for higher payments have been coming from the different provinces, and I should like to know if his department has made any direct representations to the provinces to pay the full monthly pension of $20. I have great sympathy for the old age pensioners and the difficulties they are now experiencing. Representations were made to me by some of the old age pensioners in Nova Scotia who have sons overseas that their pensions had been reduced because they were receiving assigned pay and allowances. When I first heard this complaint I would not believe it because it appeared so unreasonable, but I found that it was so. The Minister of Finance told us last night that the first responsibility of the federal government is the carrying on and the financing of the war rather than the payment of pensions. There is a tremendous deficit in his department. We were in the same position in Nova Scotia when we were first endeavouring to put old age pensions into effect; we had a deficit and we had to delay paying old age pensions. I think that

Nova Scotia and the other provinces should immediately increase the old age pension to the full amount of $20 under the present act. I contend that old age pensions should be further increased to $25 or $30 a month.

Mr. ILSLEY: No such representations have been made by the dominion government to the government of any province. The matter is regarded as being within the administrative jurisdiction of the provinces, and the dominion government has not made representations with regard to lowering or raising the scale. My impression of the speech from the throne delivered to the provincial legislature of Nova Scotia is that they intend to make a supplemental allowance of $5 a month.

Mr. BLACK (Cumberland): If supplemental allowance is made payable will it be necessary to amend the old age pensions legislation? Will that be necessary in order to pay more than $20 a month? I have heard the statement that it is not for the provinces to pay more than $20 a month, because it is prohibited by the old age pensions legislation.

Mr. ILSLEY: The hon. gentleman has not been following this matter very carefully. On November 14, 1941, I stated to the House of Commons that if any province desired the regulations amended so that any supplemental allowance would not be regarded as income and thereby reduce the amount which the dominion could legally contribute, they would be so amended. The Department of Justice advised that the regulations could be amended in respect of one province at a time, and they have been amended with respect to several provinces, including I think Nova Scotia. If it has not been done in connection with that province, it is being done.

Mr. HANSON (York-Sunbury): The position with regard to old age pensions seems to be that the minister takes the view that no further contribution should be made by the dominion authorities. He contends that since the coffers of the provinces are so overflowing, they ought to assume this responsibility in this time of war.

Mr. ILSLEY: That is correct.

Mr. HANSON (York-Sunbury): With the government deficit being so great, speaking for myself I am bound to say that there is a good deal of common sense in that attitude. I know in New Brunswick government financing has never been so easy since confederation. This is due in large measure to the generosity of this government in dealing with the province when it vacated certain fields of taxation. The province was treated most generously. Instead of this surplus being used for a purpose such as this, it is being diverted to other fields of endeavour, and the old people are not getting one cent of benefit.

I think the minister has a good deal of justification for his stand, but that is not helping the situation of the old age pensioners. While the governments continue to fail to act, the old age pensioners are feeling the squeeze of the economic situation. Perhaps the discussion which has taken place here will have some effect upon the provincial governments, but I do not know. I think they will all have to assume their responsibilities. If this were peace time, I would urge the minister to act, but perhaps if we were not burdened with war this situation would not arise. I will not say anything more about old age pensions.

I should like to ask the Minister of Labour a question arising out of order in council, P.C. 1774, passed on March 9, 1942, which authorized the appointment of these inspectors in connection with the administration of the cost-of-living bonus order. I would ask him as a good Britisher if he can in his heart and conscience justify the administration of justice on the basis of section 2, paragraph (b), of this order in council? In order to clarify the position, I will read part of the order. This section reads:

2. Any person authorized by the Minister of Labour to act as an inspector shall have power to do all or any of the following things, namely:

(a) to enter at all reasonable times any premises or place—

I do not object to that; that is the right of entry given to these inspectors.

(b) to make such examination and inquiry as may be necessary for ascertaining whether the provisions of the wartime wages and cost-of-living bonus order—

Two other orders in council are mentioned.

—are complied with in any such premises or place.

That is giving the right to an inspector to go in and hold a preliminary inquiry, or an enquête as they call it in Quebec. It is not a judicial inquiry, simply an inquiry by a prosecuting official. You are approaching the third degree, but you have not reached it, However, in the next paragraph you reach the position of having the third degree. Listen to this:

(c) to examine orally, either alone or in the presence of any other person as he thinks fit—

Cross-examination; that is what that means.

—with respect to any matters under the wartime wages and cost-of-living bonus order—

Other orders in council are mentioned.

—every person whom he finds in such premises or place or whom he has reasonable cause to believe to be or to have been employed pursuant to the provisions of the wartime wages and cost-of-living bonus order—

He has the right to put them through the third degree.

—and to require every person to be so examined and to sign a declaration of the truth in respect of such matters in which he is examined.

I might have to go through a grilling at the hands of an inspector without the benefit of counsel's protection and without the benefit of reserving my rights in law whatever they may be, and if I do not reply I am guilty of an offence. If I do not sign a declaration which will estop me in the courts in the case of a prosecution from denying its truth, I am guilty of an offence under this order. How can the minister justify a power like that? I need only to state the case, I think, for every member of this house who believes in the fundamental principles of British justice to see how flagrant this is. It is a fundamental principle of British justice that a man is innocent until he is proven guilty and that he may not be called upon to be a witness for the prosecution to prove his own guilt. That is a violation of a fundamental principle of British justice. This sort of legislation savours of certain sections of the prohibitory laws which were enacted by certain provincial legislatures in this country in days gone by. They will shock anyone's sense of justice if one will only read them. This savours of the same character. I do not think that anybody who reads it will approve it, and I ask the minister to have it amended so as to take this power away. To continue with this kind of procedure is a violation of the fundamental principles upon which British justice is founded, which is one of the things for which we are fighting to-day. This is the method of the gestapo. That may seem to be an extreme statement, but it is approximately correct. I do not know anything about the operation of this order. I am speaking only of the principle involved. I do not know what took place in the Joy Oil case and I do not care. But I do object to these powers, and I think that the public ought to understand the powers of these inspectors and that the minister should review the whole situation.

Before I resume my seat, let me say that I am much in the same position as the Minister of Finance with regard to these supplementary estimates. I have been awaiting an opportunity to take up a particular subject which I am in honour bound to take up, namely, the position of the transportation facilities between the mainland and Prince Edward Island. In order to do my duty and carry out my word to a substantial number of people in that province I must make some remarks on this supplementary estimate when it comes up. It has not been called yet. I do not think any complaint ought to be made by the Prime Minister or the Minister of Finance if those of us who have been waiting patiently, remaining more or less silent until a particular item is called, discuss a matter in which we are greatly interested when the item comes up. I do not think there will be any great violation of the rights of anybody if these supplementary estimates are not passed to-day. I sympathize with the minister in his desire to get them through. Every minister desires that. But the whole thing goes back to this, that the main estimates for the last fiscal year, of which these are supplementaries, were never adequately discussed because there was no opportunity. That position ought to be cured for this session.

Mr. KNOWLES: I would ask the minister to elaborate further on his reply to questions with regard to the relations between this government and the province of Manitoba concerning old age pensions. In reply to questions already asked both in the house to-day and on the order paper the minister has referred only to the requests of the Manitoba government for amendments to the regulations to permit that province to pay a supplemental allowance to old age pensioners without its being charged as additional income. As the minister may know, when the government of Manitoba proposed to pay this additonal amount of $1.25 a month it was referred to by the government of Manitoba as the province's share of a proposed $5 increase, and both in the press and, I understand, in conferences that took place with people in Manitoba who were interested and called on the government, the impression was given that the Manitoba government would press this government to grant the payment of an additional $3.75 to all old age and blind pensioners in that province. I should like to know whether a request was made specifically for that amount of money, and, if so, whether any reply was given apart from that which the minister has already given to my questions on the order paper concerning the amending of the regulations.

One of the reasons why I should like to have a question such as that answered specifically is that it seems to me that the old people are unnecessarily being tossed back and forth from the provincial governments to the federal government. I listened very closely to the minister's statement last night, part of which he has repeated to-day, in which he declared that it is the view of the govern-

ment that the primary responsibility concerning the old age pensions rests with the provinces. I am sure he knows that in many, if not in all of the provincial legislatures of this country the very opposite position is stated with equal vigour and determination. That happened as I have already pointed out in the province of Manitoba, where the citizens pressed for an increase in the old age pension, and the provincial government said: All right, we will pay our share of a $5 increase, but the responsibility for the remainder rests with the federal government. I understand that even those provinces which have already granted a supplemental allowance of $5 a month have made it quite clear that in their view the primary responsibility for making any increase rests with this government. It seems to me that our old people and the young folks who are interested in them have cause to be concerned over this tossing of the responsibility from the provincial legislatures to this government and now back to the provincial legislatures. It would serve a good purpose if we could have a definite statement from the minister as to the correspondence and conversations passing between this government and, shall we say, the province of Manitoba, for example, to find out just where matters stand.

I agree heartily with the suggestion made a while ago—it has been made on several occasions, but was repeated this afternoon by the hon. member for Cumberland—to the effect that this government would be well advised to approach the provincial governments with a view to getting together, not to find ways and means of how the responsibility can be passed from one government to the other, but to find ways and means of taking positive action to raise the amount of the pension.

I feel, too, that I must join with those who have already protested against referring to the necessity of sacrifice for the sake of the war effort by these old people over seventy who are being asked to live on $20 a month or less. We recognize the need for sacrifices in the community at large, but surely the place to put the burden is not on the shoulders of these old people. I am satisfied, like those who have spoken before me, that it would aid materially the morale of our fighting forces, and the feeling of the people in general that when this war is over, some of the better things we are fighting for are to be accomplished, if an increase could now be made in the amount paid to our old people. Therefore, I would ask, despite the kind of replies which have already been made by the minister, that he give us a more complete statement on the relations between this government and the government of Manitoba in this matter, and indicate whether there is not some possibilty of the federal government trying to bring the various provincial governments together to discuss with this government, I say again, not ways and means of avoiding payment of an increase, but ways and means of taking positive steps to raise the amount now being paid.

Mr. LOCKHART: Before the minister replies I wish to ask him something which bears on the same point, and arises out of letters received from overseas. Down through the years of the operation of the Old Age Pensions Act, extended to include pensions to certain of the blind, there has been a definite discrimination, as it appears to some, against old people who saved their pennies in the days of plenty and provided themselves with a small home; then, when the act became operative, they assigned these small homes in trust to the provincial governments. I mention this matter because the minister has made his position perfectly clear, and I believe that considerable good will come out of this discussion. I hope that it will result in something being done on behalf of these old people who have taxes to pay. I know of many cases in which the boys overseas are trying to send home an extra dollar or two to pay taxes on these homes, because one of the regulations requires that a pensioner in receipt of $20 must keep the taxes on his property paid up, and that is an utter impossibility under present conditions. I trust that, in any new approach which may be made to the general problem, the minister will keep in mind the position of this large number of men and women who are living on $20 a month and are trying also to keep the taxes paid on their little properties, as they are definitely committed to do.

Mr. ILSLEY: I will bear that suggestion in mind, in the event of the regulations being revised. Some revision does take place from time to time.

In answer to the question of the hon. member for Winnipeg North-Centre, I do not think I could give any more complete answer than I gave in writing to a question asked by him. The answer is found in *Hansard*, at page 1718; it shows exactly what the course of the correspondence has been between the dominion government and the government of Manitoba. So far as I know, there have been no oral communications.

Mr. KNOWLES: Is it true, then, that subsequently to January 20, 1943, as referred to in the answer to which the minister has just

referred, there has been no request from the Premier or the government of Manitoba to this government to pay an additional $3.75 per pensioner?

Mr. ILSLEY: So far as I know there has been no request. It would be unnecessary, I should think, because that was the original request of the province, as is indicated in paragraphs 1 and 2 of the answer.

Mr. KNOWLES: My point is that after the increase of $1.25 was made by Manitoba, a statement was made through the press of that province, and, I happen to know, by the government to a committee of two clergymen and a rabbi who called upon them, that subsequently, that is when representatives of the government of Manitoba were in Ottawa recently on another point, they would press further for this $3.75 increase.

Mr. ILSLEY: They might have talked with someone else; they did not talk to me; and I do not know just why they would, either, because our position was made abundantly clear and definite, and so was theirs, at a very early stage of the proceedings.

Mr. ROSS (St. Paul's): I should like to ask the minister about the last part of a statement which is reported to have been made by the premier of Ontario. First of all, he says that it is a provincial matter; and, second, that he proposed to examine these cases on the files and increase the grants in some 59,000 cases; also, that the dominion government is considering lowering the old age limits and increasing maximum pensions from $20 to $30 monthly. These are statements made by the premier of Ontario. I wish to know, first, has any request for legislation come from the provincial government to the dominion government, and, second, is the statement of the premier of Ontario according to the facts?

Mr. ILSLEY: I do not know what the premier of Ontario said. I cannot say whether the report is a correct one or not, and I do not want to deal with a report which may or may not be accurate. I will answer, however, any question which the hon. gentleman puts on his own behalf.

Mr. ROSS (St. Paul's): Has the premier of Ontario asked for any legislation to increase old age pensions? Is the dominion government considering lowering the age limit for old age pensions and increasing the amount from $20 to $30 a month?

Mr. ILSLEY: With regard to the first inquiry, I believe that the government of Ontario is one of the governments which requested consideration of an increase in the upper limit. I do not know the figure, or whether any figure was suggested in the correspondence; but the government of Ontario did request, according to my recollection, that the dominion legislation be amended in such a way as to raise the upper limit.

With regard to the second inquiry, which was whether this government is considering an increase in the upper limit and a lowering of the age at which applicants would be eligible, as regards the upper limit I made my position perfectly clear last night and again to-day. I made that clear over and over again.

Mr. ROSS (St. Paul's): That answer is no?

Mr. ILSLEY: The answer is no. That must be taken with the qualification contained in my statement of November 14, 1941, which I have repeated to the house time after time.

As to the other part of the question, whether we have been considering the lowering of the eligible age, I am under the impression that it would involve a very large increase in expenditure, and we have not given it consideration since the beginning of the war.

Mr. ROSS (St. Paul's): The whole question was answered by the minister's speech in the House of Commons. I take it that the government do not intend to give any increase in old age pensions during the war.

Mr. JOHNSTON (Bow River): I listened carefully to what the Minister of Finance said yesterday in regard to cost-of-living bonus, especially as applied to old age pensions, and he was quite emphatic. He said that the cost-of-living bonus depends primarily for its administration on the provincial governments, and that therefore the onus is upon them. Probably that is true from a legal point of view. But it must also be clearly understood that since the war started prices have tremendously increased. Responsibility for that cannot be placed upon the provincial governments; it rests definitely upon the federal government, and especially upon the Minister of Finance, because under the War Measures Act he could have prevented the rise in prices. To a great degree he has done so, but whether he has succeeded or not is his responsibility. The provincial governments had absolutely no control in regard to the rise in the price of food or other necessaries; that came as a result of the war. I cannot see, therefore, how the minister can throw the entire responsibility for that increased cost upon the provincial governments.

It is true also that as these prices have increased the purchasing power of the $20 a month which the old age pensioners receive is reduced accordingly. If the provincial governments endeavour to offset that reduction by

an increase of $5 a month in the pension, as some provincial governments have, they must provide the money out of their own revenues. There has been an agreement with the federal government to forgo certain sources of revenue in that regard. Some of the provinces have a surplus, but the surplus has resulted only from the fact that nearly all provincial governments have economized in every possible way. They have eliminated a great many of their social services; they have restricted the construction of roads and other public works. In any event these surpluses are not so very large. For the minister merely to say that it is not the responsibility of the federal government and to leave it at that is not right. There is a moral obligation. When prices have increased and our old people are still expected to get along with the pittance formerly allowed them, it is a shame.

Let me give just one instance. The other day I was at home out west for a few days when an elderly gentleman came to my home. He is sixty-seven years of age, and his wife is sixty-five. He had been farming in that district for forty years. Owing to one adversity after another the mortgage company had foreclosed and kicked him off his place and he was going to have to apply for old age pension. His wife is an invalid. To expect a man like that to exist on $25 a month, as it is in Alberta, is just not human.

The minister raised his hands in horror at the suggestion of some hon. members that something be done in this regard. He said we should not bring up a question of this kind now when we are so busy fighting a war, that he could not possibly carry on the tremendous financial burdens resulting from the conduct of the war and take care of all these other things as well. I think it is pretty well understood by all members that there have been tremendous increases in salaries since this war started. And some exceedingly large profits have been made. I suggest to the minister—I say this advisedly —that if he has only a limited amount of money to spend for this purpose, he should look around at some of the expenditures that are now being made and take a little bit away from those who are getting such tremendous amounts and redistribute it to old people who are really in need.

Not a great deal was said the other day about the increase in the price of meals. Restaurants were allowed to raise their prices to the extent of five cents for the beverage. I am not arguing at the moment whether that is a good or a bad thing, but it does result in a considerable profit to those concerned. It may have been fair enough if the minister had said that he would not allow that increased price to benefit those individuals but would take it and apply it to old age pensions. That might be an extreme step to take, but when we realize that our war effort is being interfered with from the point of view of morale by our failure to take proper care of some of the old people in this country, especially those who have sons fighting in this war, I think some consideration should be given to the matter. May I add that the elderly gentleman who came to my house when I was out west had a son in the air force. The son came with him, and as they left my house the young fellow said to me, "Well, if this is the thing we are fighting for, I have not much encouragement in going to war."

This is a question that must be tackled. We cannot just idly say that it is not our responsibility. It is a national responsibility. The increased cost of living is due to the war and is a national problem. The minister and the house must realize that and take appropriate steps in the matter.

Mr. NOSEWORTHY: Will the minister give serious consideration to a suggestion that has already been made by several hon. members, namely, that he call together representatives of the provinces in order to discuss with them this question of old age pensions? If means cannot be found to increase the pension, the situation could perhaps be eased by modification of the regulations regarding the means test and regarding the deductions that are made from the $20 a month. Will the minister give consideration to that aspect of it?

Mr. ILSLEY: On the question of raising the upper limit, I have stated during the past year on several occasions, though I do not remember just when, that I did not care to take the initiative. As to the regulations, we are in continual correspondence with the provinces in that connection, and it is a matter worthy of consideration as to whether there should be a conference on those regulations, but I do not know whether or not we will have one. Nothing is more troublesome than this system of administering a pensions scheme; I wish hon. gentlemen would get that firmly in their minds. This participation of two jurisdictions, the provincial governments and the federal government, is most unsatisfactory from every pont of view and has been from the very beginning. There is also the further complication that there are nine provincial governments involved, not just one provincial government with which the dominion must work. The whole question is full of difficulty, differences and issues of a minor nature which arise from time to time, a good many of

which have to do with the regulations. About all I can say is that the suggestion is worthy of consideration.

Mr. NOSEWORTHY: Could not these difficulties be ironed out better at a conference than by correspondence?

Mr. ILSLEY: Well, Mr. Chairman, ever since the conference on the Sirois report I have been a little hesitant about conferences.

Mr. KNOWLES: The minister has said that he did not wish to take the initiative in calling a conference to do anything in connection with raising the amount or lowering the age limit. Is it not true that the initiative in this matter was taken by this government back in the middle twenties? If that is so, why the change? Why was it proper for the government to take the initiative then but not proper for the government to take the initiative now?

Mr. ILSLEY: That question has been raised and answered previously, before the hon. gentleman came into this house. It was raised over a year ago by the hon. member for Comox-Alberni, who made the same request. The reason that appeals to me is that in 1926 we had no old age pension system at all in the country. We had a dominion government in a very good financial position—

Mr. MacINNIS: But politically in a bad position.

Mr. ILSLEY: There may be something in that; I was not here at the time. At any rate the financial position of the dominion government in relation to that of the provincial governments was altogether different from the position to-day. The hon. member for Comox-Alberni suggested that we should go ahead with our plans and try to get the provinces to lower the age limit. At that time I said I did not consider it was the business of this government to do that in time of war, for it was virtually swinging a club over them and putting on strong political pressure, which we did not propose to do. I said at that time that the initiative would have to come from them, and not from us.

Mr. GRAYDON: The minister may have answered this question while I was out of the chamber, and if so he need not answer it again because I can look it up in *Hansard*. Last evening he indicated that he had given some intimation to the various provinces with respect to the old age pension, and I think he said that there had come from some of the provinces a request that the amount of the pension be increased. I do not think at that time he mentioned what provinces had replied or what provinces were agreeable to increasing the pension on the basis which he submitted.

Mr. ILSLEY: It is not a question of reply. The hon. gentleman does not mean what provinces have replied; for we have not written to the provinces at all in the first instance. The hon. gentleman wants to know what provinces have raised the question with us.

Mr. GRAYDON: That is what I mean.

Mr. ILSLEY: Well, I think the present status is that British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia have raised the question.

Mr. GRAYDON: They have intimated that they would like to have the pension increased?

Mr. ILSLEY: That is right.

Mr. GRAYDON: Then I think the minister said that if a substantial number of the provinces—

Mr. ILSLEY: No, I said all or substantially all, which is very different.

Mr. MacINNIS: I thought this matter would be finished during the time I was absent from the chamber. I had something to say on the question last evening and did not intend to take part in the discussion to-day, but as I entered the chamber a moment ago I heard the hon. member for South York make some references to the means test. I suggest to the minister and to the members of this house that in all cases where the amount of the pension or assistance given depends upon the economic circumstances of the individual, the means test should be broadened very considerably. People who have worked hard and tried to save something have found that what they have saved is a detriment to them instead of an asset, while people who have taken no care at all to provide for themselves when they became indigent or in difficult circumstances managed to obtain very easily whatever was coming to them. I know of men and women who have worked hard; who have raised families and tried to educate them to the best of their ability; who have tried to acquire a little home, and who may have a little money in the bank. Then when they can no longer work and have not enough to keep them, they find they must use up all their assets before they can get any assistance. This puts a premium on shiftlessness and makes it more difficult to get people to put something aside or to help themselves. Until that is changed people are not going to have a stake in this country that will be sufficient to induce them to try

to build up something even better. I suggest that when a conference is called this point be taken into consideration, because I am satisfied that it is fundamental.

Item agreed to.

GOVERNMENT OWNED ENTERPRISES

Prince Edward Island Car Ferry and Terminals.

445. To provide for the payment during the fiscal year 1942-43 to the Canadian National Railway Company (hereinafter called the National Company) upon applications approved by the Minister of Transport, made from time to time by the National Company to the Minister of Finance, and to be applied by the National Company in payment of the deficit (certified by the auditors of the National Company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1942—further amount required, $191,095.36.

Mr. HANSON (York-Sunbury): I am afraid I shall be obliged to take up some of the time of the committee to discuss certain matters arising out of this important item, and in doing so I shall review some of the history of the relationship between the province of Prince Edward Island and the confederation.

It will be recalled that Prince Edward Island was not one of the original provinces of the confederation. Although the conference was held at Charlottetown prior to 1867, Prince Edward Island did not come in until about 1873, and it came in under the provisions of an imperial order in council and the British North America Act. The order in council is dated June 26, 1873. It contains as a schedule an address to Her Majesty the Queen, which states the terms under which Prince Edward Island would enter confederation. Among those terms of union was the one which stated that the dominion government was to assume and defray all the charges in connection with certain services. It then goes on to enumerate certain specific services with which I am not particularly concerned, but it includes an efficient steam service for the conveyance of mails and passengers, to be established and maintained between the island and the mainland of the dominion, winter and summer, by the dominion, thus placing the island in continuous communication with the Intercolonial railway and the railway system of the dominion.

I submit that "efficient service" in that instance means modern, up-to-date service. That was the understanding upon which Prince Edward Island entered the union at that time. I believe it is fair to say that from 1873 down to 1915 that undertaking was not carried into fulfilment by any government in Canada, especially with respect to winter transportation service. With regard to the summer service during that period, I do not think that in days gone by there was great complaint, having regard to the progress made in steam navigation and steam transportation. But I well remember as long as forty-nine years ago having seen with my own eyes passengers from Prince Edward Island having to traverse the strait of Northumberland in the old-time ice boat. I need only recall that period to indicate that at that time, at all events, there was no efficient method of transportation during the winter season between the little island province and the dominion.

The position stood thus until 1911 or thereabouts, when Sir Robert Borden, in the course of an election tour in that year, visited Prince Edward Island and gave the definite undertaking that if his party were returned to power in the approaching election he would build and operate a steam ferry between the mainland and the island. I do not propose to refer to the demands for a tunnel, and things of that nature, because so far as I know they never got beyond the stage of academic discussions.

There is no doubt that as the result of the action of Sir Robert Borden, for the first time there was a moderately adequate fulfilment of the terms of confederation as set out in the address to Her Majesty the Queen in 1873. As the result of Sir Robert Borden's action the car ferry *Prince Edward Island* was built. That ferry operated with more or less success until about fifteen or twenty years ago—I have not the exact date, when she was more or less condemned, not as unseaworthy, but as inadequate for the service. The government of that day—I have forgotten which government it was—built the car ferry *Charlottetown*. I shall have something to say with respect to the loss of the *Charlottetown* later on. At the moment however suffice it to say that the island in my opinion had reasonably good transportation facilities from 1915 to 1941, first through the car ferry *Prince Edward Island* and then through the *Charlottetown*.

It is true that there was a great deal of objection to the cost of transportation. The car ferry was operated for the account of the dominion government by the then Department of Railways and Canals, now the Department of Transport, and the cost to the country was substantial. But any deficit in operation was a charge on the treasury by reason of the undertaking given in 1873, and I believe no one has raised any question with respect to that expenditure. In some years

it has been larger, and in others smaller. But there has been a good deal of criticism of the rates charged for the transportation of freight, and at one time for the transportation of motor vehicles. From time to time there have been reductions in rates and some amelioration in conditions, because it must be borne in mind that the cost of transportation, aside from that borne by the treasury in the payment of deficits, in most cases came upon the shippers of products. In order to get to their markets on the mainland they were obliged—I believe it is fair to say this—to assume the cost of this extra transportation via the car ferry.

That condition was never properly righted, and the time came when, owing to the increase in tourist traffic between the mainland and the island, the facilities were inadequate to take care of the traffic offering, especially in the summer season. An effort was made to improve that condition when the Wood Island ferry was established. It is now a matter of history and record that the efforts to establish that ferry were in a measure frustrated by reason of the fact that the vessels acquired for that purpose were, one after the other, requisitioned by the naval department. It was only within recent months that that service was established and maintained. No one has ever suggested that the establishment of the Wood Island ferry, or its predecessor the *Hochelaga* running from Pictou to the island, was anything more than supplementary to the main service.

In the summer of 1941 the *Charlottetown* was ordered to dry dock for her annual overhaul, and it is a matter of great misfortune that in that year she was lost off the coast of Nova Scotia. Since that time, in common with other hon. members, I have been asked by commercial interests and others in Prince Edward Island to lay before the government and the house the position of citizens in Prince Edward Island with respect to inadequacy of transportation facilities. I did so at great length on one occasion, and I have no apology for so doing. This season the situation has been aggravated by the severity of the weather conditions, and in the past several months the transportation facilities between the island and the mainland have been wholly inadequate. I think that is putting the matter quite mildly.

I wish to speak moderately on this subject; but I think it is inexcusable, if I may use that term, that we should be no further ahead than to have had a promise made by the minister in reply to a question asked by the senior member for Queens to the effect that plans were being prepared for a new car ferry, which would be built on an if, as and when basis. That is not good enough for the province of Prince Edward Island. We have been told that it is impossible to get priorities for the machinery and that no yard should be asked to build this new vessel. But there have been many occasions where moneys have been appropriated for peace-time activities which interfered with the war effort. I need but refer to the Montreal terminal, where millions have been spent on what is really a peace-time undertaking, while this situation on the island has been left unattended to.

I know that the government must have been presented with the representations which have been made from time to time by public bodies. The whole thing culminated this winter in a series of representations by public bodies, and the legislature of Prince Edward Island has gone on record unanimously as demanding that the rights of the citizens of that province, as outlined in the province's magna charta to which I have referred, shall be granted by the federal authorities. This has been followed up by a multitude of resolutions by nearly every board of trade on the island. Only recently there has been an exchange of correspondence between certain public and semi-public bodies in the province and the Prime Minister. I do not propose to place this on the record because it would take too long, but I do make a plea to the government to expedite the building of a new car ferry for the Northumberland strait.

I do not think all the avenues have been explored by the government or the Department of Transport to attain this end. I used to marvel at the fact that here was a province represented in this chamber by four members who support the administration. I am bound to say that so far as my own observations are concerned, up to this fourth session of this parliament the only public reference that has been made to this matter has been on two occasions. One was a question placed on the order paper by the hon. member for Queens, and the other was a speech made recently by the hon. member for Kings. I would have wished that these gentlemen had been a little more vocal with regard to this matter, especially since one of them sits on the treasury benches. I have no doubt that he will have something to say about it this afternoon.

The reason given—I shall not call it an excuse because I think there is some reason for it—is that the nation is at war. The nation is at war ,but civilian life must go on. When we have an isolated island province such as Prince Edward Island it is the duty of the government to use every possible means within its power to see to it that a situation such as I have outlined is taken care of. There

is no question about the financial ability of the country to build this boat. I question very much if the government has exhausted every effort to find a shipyard which will undertake the construction of this ship. I assume that either the Minister of National Defence or the Minister of Transport will reply. When he does so, I hope he will be good enough to tell the committee what avenues have been explored in connection with having this ship constructed.

In justice to a large body of our citizens, this must be done. If it is not done, these people will continue to suffer economic and other inconveniences which they ought not to be asked to put up with any longer. They have put up with them long enough. I make the plea to the ministry to use the utmost diligence to provide the ferry transportation which the people of Prince Edward Island demand and which they require if they are to continue to function properly, to do their share in making a contribution to the food supply of Canada and to get that food supply across to wherever it can be useful.

That little province of 100,000 people has sent more volunteers per capita to the war than any other province.

Mr. BLACK (Cumberland): Except Nova Scotia.

Mr. HANSON (York-Sunbury): The two provinces are in the same military district, and it is quite difficult to separate the voluntary enlistments of the two. Their record in voluntary enlistments for active service overseas has been magnificent. The little province of Prince Edward Island has no great industrial corporations within its boundaries and has practically no industry apart from agriculture, but it has gone over the top in the early days of every war loan campaign. That little province has been among the first of all provinces in its contributions to the Red Cross. In these days of grave national crisis that little province has exemplified the best there is of citizenship. I do suggest, moderately I hope, that Prince Edward Island has not had a fair deal at the hands of the federal government in connection with this transportation problem. I will not emphasize that any further.

There is something else to which I desire to refer to-night, namely, the loss of the ferry *Charlottetown*. I hold in my hand a copy of sessional paper 150, brought down in response to an order of this house made on February 8, on a motion by the hon. member for Cumberland, for a copy of the findings of Mr. Justice Archibald, with respect to the sinking of the ferry SS. *Charlottetown* off the coast of Nova Scotia in 1941. I make no apology for referring to this matter this afternoon, because it is part and parcel of the subject matter with which I am dealing.

An investigation into the sinking of the *Charlottetown* was held in the months of December, 1941, and January and February, 1942, by Mr. Justice Archibald, as a wreck commissioner, assisted by certain naval officers and nautical assessors. Certain questions were submitted to that court.

I should preface my remarks in this connection by stating that the *Charlottetown* left Borden, Prince Edward Island, on the morning of June 16, 1941, on her way to Saint John, New Brunswick, for annual overhaul and repair. The finding of the court is that she was seaworthy at the time of her departure.

The findings of the court of inquiry indicate the type of ship the *Charlottetown* was. She had an indicated horse-power of 8,000; her speed was 15 knots, with eight boilers in use, and the dimensions of the ship are given.

It appears that when off Sambro light or near thereby she struck a rock or ledge, as a result of which she ultimately became a total loss. I will not go into the details of the findings, but I desire to read to the committee certain of the latter portion of the court's findings and I refer hon. members who have seen this report to paragraph 18:

18. The ss. *Charlottetown* remained afloat after the striking a period of 32 hours and 13 minutes.

Please keep that in mind. Then paragraph 19.

19. The vessel became a total loss by sinking on the evening of June 18, 1941, at 7.07 o'clock. At that time she was being towed by motor boats toward Port Mouton and sank in 16 fathoms of water—

In a certain latitude and longitude. Then mark this well. It is the finding of the court:

20. The court is of opinion that the master either failed to realize the seriousness of the damage to the vessel and the necessity of immediate action to control the water and to secure assistance if the vessel was to be saved or that he was mistakenly confident that notwithstanding the damage he could take the vessel to a safe port. It is difficult to understand why the master did not within a very few minutes after the striking—

It was more than thirty hours after the striking that she actually sank. It goes on:

—when she had reached deep water stop or even anchor the vessel and ascertain the damage suffered. It is apparent from the evidence given particularly that of the chief engineer that the ship had suffered serious damage and that he had so advised the master. Notwithstanding this information there is no evidence that the master went below until the evening of June 17.

That was approximately twelve hours after the accident occurred. That is a factor to be kept in mind. The wreck commissioner proceeds to make this rather startling statement:

The method employed by the master in securing assistance seems to have been casual and inadequate. It must be observed that in the absence of a wireless system or any other method of communicating from the ship to the shore, it is difficult to understand why the ship's boat was not sent to shore immediately with the proper messages and instructions for assistance. Instead of doing so the master did not make any effort to establish communication with the shore until the vessel arrived at Little Hope buoy at 12.20 p.m. At that time a fisherman in a boat was at the buoy and to him the master gave a verbal message for transmission to the Canadian National Railways office at Moncton. This message he did not send. It was not until 4.30 o'clock in the afternoon of the 17th that a lifeboat left for the shore in charge of the first mate, who had with him the chief engineer, the chief steward and a crew of 17 men. When he reached shore that evening he sent a number of motor boats to the ship after having communicated with the general manager of the Canadian National Railways at Moncton and the district superintendent at Halifax and advising them of the ship's condition and the need for assistance, but notwithstanding this message it would seem that these officers must have had inadequate information as to the ship's peril; otherwise a greater effort would have been made in getting effective assistance to the distressed vessel without the lapse of a great length of time. It is difficult to understand why efforts were not made to get tugboats or other boats capable of giving assistance from the nearby ports of Shelburne, Lockport, Liverpool or Lunenburg. Having regard also to the condition of the vessel and the uncertainty as to the time of arrival of assistance it is difficult to understand why the vessel was not given in tow to motor boats during the night of June 17 or early on June 18 instead of waiting until 1.35 p.m. on the 18th.

I suggest that those findings of fact indicate that this boat could have been saved if the master had taken adequate measures. I desire to call the attention of the committee to finding 22:

In the opinion of the court the loss of the ss. *Charlottetown* resulted from the damage she suffered when she struck Devastation shoal and from the failure to take adequate measures to secure the safety of the ship after the striking and from the failure to obtain prompt and efficient assistance.

That responsibility was that of the master, and he wholly failed to assume that responsibility. Now listen to this. This is the summing up of the court:

The court is of opinion that the damage sustained by the ss. *Charlottetown* was caused by the wrongful act or default of her master, John Lefurgy Read in the following particulars:

(a) He did not choose a proper or safe course in the weather conditions prevailing.

And reference is made to the answers given to questions 7, 8, 9 and 11.

(b) His navigation of the vessel on this course was faulty and improper for the reasons given in the answers to questions 9, 11, 12 and 13.

I have not sketched the answers to those questions. I am contenting myself with giving the findings of the court of inquiry.

(c) For the reasons given in the answers to questions 17 and 20 the master did not take the necessary and proper and adequate measures after the striking to ensure the safety of the vessel and to obtain assistance.

The court does not find that the damage and subsequent loss of the ss. *Charlottetown* was caused or contributed to by any other person or persons.

They go on to direct that the master's certificate be suspended for a period of six months.

There can be no doubt, I think, that the findings of the court were the findings of a legal and juridical tribunal. The master had the assistance of very able counsel. He was properly defended, and there should be no doubt in the minds of anybody that the master and the master alone was to blame.

Now what happened? The master's certificate was suspended. He was either dismissed or permitted to resign from his position with the Canadian National railway system. He was, however, given a pension of $154 a month, and he has been drawing it ever since.

Mr. MacNICOL: What for?

Mr. HANSON: I never understood that a man who was guilty of negligence, malfeasance, nonfeasance or any other kind of wrong feasance that one can imagine should be rewarded by being superannuated. I do not believe that is the law, and I see no justification for the payment of a pension to the master of this ship.

Mr. BLACK (Cumberland): He was paid his full salary up to the time of the filing of the commission's report.

Mr. HANSON (York-Sunbury): Yes; he was paid $400 a month up to the time of the findings of the wreck commission. A man is considered innocent until he is proved guilty, and there may be that justification for this proceeding, although it would appear to me that he ought to have been suspended by the management of the Canadian National railways immediately the ship was lost, if that was not done. That is what would have happened in connection with an ordinary commercial undertaking: a master having lost his ship, on the prima facie evidence submitted he would be suspended in the employment. Instead of that, this man was paid his full

salary for several months after the ship was lost. And when he is found guilty of negligence, guilty of malfeasance, guilty of nonfeasance, he is rewarded by being allowed to resign, shall I say—I am not quite certain on that point—and given a pension of $154 a month; and I hear that he is petitioning the government to have the sentence of the court of inquiry reviewed so that he may have his certificate given back to him.

The first point I desire to make is, that through the action of the master the *Charlottetown* was lost; and my second point is that, as a result of the loss of the *Charlottetown* in the circumstances to which I have adverted, the people of Prince Edward Island have been deprived of adequate facilities for communication between their province and the mainland. It is no use to say, "Oh, you have had the *Prince Edward Island*." I think I am safe in saying that the *Prince Edward Island* was condemned for the service years ago; she was held as a stand-by during the time when the *Charlottetown* was undergoing repair, but she was considered to be wholly inadequate and not fit for the purpose during all the period *Charlottetown* was in operation. She was recommissioned, put on this route, and what has been the result? For days the island has been without proper communication. Hundreds of carloads of freight were accumulated on the docks. I have figures here showing what the situation was. Every public body in Prince Edward Island has protested, through the maritime board of trade, the Charlottetown board of trade, the Summerside board of trade, and other boards of trade, and through the legislature itself. Most of them consider that improper treatment—I will use no stronger term—has been handed out to them by reason of the failure of the governent to provide adequate transportation facilities as required by the compact of confederation, in which they were partners.

I have no desire to carry on this debate at inordinate length. I could go into the matter in much more detail. But if I serve no other useful purpose than to call attention on the floor of this chamber to the situation which exists, and to obtain from the ministry some undertaking of a character which will tend to alleviate the situation, I shall feel amply repaid for any effort I have made, and it will redound to the benefit of the people of Prince Edward Island. I earnestly implore the minister to deal with this matter. The people of Prince Edward Island have been good enough to accept him as their representative in this house. I know he will agree with me that he owes a corresponding duty to them to do anything and everything to remedy a situation which he knows as well as I do exists. I invite him to tell the committee exactly what the proposals of the government are in that regard.

I know he will say that, on account of the exigencies of the war, the government has not been able to get another vessel in place of the one which was lost. I agree at once that it is exceedingly difficult to find a ship of the type required for this service, but I certainly believe that there should have been more adequate provision than was made in attempting to recommission the *Prince Edward Island* ferry.

Therefore, without desiring to take any more of the time of the committee, and hoping I have been reasonably moderate in the statements I have made, I invite the minister to tell the people of Prince Edward Island through the medium of this committee exactly what the government proposes to do and when they may expect that proper communication of a modern character will be renewed between the island and the mainland.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Hon. J. E. MICHAUD (Minister of Transport): Mr. Chairman, when this committee took recess at six o'clock the hon. member for York-Sunbury (Mr. Hanson) had just concluded an appeal on behalf of residents of Prince Edward Island on account of existing transportation conditions between the island and the mainland owing to unfortunate circumstances to which I shall refer a little later. The hon. member made many exaggerated statements, of which three are outstanding. The first was that no government since the entry of Prince Edward Island into confederation had been true to the population of the island in the matter of providing adequate transportation services between the island and the mainland. The second was that the present ferry service is inadequate; and the third, that the people of the island were left isolated as a result of lack of attention on the part of the government in providing proper ferry facilities. I shall present a few facts and leave it to the intelligence of hon. members to judge whether governments in the past have been delinquent in their duty to the island and in the fulfilment of one of the conditions under which Prince Edward Island joined confederation.

As stated by the hon. gentleman, on June 26, 1873, an order in council was passed whereby Prince Edward Island was made a part of the Canadian confederation. In that order in council there was this provision:

Efficient steam service for the conveyance of mails and passengers to be established and maintained between the island and the mainland of the dominion, winter and summer, thus placing the island in continuous communication with the intercolonial railway and the railway system of the dominion.

As stated by the hon. member, from that time to 1916 the facilities for transporting mails, passengers and freight were maintained by private companies or corporations operating ferries in the summer between Summerside, Prince Edward Island, and Point du Chêne, New Brunswick, and in the winter between Georgetown, Prince Edward Island, and Pictou, Nova Scotia. During that period extending from 1873 to 1916 these services were provided by private companies subsidized by the dominion treasury.

In 1913 the dominion government decided to provide more adequate service. First, I should say that up to 1913 there was no demand for any car ferry service, for two obvious reasons: first, because there was no possibility of moving freight cars or passenger cars between the island and the mainland because the railway on the island was of a different gauge from that of the mainland. Second, there was no demand for transportation of automobiles to and from the island, because prior to that time the laws of the province prohibited the operation of motor vehicles on the island. But then a change of policy took place; in 1911 and 1912 the government decided to change the gauge of the railway on the island and bring it to standard gauge, and the provincial laws were relaxed permitting the use of automobiles.

A ferry service was instituted which would move railway cars and automobiles. The construction of a combined passenger and car ferry which would serve in all seasons was decided upon. It was completed in 1916 and put into service between Charlottetown and Pictou until the completion of the terminal facilities. The *Prince Edward Island* car ferry was built by the government for that purpose at a cost of $2,280,000 and put into service.

In 1926 the Duncan commission made a report recommending that still better facilities should be provided. Those recommendations were implemented. In 1929 the then government decided that a larger and better car ferry should be provided, and voted an appropriation of $3,500,000. In *Hansard* for the session of 1929 I read this item at page 3078:

RAILWAYS AND CANALS

Railways—Canadian Government Railways—to provide for additional car ferry and facilities for car ferry service between the mainland and Prince Edward Island, $3,500,000.

Mr. Manion: Would the minister explain this item?

Mr. Dunning: It will be remembered that one of the features of the report of the Duncan commission related to the necessity for improved ferry accommodation for Prince Edward Island. I need not go into the reasons therefor, because they have been discussed in the house on many occasions. Last year an amount was appropriated to start the work. In the meantime a careful investigation has been made with respect to the matter, so far as time and facilities would permit, by the Canadian National authorities on behalf of the department. There was a suggestion many years ago that money might be saved and better facilities afforded at lower annual charges if a tunnel were constructed between the mainland and the island. I thought it desirable to have the old reports in that connection looked up and checked by the engineers in the light of present conditions in order to see, facing as we were a considerable expenditure in any event, what were the economics of the tunnel suggestion. Another suggestion was that a causeway might be built across to the island from the mainland.

Mr. Manion: What is the distance?

Mr. Dunning: The shortest distance across is nine miles. The result of the investigation during the year reveals that a tunnel would cost to-day in the neighbourhood of $40,000,000. Hon. gentlemen will understand that that is not a detailed estimate, because considerable engineering work would be necessary to determine the sub-aqueous conditions.

This shows that in 1929 the government took some steps to provide adequate facilities for the service between the island and the mainland. Then between 1929 and 1930 a contract was let for the construction of a car ferry, and on March 20, 1930, the late Mr. Woodsworth asked a question in this regard, which is reported at page 777 of *Hansard* for that year:

Mr. J. S. Woodsworth (Winnipeg North Centre): Is it a fact that the building of the car ferry for Prince Edward Island has been let to the province of Quebec? I have a protest from Halifax stating that the wages in Quebec are much lower than in Halifax.

Hon. Charles A. Dunning (Minister of Finance): Speaking for the Minister of Railways, I can only say that the contract for the Prince Edward Island ferry was let to the lowest tenderer. My recollection is that it is the Davie Shipbuilding Company of Levis, Quebec, and, of course, the contract will contain the usual protective clauses with respect to labour.

So much for the construction of that car ferry, which was named the *Charlottetown*. It was put into service in 1931, and from that

time until 1941 served the purpose for which it was built. In June, 1941, it was considered advisable to have considerable repairs and overhauling done to that boat, and it was ordered to Saint John for that purpose. As we all know, on June 17 it struck a rock and foundered, and it is now at the bottom of the sea.

From 1916 or 1917 to the present time the car ferry has been operated by what was at first the Canadian government railways and later the Canadian National Railways. Prior to 1938 the accounts were not segregated from those of the Canadian National Railways, but in 1938 they were segregated and the ferry continued to be operated for the Canadian government by the Canadian National Railways. From 1933 to 1942 inclusive the total deficit on the operation of the car ferry amounted to $3,959,164.99, and during the year 1942 the deficit amounted to $591,095.36. These deficits do not include provision for the depreciation of vessels or interest on the investment, with the exception of interest on a small portion of that investment which was financed by the Canadian National, amounting to $388,255.74. Prior to the end of 1942 the country's investment in the Prince Edward Island car ferry and terminals amounted to $6,953,681.33.

Mr. HANSON (York-Sunbury): Does the minister suggest that an operating deficit is an investment? Whoever wrote that brief does not understand proper accounting.

Mr. MICHAUD: I never suggested that.

Mr. HANSON (York-Sunbury): That was what the minister said.

Mr. MICHAUD: No. I said the deficit did not include provision for the depreciation of vessels or interest on the investment; that is, interest on the investment was not charged against the deficit for the year. The details of the investment are as follows: terminals at Cape Tormentine, $2,103,451.85, and at Borden, $2,840,288.82. The investment in the ferry *Prince Edward Island* amounts to $815,795.22. As I stated, the cost of the ferry *Charlottetown* was $2,189,145.44, less insurance recovered amounting to $995,000. Therefore the total capital cost is the figure I mentioned previously, $6,953,681.33.

Mr. GRAYDON: I understand that the *Charlottetown* was insured, and the minister has said that $995,000 was recovered. When the vessel was sunk, did the government abandon all its rights to the underwriters of the insurance?

Mr. MICHAUD: Yes.

[Mr. Michaud.]

Mr. GRAYDON: Is there no possibility of the government getting any part of the salvage now?

Mr. MICHAUD: No; that has been investigated, and it has been found that it would not be possible to salvage anything with the exception of what could be obtained from the insurance.

Since June, 1941, the service has been maintained by the ferry *Prince Edward Island*. It has been claimed that this boat is very old, that it has been condemned, and so on. My information is that the *Prince Edward Island* was in commsission continuously from 1916 to 1931, and was maintained in very good repair. After the *Charlottetown* was put in service, the *Prince Edward Island* was kept as a stand-by. Every year it was inspected by the steamship inspection board, and two or three years after the *Charlottetown* had been put in commission and had proven satisfactory, the *Prince Edward Island* was overhauled at considerable expense. Since that time it has been regularly inspected and kept in commission. In the summer of 1941 it was put in service between Cape Tormentine and Borden. During that period the service has been maintained continuously, except for three or four days last winter when either the rudder or the propeller was cracked. One Saturday the part was taken to a foundry in Charlottetown and repaired over Saturday night and Sunday, and I am told that on that occasion two and a half days were lost.

Mr. GRAYDON: Does the minister regard the present service as adequate?

Mr. MICHAUD: The present service, yes. I certainly regard the service of the *Prince Edward Island* as adequate for present needs.

Mr. GRAYDON: Is that the view of hon. members from Prince Edward Island?

Mr. MICHAUD: I think it is. I have no doubt of it, because with the exception of two or three days the car ferry has been operating, and has been transporting all the freight and passengers offered.

Mr. HANSON (York-Sunbury): Is that adequate information, because I have reports to show that at one time there were 100 loaded cars awaiting transshipment, and that those cars were held up.

Mr. MICHAUD: I have not that information. In 1942 the *Prince Edward Island* made 3,886 trips, while the *Charlottetown* in 1940 had made only 2,772. The following is a table which will show some information with

respect to the traffic handled by the *Prince Edward Island* in 1942 and the *Charlottetown* in 1940:

	Prince Edward Island 1942	*Charlottetown* 1940
Tons of revenue freight carried	479,600	356,071
Number of passengers taken	121,272	117,977
Number of vehicles, exclusive of railway equipment	9,465	25,759
Number of loaded freight cars	22,449	19,449
Number of passenger train cars	3,055	2,117

After June, 1941, and during 1942, repairs on the *Prince Edward Island* were made to the extent of $102,663.52. In the summertime one of the *Scotias* operating from Canso was assigned as a stand-by to the *Charlottetown*. In the wintertime there was no other car ferry available on the north American continent, and for that reason provisions were made to detail an icebreaker to take care of passengers and mail, in the event of an emergency.

Mr. HANSON (York-Sunbury): During this last winter?

Mr. MICHAUD: Yes.

Mr. HANSON (York-Sunbury): Was there any icebreaker there?

Mr. MICHAUD: Not in attendance all the time, because the icebreakers were busy cutting ice in the gulf. But an icebreaker was to be assigned whenever necessity arose. And during the very short time the car ferry was disabled it was not thought absolutely necessary to send an icebreaker for two days to that locality.

Mr. HANSON (York-Sunbury): As a matter of fact no icebreaker was there at all last winter.

Mr. MICHAUD: There was no icebreaker as a stand-by, because last winter icebreakers in the gulf of St. Lawrence were very busy. They did work in that vicinity.

I admit, however, it would be much better if we could have a second car ferry as a stand-by all the time. That was the intention of the government, and it still is. I submit that all governments since confederation have done their duty by providing a most adequate service. From confederation to 1916 they gave the service the people of the island wanted; and I have no information that they asked for any service other than the one which they received, and which was subsidized.

With the advent of modern transportation, improved railways, tourist traffic and automobile traffic, a modern boat was provided. Ten years later, with improved transportation facilities, and greater demands, another boat was provided, with the idea of having a stand-by. Since the accident to the *Charlottetown* the whole north American continent has been searched for a car ferry to act as a stand-by to the *Prince Edward Island,* but it has been impossible to find any. I believe that must be admitted.

The question of building a new car ferry has been considered. Under present-day conditions we are led to believe that a new ferry would cost at least $4,500,000. Since the loss of the *Charlottetown* marine architects have been working on plans, with a view to designing a new car ferry, with improvements of a 1943 rather than a 1916 type. For this purpose the most modern icebreakers have been inspected.

Not so long ago we were informed that what was supposed to be the acme of perfection in icebreakers, namely, the *Stalin,* was on the Pacific coast. We dispatched marine architects to inspect that boat, to see if they could find anything which would improve on Canadian designs developed thus far. I am happy to say that upon their return they said they found nothing on that boat which they did not already know, or that Canadian science had not already explored.

With regard to the duty of the federal government toward Prince Edward Island in connection with supplying a ferry service it is my belief that this matter has been given careful attention by all governments and, up to the time of the loss of the *Charlottetown* the people of the island received very good service. They had a stand-by, the *Prince Edward Island,* in the event of accident.

In view of the fact that it is difficult at this time to use shipyards for building boats of a type other than those used for war purposes exclusively, I submit that the service now being provided is adequate to meet the requirements of the traffic. I agree that it would not meet the requirements in case of a major accident.

With regard to the future, let me say that I sympathize as much as the hon. member for York-Sunbury with the good people of the island. I agree that their contribution to the war effort has not been excelled in any other part of the country. The mainland entered into a contract with them at the time of confederation, and that contract will be fulfilled. They must be given the best service possible in the matter of ferry transportation.

and we intend to give it. The government has authorized the Department of Transport to take every means possible to provide a modern car ferry, and we have been authorized by order in council to spend up to $3,000,000 during the present year. It is estimated that this car ferry will cost at least $4,500,000, based on the cost of the *Charlottetown* in 1930, plus the increases in cost of material and labour, and plus the added improvements that would be made in a new boat.

Mr. HANSON (York-Sunbury): There is nothing in the estimates for that.

Mr. MICHAUD: I agree that there is nothing in the estimates now before the house, but that has been authorized by order in council. The best naval architects in Canada—I believe it is the firm which designed the *Charlottetown*—have been at work preparing plans for the new ferry. When the plans and designs are completed we shall have to find a shipyard that will be willing to undertake the building of a car ferry of this type. This is not the standard type of car ferry. I believe my information is correct that all shipyards in Canada are now tooled up for building boats required for war purposes, either cargo boats or defence boats of one kind or another. In order to build a boat of this type it would be necessary to take some shipyard off its present work. That would mean giving priority over war requirements. Nevertheless, as soon as the plans are completed, we shall call for tenders for the building of a ferry boat of the type required for this service.

This will take some time. It will depend upon the architects and upon the shipyards now building ships for war purposes. I think the people of Prince Edward Island understand the difficulties under which we are labouring. It is not a question of policy; it is not a question of funds; it is simply a question of the government appropriating the materials and labour without interfering too much with the war effort in the way of constructing cargo boats, minesweepers, corvettes and other defence boats. I think that is about all I have to say for the moment. Let me repeat that nothing has been left undone which it was possible to do in order to replace the boat which was lost in June, 1941.

The hon. member for York-Sunbury was critical of the government because Captain Read, the master of this boat, was censured by Mr. Justice Archibald, who acted as investigator.

Mr. HANSON (York-Sunbury): I did not criticize the government about that; I was merely stating a fact.

Mr. MICHAUD: The hon. member criticized the government because Captain Read had been given a pension after having been found guilty of negligence. It must be understood that Captain Read was an old official of the Canadian National Railways. Before being employed by the Canadian National Railways in the operation of this ferry, he had been employed by the government. At the time of the accident, as I say, he was an employee of the Canadian National Railways, and he was given charge of the *Prince Edward Island* up until the date of the findings of Mr. Justice Archibald on February 25, 1942, when he was suspended by the Canadian National Railways. Captain Read had been a contributor to the Intercolonial and Prince Edward Island railways employees' provident fund. This is not a government pension fund; it is a fund created by the employees and administered by them.

Mr. HANSON (York-Sunbury): And by the management.

Mr. MICHAUD: Supervised by the management. Under the rules and regulations of that fund Captain Read was entitled to a pension based on the amount of his contributions.

Mr. BLACK (Cumberland): Would the ordinary employee of the railway, an ordinary trackman, have that privilege? Cases have come to my knowledge where trackmen have been dismissed for dereliction of duty and have been denied the benefits of the provident fund to which they had contributed for years.

An hon. MEMBER: No.

Mr. HANSON (York-Sunbury): Oh, yes.

Mr. BLACK (Cumberland): That has been my experience.

Mr. MICHAUD: My information is that the question of a pension to Captain Read was investigated thoroughly by the administrators of the fund and by the officials of the Canadian National Railways. The case was submitted to the legal department of the railways, and they were told that they had to pay the pension to Captain Read.

Mr. HANSON (York-Sunbury): That is hearsay; has the minister that opinion with him?

Mr. MICHAUD: I have not any writing before me, but that is the information I got from the officials of the Canadian National railways.

Mr. BLACK (Cumberland): That should apply to everybody who has been dismissed. They should all be entitled to a pension when they have contributed to the fund.

Mr. MICHAUD: I think it depends upon the rules and regulations under which the fund is administered. There are several factors which enter into the matter and which, I am told, have been considered carefully by the administrators of the fund and by the officials of the Canadian National railways who have supervision of the fund, and by their legal department. The situation is that Captain Read is no longer in the employ of the Canadian National railways; he is retired and is drawing a pension.

Mr. RALSTON: My hon. friend the member for York-Sunbury has taken some time to deal with this matter. One of the suggestions he made was that the members from Prince Edward Island had not been sufficiently vocal, to use his own words, about this matter. Speaking for myself I do not conceive it to be my duty to rise in my place in the house and speak on a question regarding which I have the fullest information, and regarding which my energy has been devoted in trying to get action rather than talking about it.

Mr. HANSON (York-Sunbury): We have not had much action yet.

Mr. RALSTON: If my hon. friend will content himself for a minute—

Mr. HANSON (York-Sunbury): I will do that.

Mr. RALSTON: —I wish to say to my hon. friend and to the committee that the members from Prince Edward Island, including myself, have been expending our energy and our efforts in endeavouring to see if something can be done and in seeing the appropriate ministers and the Canadian National railway regarding the matter, rather than making speeches in the house for the benefit of our constituents.

Mr. HANSON (York-Sunbury): That would be all right if you got any action.

Mr. RALSTON: If my hon. friend will still content himself for a minute or two, I wonder whether he is really serious in his urgings in this matter, or is he just doing it for the purpose of making a little cheap political capital?

Mr. HANSON (York-Sunbury): Order.

Mr. RALSTON: I know, but my hon. friend is interrupting all the time. It seems to me that he is unduly anxious in this matter. I am just as anxious as he is, as I propose to demonstrate, and I have been anxious a good deal longer and have done a good deal more in connection with it, along with my colleagues, than my hon. friend has done. He has contented himself with making speeches.

We have to be realistic in this matter. We have had to face a situation which existed, and not some imaginary peace-time situation which my hon. friend has in mind. We have had to realize there was a war on, and I do not think my hon. friend did realize that when he made the speech he did this afternoon and advocated the getting of a new ferry for Prince Edward Island immediately. If he knows anything about shipping he knows that every one of the united nations is engaged in producing as fast as it can cargo vessels and escort vessels. Every shipyard in Canada is busy in connection with that, as also is every shipyard in the United States. Every available piece of shipping is being taken. Ships are even being taken off the beach and having sails put on them to provide transportation.

My hon. friend, I presume, thinks he can make some sort of appeal to the people of Prince Edward Island by suggesting that we empty one of those berths now so busily engaged and put a car ferry into construction there which would take perhaps a year or a year and a half to build, and in the meantime we would lose the building of ten cargo vessels or eight escort vessels. I wish to say that the people of Prince Edward Island are not to be caught by that sort of thing. I am prepared to go to them at any time and tell them the situation, instead of making speeches in the house, and I and my colleagues have told them the situation. When my hon. friend talks of patriotism he does not know half as much about the patriotism of the people of Prince Edward Island as I do from my position. From the beginning of this war Prince Edward Island has been excelled in recruiting by no other province, not even by my native province which was mentioned by the hon. member for Cumberland this afternoon. The people of Prince Edward Island have gone over the top also in connection with every victory loan campaign and every Red Cross drive. That little island contains a population of less than half that of the city of Ottawa, and yet it has overseas at the present time two artillery batteries, a squadron of the Prince Edward Island Light Horse, a company in the North Nova Scotia Highlanders, medical units and personnel, signallers and men in every arm of the service. It has on this side the Prince Edward Island Highlanders who have been on a long and arduous tour of duty in Newfoundland. It has a veterans' guard company. I know something about the people of Prince Edward Island

and their patriotism, and I know their patriotism can be appealed to when we are in the midst of great difficulties with respect to the shipping situation.

I wish to say here and now—this may not be an example of cabinet solidarity—that I do not regard the ferry service between Prince Edward Island and the mainland as adequate, having regard to what we should like to have in the way of modern facilities. But I do say, that in the light of all the needs at the present time I am sure that the people of Prince Edward Island will endeavour to do their best, provided that they are assured that we are doing everything we possibly can to meet the situation.

Let me tell my hon. friend what we have done. The programme when that terrific disaster occurred, and it was a terrific disaster, was to endeavour to see if we could not find some sort of stand-by for the present.

I went everywhere making inquiries. I did not know much about shipping, and it was a citizen of Prince Edward Island who suggested to me that we ought to go on the west coast of the United States and try to get a boat at Los Angeles or San Francisco. I took that up with Mr. Vaughan at the time. I wrote him and asked him about it, and he told me that he had already been making inquiries to see if he could find any other boat to act as a stand-by. They found a boat called the *Sacramento* and sent marine architects to look her over. They found that on two counts she would not do: (1) it was very doubtful if she would stand the seas coming around, and (2) she would be only a summer boat anyway; she could not stand the ice. Then they looked at a boat at Milwaukee, and the same situation existed with regard to her. These boats are not used in ice. My hon. friend a minute ago had the idea that we use an icebreaker between Tormentine and Borden.

Mr. HANSON (York-Sunbury): The minister referred to that. I never did.

Mr. RALSTON: The *Prince Edward Island* and the *Charlottetown* are icebreakers, with a superstructure on top for carrying cars and passengers. With these boats that were looked at in the United States you would have to have an icebreaker. There was another boat at Detroit owned by the Canadian National Railways, but it was impossible to get her through the locks without cutting her in two. The same situation existed in regard to another boat at Cobourg.

I did not make any speeches. I wish to give my hon. friend the attitude I adopted as a member of this government in writing to Mr. Vaughan about the possibility of getting a boat for a stand-by. Here is what I said:

> I think we must proceed on the basis that a new boat is indispensable. The *Charlottetown* was evidently regarded as imperatively necessary when she was built, even though they had the *Prince Edward Island*. The need now is very much more vital and much more acute than then. The *Charlottetown* will have to be replaced, and if the materials were obtainable a new boat would be under way now. Consequently, a fill-in is necessary because a new boat is necessary. There may have to be a good deal of extra expense in order to furnish that fill-in, but I don't consider that engineers are in a position to say, as Messrs. German and Company apparently have, that a certain cost would be prohibitive. The cost is not prohibitive if the boat is required. I think that the war is really just beginning and that we have to think in terms of expansion. It follows that we must have a new boat and a substitute until a new boat can be obtained.
>
> I cannot content myself with the fact that the *Prince Edward Island* may possibly or even probably be able to carry on. We must provide the best insurance we can against the possibility of her not carrying on or of her proving inadequate for the service.

That is the position I took then, and that is the position I take to-day. I did not make any speeches in the house. Here is the position after months of rigorous examination. I was talking to Mr. Vaughan to-night. The technical experts of the Canadian National Railways have been sent all over the continent to find a boat which would be a suitable stand-by, and they have been unable to find one so far. Shipping is at a terrific premium. It is as scarce as the proverbial hen's teeth. While we want to have that stand-by, we have not a stand-by at the present time, and what is the alternative? The measure which needs to be taken is the building of a new boat, and the building of a new boat as soon as possible. But in the meantime, what? The situation is simply this, that we have there icebreakers not far away. If there were a serious breakdown in connection with that service, in the wintertime, I say to the people of Prince Edward Island as I say to this house, what you would have to do is to have an icebreaker there and cargo boats in order to carry the cargo. But we also have a stand-by at Canso in the shape of the second boat there, and I am told that technical experts find that, of all the boats available, the *Scotia* is probably the best of the very limited supply the government has as a stand-by in connection with that service. But this is not the fault of the government, or of hon. members from Prince Edward Island, or of this house. That is the situation we are in because there is a war on. I have an assurance from my colleagues the Minister

of Munitions and Supply and the Minister of Transport that icebreakers would be made available and that we would have a stand-by if necessary.

This is not a situation which is desirable, or one that I want to see continue. If there is anything which can be done to improve that situation, I am anxious and I am sure my colleagues are anxious to do it. But we have to be realistic and understand what the situation is.

So much with regard to the winter. As regards summer conditions, the situation is very much easier, because there is the *Scotia I* or the *Scotia II*. I believe it is the *Scotia I* which is a stand-by for the service between Mulgrave and Point Tupper and the service between Borden and Prince Edward Island; that is, if the necessity should arise, but we hope it will not.

Does my hon. friend who speaks of a boat twenty-nine years old realize that the *Lady Grey* is forty-eight years old, and that she was put in service again this year as an icebreaker? That indicates what we are up against in the matter of shipping. *Prince Edward Island* has done magnificent work: she has run this whole year at an average of better than ten trips a day, over eight miles each, through ice and ice floes and under bad conditions. Some trips have taken as long as eight hours. She has done splendid work. We put in oil-burning boilers this year, the last of them having been completed very recently, and they have made a tremendous improvement.

As has been said, that boat served from 1915 to 1931. I think I am correct in saying that that is when the new boat was put on. There had been only one boat up to that time. We are now back in the same situation with an older boat. I realize that this is so, and what we are trying to do is to provide the best stand-by possible. I assure the people of Prince Edward Island that this will be done.

With regard to security, I have discussed that with my colleagues the Minister of National Defence for Naval Services and the Minister of National Defence for Air, and I am assured that everything will be done that can possibly be done with the equipment that is available to afford security for that boat on that particular run.

As an extra precaution, as a matter of stand-by, the Prince Edward Island members and I have advocated to my colleague the Minister of Transport that, to take care of a temporary breakage in connection with that boat, we should have at Prince Edward Island either a marine slip or a floating dock where repairs may be made, and whereby two disadvantages will be avoided—delays on the boat being taken to some other port for repairs, and the risks attendant on a voyage of that kind. That matter is under consideration right at this moment. We found the value of such an arrangement at the very time my hon. friend spoke about it. I am not sure whether it was repairs to the propeller or the rudder which took three days; but when a breakdown occurred we found the value of having a machine shop and a place where repairs could be made right on Prince Edward Island. The boat was taken to Charlottetown and was back on the run in about two and a half days. If we have a floating dock and a marine slip there, it will be possible to make all repairs on the spot with comparatively little loss of time.

That is the situation with regard to the Prince Edward Island ferry. It is not by any means an ideal one; nobody realizes that more than I do. I hope no one in this chamber or anywhere else will suggest that the island members have not done all they can about it. If my hon. friend or anyone else can tell me of a boat tucked away in a bureau drawer somewhere, any boat which we can beg, borrow or steal, we shall have it. The fact is that such a boat just does not exist at the present time as far as the technicians of the Canadian National Railways can find, and they have put marine architects on that very search.

One word more. I want the committee to realize what the shipping situation is in Canada and in the world. I cannot go into details, but I assure hon. members that nobody knows better than I do how tight the shipping supply is for the movement of materials and men. I will go as far as to say that to-night on the docks in Canada a lot of equipment is awaiting shipment to points where it would be extremely valuable in the war in which we are all engaged. The people of Prince Edward Island are not going to ask that a berth, now filled with a cargo boat which can carry that stuff, shall be vacated for the purpose of building a ferry which will take, under present conditions, a year or two build. The situation may change. We hope that, on account of the drive which is on, in Canada and the United States particularly, for the building of cargo ships, a berth may be released before very long. But I must make it clear that the drive is on in 1943. I want the house to remember that, and I know that the people of Prince Edward Island, who have shown their loyalty in the matter of everything which has to do with the carrying on of the war, will recognize it as well. In connection with the building of a ferry of this sort, it is not simply a matter of providing a

berth and constructing the hull. There is much more than that. To-night, five hundred different shops across Canada are engaged in the manufacture of components for shipping. Those are standard mass production components, in order that all may be put in the same kind of ship. When you have to divert three or four or five shops to the making of turbines for a particular kind of ferry, such as this, and the manufacture of what may be special propellers, steering gear and instruments, you cut down perceptibly the output of the escort boats and cargo vessels which are needed in the battle of the Atlantic, the biggest battle of 1943.

I assure the people of Prince Edward Island and the members of this committee that we shall expedite in every way we possibly can the building of a ferry which will be adequate, in the words of my hon. friend, to meet their needs; a ferry better than the *Charlottetown*, although I do not think I need have much hesitation in saying that she was probably the best ferry of her kind in the world.

The people of Prince Edward Island rely on us to do our level best in connection with this matter. They want to be assured and they have a right to be assured that we are doing our level best. We rely on them to show the same loyalty and the same willingness to inconvenience themselves, to make some sacrifice if necessary, as they have done in connection with other phases of our war effort. I believe that the reliance and dependence of one on the other will be quite sufficient, and will be fully justified.

One thing more. This is a matter which has to do with more than exclusively the people of Prince Edward Island. I regard this ferry service as a national undertaking—I mean exactly what I say—national because promised in the days gone by with regard to transportation services, that is that reasonable transportation was to be given for the island itself; national in that Prince Edward Island as the cradle of confederation had a right to some consideration with respect to transportation. It is national in more senses than that, because there are to-day two schools of the air training plan on Prince Edward Island and another is to be completed before very long. For these services it is just as essential as any other national undertaking and just as much a part of our war effort. Therefore I hope that this committee will believe that the government is fully alive to the necessity for providing the very best transportation facilities possible, in view of the difficulties that surround us in these realistic times. We are fully alive to

that, not simply on account of the interests of a particular section of the community, but because we believe it is a national undertaking and desirable in the interest of bringing to the best fruition the national effort in which we are all engaged.

Mr. HANSON (York-Sunbury): Just a brief word in reply. I have no apology to make for having brought this subject before the committee. The publicity which will be given to the discussion here this afternoon and this evening will be of great benefit. I agree with the latter part of the minister's remarks, that this is a national undertaking and one which must be brought to fruition at the earliest possible moment. I do not agree with his colleague, and I am delighted to find myself in agreement with the Minister of National Defence.

Mr. RALSTON: It is only a matter of opinion.

Mr. HANSON (York-Sunbury): No; it is a matter of fact. Every public body in Prince Edward Island has condemned the service as inadequate. The legislature has unanimously passed a resolution to that effect.

Mr. RALSTON: "Adequacy" has to be judged by what one can do.

Mr. HANSON (York-Sunbury): That is a factor. But the fact remains that the service is inadequate. I find myself in agreement with the great mass of the people of Prince Edward Island in that respect.

With respect to providing a second ship, the minister has painted a picture with respect to the shipping position of which I think we are all pretty well aware. But I suggest this: This ship was built in the Davie shipyard. The building of a shipyard in itself is not a very important consideration with respect to the construction of this ship. I am told by those who know that the capital cost of constructing a shipyard suitable for the building of a vessel similar to the *Charlottetown* would not be great. I admit that there are other considerations which would have militated and may militate now if immediate action is not taken for the early construction of this ship; that is, getting the necessary machinery and priority.

The *Charlottetown* was lost in June, 1941, nearly two years ago. We have not yet reached the stage of even having planned for a new vessel. That is not good enough. The minister was right in his first conclusion when he wrote that letter to Mr. Vaughan in April, 1942, just

under a year ago, saying that a new ship would have to be built. There is no doubt as to that.

I have no apology to make to this committee or the nation or the people of Prince Edward Island for having advocated publicly their interest on the floor of this house, and I hope the time will never come when I shall fail to do my duty as a member of this house to any part of this dominion.

Mr. MITCHELL: This afternoon my hon. friend Mr. Hanson (York-Sunbury) who has just taken his seat made reference to P.C. 1774, namely, the enforcement order dealing with the wage stabilization policy. If I remember correctly, he applied the term "gestapo" to it and said that these inspectors were going to give the employers of this country the third degree. I do not think my hon. friend was serious when he made those remarks.

Mr. HANSON (York-Sunbury): I said, if I remember correctly, that it savoured of the gestapo.

Mr. MITCHELL: I am one of those who at present in the midst of this war have to issue lots of "don'ts" and "shalls". I hope when the war is over, we shall return to the measure of freedom that existed in Canada at the outbreak of this conflict. But those "shalls" and "dont's" are necessary in the midst of the conflagration that we are in just now.

In passing, may I say to those who talk so much about a planned economy, that is just what we are experiencing at the present time. Let that be a warning to all of us in the years to come.

I believe the national war labour board and the Department of Labour did the only logical thing in the enforcement policy in connection with this order in council. Under the unemployment insurance set-up we had two hundred and fifty inspectors across this country who were going over the payrolls to check up in connection with the working of the unemployment insurance system.

Mr. HANSON (York-Sunbury): That is an audit.

Mr. MITCHELL: Well, they go in and check the payrolls, and in checking the payrolls they can see whether an employer is paying the correct cost-of-living bonus, and report back to the regional boards and the national board. I thought when we laid down that policy that was the most economical and soundest thing to do. It was far better than having two sets of inspectors dealing with almost identical matters.

I was amazed at my friend taking the very strong attitude he did this afternoon. He said:

> I do not think anybody who reads it will approve it, and I ask the minister to have it amended so as to take this power away. To continue with this kind of procedure is a violation of the fundamental principles upon which British justice is founded, which is one of the things for which we are fighting to-day.

I have no quarrel with my hon. friend standing for the principles which have made the British people what they are, and enabled them to make the contribution they have to the science of government. But when my friend refers to these regulations as gestapo and third degree procedures I might remind him that he voted for identically the same regulations under the unemployment insurance bill in 1940.

Mr. HANSON (York-Sunbury): I probably did not know about it.

Mr. MITCHELL: Oh, my hon. friend is not as innocent at that. I should like to read into the record the language; it is almost identical except for one or two necessary changes, because one deals with a wage stabilization policy and the other with unemployment insurance. This is section 73 of the Unemployment Insurance Act, chapter 44, statutes of 1940:

> 73. Any person authorized by the commission to act as an inspector shall, for the purpose of the execution of this act, have power to do all or any of the following things, namely:
>
> (a) to enter at all reasonable times any premises or place, other than a private dwelling house not being a workshop, where he has reasonable grounds for supposing that any insured persons are employed;
>
> (b) to make such examination and inquiry as may be necessary for ascertaining whether the provisions of this act are complied with in any such premises or place;
>
> (c) to examine orally, either alone or in the presence of any other person, as he thinks fit, with respect to any matters under this act, every person whom he finds in any such premises or place, or whom he has reasonable cause to believe to be or to have been an employed person, and to require every such person to be so examined, and to sign a declaration of the truth of the matters in respect of which he is so examined;
>
> (d) to exercise such other powers as may be necessary for carrying this act into effect.
>
> 74. The occupier of any such premises or place and any other person employing any employed person, and the servants and agents of any such occupier or other person and any such employed person shall furnish to any inspector all such information and shall produce for inspection all such registers, books, cards, wage sheets, records of wages and other documents as the inspector may reasonably require.

Then the penalty clause is section 75. I think my hon. friend will agree with me that

the inspectors charged with this responsibility will not undertake the third degree of any person in Canada. As the responsible minister I say I would not stand for it for five minutes if the facts were brought to my attention. I read that into the record just because I did not want it to be understood in the country that the Department of Labour had been turned into a gestapo, when the regulations to which my hon. friend referred were copied almost exactly from a statute passed by a government of which he was an honoured member.

Mr. HANSON (York-Sunbury): I have not the order in council before me, but I do not believe any order in council, containing a provision like that, ought to be put through in the secrecy of cabinet council. If a public statute is put through, parliament is aware of it; publicity is given to it, and if it passes, well and good. I do not recall the provisions of the Unemployment Insurance Act; I do not think we examined them here on the floor of this house section by section.

Mr. MACKENZIE (Vancouver Centre): Yes, we did.

Mr. HANSON (York-Sunbury): Were they not before a special committee?

Mr. MACKENZIE (Vancouver Centre): Yes, and they were also very carefully analysed in this house.

Mr. HANSON (York-Sunbury): If that is so, I was not paying very much attention at the time. I still object to the principle of legislating by order in council and giving any person the powers contained in section 2(c) of the order to which reference has been made. It is possible to have the third degree; under that authority it is possible to compel men to sign documents upon which they may be subsequently prosecuted, and that is contrary to the first principles of British justice.

Mr. GRANT: I should have liked to thank the hon. member for York-Sunbury for his remarks this afternoon in connection with our transportation system, had it not become evident early in his speech that he was attempting to use the situation at Prince Edward Island to discredit the members of this house coming from that province. I fully endorse everything that has been said by the minister for that province, the hon. member for Prince (Mr. Ralston); and in that connection I should like to add that it would not look very nice or be very courteous to the minister if the private members from Prince Edward Island were to come from his office, after discussing the car ferry matter, and immediately ask him questions about it in this house.

Mr. HANSON (York-Sunbury): You are hiding your light under a bushel.

Mr. GRANT: Well, before I am through I will light your candle. I only want to point out that between 1930 and 1935, when the hon. member for York-Sunbury was a member of this house, a supporter of the Bennett government and a part-time minister, the people of Prince Edward Island did not know that he existed. While he was a member of the Bennett government he never rose in his place in this house and complained that the people of Prince Edward Island were getting only six cents a bushel for their potatoes. He never asked Mr. Bennett to put a floor under the price of Prince Edward Island or New Brunswick potatoes. He never complained about the fact that pork sold in Prince Edward Island for only 1½ cents a pound during that period. He never complained that hides were sold for twenty-five cents each, not twenty-five cents a pound. He never complained that eggs were being sold at very low prices; he never complained that butter, on which he rode into power, was being used in Prince Edward Island for axle grease. The people of Prince Edward Island know all these things, and he will not deceive those people in the least. He tried that before on the island, but all I had to do was to tell the people just what I have said to-night, and they were quite satisfied that everything was all right. The hon. gentleman made a speech there just before the last provincial election, and his own party said that was the reason why they lost the election. I have told the people there that the hon. member for York-Sunbury made a mistake when he did not take up another calling. I said I thought the hon. gentleman should have joined the circus when he was a young man, taking the part of the fellow who never opened his mouth without putting his foot in it. The people of Prince Edward Island will not be hoodwinked by any person in this house who attempts to use the serious situation that exists there in order to get across to the people something that may be of some help to the Tories of that province.

Mr. DOUGLAS (Queens): Some reference was made to Captain Read being superannuated after forty years of faithful service to the public. I like to give credit where credit is due, and I would remind the hon. member for York-Sunbury that Captain Read navigated the icebreaker *Earl Grey* which was sold to the Russian government during the last war, that he piloted that boat safely across the Atlantic ocean, which was infested with submarines,

brought it safely to its destination and returned home. Captain Read has been a very courteous official; and though he made one mistake just two years before reaching the age of retirement, I think we should be a little charitable. If the Canadian National railways saw fit to grant Captain Read a pension, from the fund to which he contributed for many years, I think we should forget about the whole matter instead of airing it again in public.

The two ministers who have spoken, the Minister of Transport and the Minister of National Defence, have, I believe, covered the other phases of the car ferry situation. We all feel that a new ferry would be acceptable, and we hope to see one constructed at the very earliest possible date. I am sure we can entrust this to the Department of Munitions and Supply or the Department of Transport, to be attended to when the time is most suitable.

Mr. GRAYDON: This afternoon and this evening we have heard from hon. members and members of the cabinet hailing from the maritimes something about the Prince Edward Island ferry. Perhaps I might add a word, because I visited Prince Edward Island in 1941 for the first time in my life. It was a great privilege and a great pleasure. There may be other places where hospitality abounds to the same extent, but there is no place in Canada where more hospitality could be shown to one coming from another province. Without engaging in the controversy with respect to the ferry service, I wish to say that on my visit, and from communications and personal contact since that time, I have learned something of the feeling of the people of Prince Edward Island with respect to this problem.

If I may project myself into the debate to-night as one coming from one of the central provinces of Canada, I would say a word arising from my personal experience in connection with transportation problems between Tormentine and Borden. Sometimes people from other parts of Canada are too prone to think of Prince Edward Island as a far-distant province. As a result they may not be sufficiently interested in the problems of that island. But when the people of that province call out through their government and through their responsible citizens; when they call out through the various avenues by means of which they can raise their voices in their plea for better transportation facilities between the island and the mainland, they are not calling out for something in addition to what they require or in addition to what they are entitled to, but rather they ask for simple justice in a cause in respect of which simple justice must be given.

One of the things which struck me most forcibly in going from the mainland to the island and returning was the fact that there seemed to be such a perilous and slender thread of communication between the island and other parts of Canada. I was there in the fall of the year, and one could not help entertaining that thought when he saw the many freight cars, the vast quantities of products and the great number of automobiles awaiting transportation.

May I join with those who have raised their voices in support of the solution of a problem which has been so ably presented. As one from central Canada may I state that we, too, appreciate their problem. We would like to help Prince Edward Island, and it is my hope that the discussion in the committee to-day will contribute something toward giving better transportation for that magnificent portion of the dominion, that province known so affectionately in other parts of Canada as "the island".

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

Canada's contribution to maintenance of external organizations.

415. Portion of expenses of international wheat council, $2,775.

Mr. PERLEY: Would the minister explain this item?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): This amount represents Canada's share in the expenses of the international wheat council, an organization that has been sitting in Washington, dealing with the question of the distribution of wheat to the needy and overrun countries, and also in connection with the establishment of a plan for the distribution of wheat after the war.

Mr. DOUGLAS (Weyburn): Who is the Canadian representative?

Mr. MacKINNON (Edmonton West): Mr. McIvor.

Item agreed to.

DEPARTMENT OF FISHERIES

419. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission appointed under treaty between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser river system—further amount required, $2,000.

Mr. GREEN: This item is to provide a sum for the international Pacific salmon fisheries commission, which was appointed under treaty between Canada and the United States for the

protection, preservation and extension of the sockeye salmon fisheries of the Fraser river, in British Columbia. I have no quarrel with this vote. I think it is a proper one, and that the commission is doing excellent work.

But there is a situation arising with regard to the Fraser river salmon run which should be explained without further delay by the government. It has to do with a suggestion we see in the press to the effect that one of our large fishing companies has applied for licences to instal fish traps on the west coast of Vancouver Island, in what is known as the Sooke area. There are already five fish traps in the Sooke area, and the fish caught are from the Fraser river run.

I am sure all hon. members from British Columbia will want to know whether the government now proposes to allow more fish traps to be put in that area. It would of course affect the conservation of the salmon, but also it would be flying directly in the face of recommendations made on two occasions by the committee of this house on marine and fisheries. I regret exceedingly that the new Minister of Fisheries (Mr. Bertrand) is not in his seat to-night, but in his absence probably the Minister of Transport (Mr. Michaud) can tell us the actual position.

I would remind him and the committee that when the standing committee on marine and fisheries sat in 1937 they were given instructions that they should consider the question of the advisability of the government issuing trap fishing licences in British Columbia waters. They had not been sitting long until it was unanimously agreed that there should be no additional fishing licences; on March 1, 1937, a resolution was passed by that committee, moved by myself and seconded by the hon. member for New Westminster (Mr. Reid) in the following terms:

> That this committee go on record as opposed to any additional trap fishing licences in British Columbia, reserving the question of the advisability of renewing licences in the Sooke area for further consideration by this committee at the present time.

In other words, in the midst of our proceedings we agreed there should be no additional licences for trap fishing. We then went on to consider the question as to whether licences for existing traps should be continued. If the Minister of Transport will refer to page 207 of the minutes of proceedings of that committee in 1937 he will find that the chairman summed up the situation in these words, when referring to the resolution I have just read:

> That would eliminate all the other waters and confine us to this one question of whether the traps at Sooke should be continued or withdrawn.

[Mr. Green.]

In the report of the committee made on April 5, 1937, the following recommendation was made:

> That no more trap licences be granted in British Columbia waters except in the so-called Sooke area, and concerning which we are unable to come to a decision as to whether they should be continued or not, without the opportunity of securing further information.

The Department of Fisheries subsequently made further investigations into whether these five licences should be continued. I think I am correct when I say that the standing committee really doubted very much whether even the five licences should be allowed. There was no thought of any more licences being granted in that area; they were certainly to be limited to five. Two years later, in 1939, the question was again referred to the standing committee on marine and fisheries. In that year the whole question under consideration was the continuance or the maintenance of the five licences which had been issued in previous years. I quote from page 256 of the minutes of the proceedings of the committee in 1939, as follows:

> Hon. Mr. Michaud: If a judge, after taking the evidence of those advancing arguments and possibly looking into what has transpired on the American side of the line for the last four or seven years, recommends that the maintenance of traps there would induce the Americans to revert to their former policy of licensing traps and that it would be against public interest and the interest of the fishermen of British Columbia, there is no doubt that we would have to abide by such a recommendation.

In due course the committee of 1939 made its report, and we find that they recommended that there be set up a judicial commission to inquire into the whole question. The proposed terms of reference to the commission are set out in one of the paragraphs of the report as follows:

> To fully investigate and hear evidence under oath, and to determine and report, whether or not it is in the public interest that trap-nets for the capture of salmon should continue to be authorized in the Sooke area—

And so on. The committee in both years agreed that there should be no additional traps. In due course an investigation was authorized, the Honourable Mr. Justice Sloan of the court of appeal of British Columbia being named commissioner. In his report we find words to the same effect. I think it is clear from that report that he was only considering whether the five trap licences should be granted each year and was not dealing at all with the question of issuing additional licences.

Now we find that another company—it is a sound company, under efficient management and I have no quarrel with them or

with their employees—is applying for licences or, according to an answer made in the house the other day, is negotiating with the government. I would point out to the Minister of Transport that if licences are granted to this company, it will be only a matter of time before someone else will be wanting to get a licence. It may result in the United States licensing trap nets on the other side of the boundary, which we all agree would be a serious thing for the Canadian fishermen. It might upset the whole Fraser river salmon plans. The fishermen on the coast are greatly disturbed over this. These men have done a grand job during the war. New men have taken over the boats formerly owned by the Japanese, and no one can question that they have done good work. Many of our fishermen have gone into the navy, and others are in the fisherman's patrol and are rendering splendid assistance to the navy. I ask the government to give us the assurance now that no additional licences will be issued for trap fishing on the Pacific coast

Mr. MICHAUD: The hon. member made reference to a return which had been made in connection with an application for trap nets. Would he give me more particulars?

Mr. GREEN: A question was asked by the hon. member for New Westminster (Mr. Reid). This question, together with the answer is reported at page 1539 of *Hansard* as follows:

1. Have any discussions, requests, letters or other communications been received by the Minister of Fisheries, his deputy or any other officials in his department from any person or company in connection with the granting of licences for fish traps either at Sooke, Vancouver island or other points in British Columbia?

2. If so, have any assurances been made or given that the granting of any fish trap licences may be considered or approved?

Mr. Bertrand (Laurier): The answer to the first question is in the affirmative, and to the second in the negative.

In addition to that, articles have been appearing in the press on the coast to the effect that licences have been or will be applied for. A statement was issued by the manager of the company making the application, so that apparently the government is toying with the idea of granting a licence, and I think we are entitled to a clear-cut statement on the matter.

Mr. MICHAUD: In the absence of the Minister of Fisheries (Mr. Bertrand), and in reply to the hon. member may I say that so far as I am aware no application has been made for trap licences, other than for the five in the Sooke area which have been granted previously. It is possible that there may have been correspondence between people in British Columbia and the department, but I am told that no formal application has been made for a licence. Possibly the hon member for New Westminster can throw some light on the subject because he is a member of the international Pacific salmon fisheries commission and is well aware of the situation in British Columbia.

Mr. GREEN: Is it the policy of the government that there shall be no additional licences issued for fish traps in British Columbia?

Mr. MICHAUD: Until yesterday it was the policy of the Department of Fisheries, according to what I have been able to find out from the minister. Outside of that I have no knowledge or information.

Mr. GREEN: Does the minister mean to suggest that the policy may have been changed since yesterday?

Mr. MICHAUD: No, I do not suggest that.

Mr. GREEN: The policy yesterday was that there would be no additional licences issued; is that still the policy to-day?

Mr. MICHAUD: It is still the policy to-day; I am not aware that it has been changed since yesterday.

Mr. REID: The minister has referred to my being a member of the International Pacific salmon fisheries commission, and the hon. member for Vancouver South also mentioned it in his remarks, so that it may be appropriate at this time for me to say a word or two. Let me say to the hon. member for Vancouver South that what happened was that an application was made to the provincial government on behalf of British Columbia packers for certain foreshore rights at Sooke, Vancouver island. This came to the attention of the members at Ottawa several days ago. I do not know what action the hon. member for Vancouver South took when this was drawn to his attention, but I can tell him that at least four members from British Columbia including myself immediately telegraphed the provincial government protesting against the issuing of any foreshore rights, with the probability that later on application would be made to the dominion government for a licence for fish traps. We also interviewed the Minister of Fisheries and protested against the granting of any licences for the operation of fish traps.

As was pointed out by the Minister of Fisheries at the time he could not deal directly with the matter until application had been made for licences. As a matter of fact I would be a little critical of the provincial government for leasing some 8,000 acres of foreshore lands to British Columbia packers, knowing they were for fish traps and that the company would then make application to the dominion government for fishing licences for traps. I wish to point out to the member for Vancouver South that some representations were made to the government by at least four members from British Columbia, and I trust he took the same steps that we did, because to wait until the matter comes up in the house might have been too late. I think we did the proper thing, and I urge him to follow the same course immediately a matter of this kind comes up. The hon. member said, when he made his statement, that the question of the fishing traps had a bearing on the work of the international fisheries commission. It has really little bearing on our task. I made my protest against the issuing of licences for traps on account of what might happen if traps were put in there. It would, to my mind, have the effect of reducing the livelihood of the fishermen on the Fraser river.

I would point out to this house the dangers that are going to arise in the years after 1945. Beginning with that year it will be the duty of the international Pacific salmon fisheries commission to regulate the sockeye salmon fisheries on the Fraser river. It is of interest to note, and this pertains to the same question, that up until 1935 the United States had been taking something like sixty-five per cent Fraser river fish; that is, of the catch of fish coming through the straits and heading to the waters of the Fraser. But when they took the traps out of United States waters the reverse was the case, so that from 1935 and on up until the present time Canadian fishermen have been taking from sixty to sixty-five per cent of the catch as against thirty-five per cent to the United States. But in 1945 by the treaty the matter of distribution of the sockeye will come into the hands of the international Pacific salmon fisheries commission, and the catch then has to be divided equally between the two countries. This means that in 1945 or 1946 the sixty-five per cent of the fish which we have been taking will be reduced to fifty per cent of the total sockeye coming to the Fraser river. Hence, not as a member of the sockeye commission, but particularly as a member of this house representing a fisheries district, I felt it incumbent upon myself to make strong protests to the government against allowing any traps to be put in there and operated, because any traps put in there intercept the fish as they come in and thereby affect the livelihood of the fishermen. After all, only a certain number of fish come in, and the more traps you have, the fewer fish there will be each year for the individual fisherman. I do not think any definite statement has been made by the minister on this point other than that the representations we made are being given very serious consideration.

I do not think it is right for the provincial government to grant the application for a lease of 8,000 acres of foreshore lands to British Columbia Packers, knowing the conditions which will arise if fish traps are put in there.

Mr. NEILL: As one of the four members from British Columbia who protested against the issue of these leases I should like to endorse what the two previous speakers have said. I would have been very much gratified if the Minister of Fisheries had been in his place to-night and had been able to give us the assurance asked for by the hon. member for Vancouver South. The Minister of Transport, speaking apparently on behalf of the Minister of Fisheries, used an expression that gave me some feeling of doubt. He said that there had been no formal application for this licence. The use of the word "formal" might in days to come save him from any accusation of bad faith, because he might say that there was nothing formal, that there had been merely what are called in diplomatic circles conversations. But when a man in a high position promises something by way of conversation we generally expect to take his word as an undertaking.

But what makes it a little doubtful is this. Here is a big, powerful, shrewd company. They know all about the obstacles that have been placed in the way as mentioned by the hon. member for Vancouver South. They know it was practically agreed upon by resolution of the fisheries committee that there should be no more traps granted beyond those already in existence. And yet this shrewd company goes to the considerable expense of staking out some 8,130 acres of foreshore land to be leased from the provincial government. The procedure is that they must first obtain from the provincial government leases of the foreshore, which is the land between high and low water. Then they come to this government and ask for a licence to put in traps at these particular sites. It is remarkable that this company should go to such considerable expense because this land has to be surveyed, and so on, and advertised at considerable

expense in the *Gazette* and in the local papers. The seven applications cover nearly half a column of the *Gazette*.. If they do all that without having some assurance from some friend at court that they are likely to get a licence from the dominion government, they are certainly not proceeding along very businesslike lines. I have had some fear, as apparently the hon. member for New Westminster has had; but certainly we had some considerable hope that the matter might be adjusted favourably by refusing the licences entirely.

The argument put forward in the press by this company, which has taken considerable space in the papers to advocate its views, is that these traps would catch fish more readily than they could be caught by the fishermen and therefore they would produce more fish. They consider that an argument which might appeal just now if fishermen are scarce. As regards fishemen being scarce, I have a record here of the licences issued in the last two years. In 1941, when the Japs had a large number of licences, the total number of fishing licences in British Columbia—I am not talking of salmon licences alone—was 13,602, of which the Japs had 2,090. Of course the figures would be different if I confined them entirely to salmon. I have not those figures, but they would count still more strongly for the argument I intend to make. In 1942, all these Jap licences, numbering 2,090, were eliminated because the Japs were all removed from the coast and were not given any licence to fish. In 1942, in times of an almost unbelievable scarcity of labour of all kinds, much worse in British Columbia than in the east, the total number of licences issued was 15,380, all for whites or Indians—no Japs. So that not only was the loss of 2,090 Japs whose fishing licences were taken away absorbed, but there was an increase in the total number issued of some 1,700 odd, and that at a time of extreme scarcity of labour. That disposes of the idea that there is any need to increase the number of traps to catch more fish on the ground of a scarcity of fishermen.

Then as to the value of the fish caught last year, I have not the figures in tons or pounds, but the value taken last year greatly exceeded the value of the fish caught in the previous year. That was not altogether because more fish were taken, but on account of higher prices. To take it on the basis of the number of fish caught would not be a very fair test anyhow, because the run of salmon varies so much from year to year. But it is obvious that a great deal more in value of the fish caught was obtained last year, with something like 1,700 more fishermen employed even after covering the loss of some 2,000 Japs. So that it does not appear that there is any justification whatever for this company asking for traps on the ground that they need them to catch the fish necessary in Canada or for the British market at this time.

There is another argument. When this agitation started—it was largely begun by myself in 1936—there were sometimes three, sometimes four and sometimes five traps at Sooke. The fish went past those traps and then into Puget Sound, in almost entirely United States waters. There were a large number of United States traps there, with the result that they took somewhere about sixty-five per cent of the total catch that went into the Fraser. For reasons which we need not go into, the United States government stopped the issue of all trap licences in Puget Sound. The consequence was that we caught more fish than were caught on the American side—a desirable thing. The people who held the vested interest in those traps were very unwilling to part with them, and they saw, when an agitation was brought forward for more traps on our side, a chance to employ this argument with their government, "Canada is catching the great bulk of them now; let us get our traps back." I had a letter from a man who owns traps on the United States side in which he says that he hopes our traps would be maintained and increased, because that would be all the justification they would need to go back to traps on the United States side. If we go on with the traps now proposed, it would be an invitation and almost a guarantee that the Americans would be allowed to put their traps back on their side, which would reduce our catch materially. The obvious result would be to wipe out not all, but by far the greater number of our fishermen on the west coast. Salmon fishing, of course, is the largest industry there; and when we think of the services these men have rendered in this war, how they have cheerfully given up their boats for naval purposes, and have joined the naval reserve, where they have done excellent service, it does not seem a very appropriate return for their gallantry, and the danger they are running, that while they are serving our country we take steps which would deprive them of their livelihood when they come back. If you want to go in for that kind of thing, of course, the answer is, go ahead, forgetting justice and decency.

Remember this also, that if any more are allowed at Sooke, there is a sort of gentlemen's agreement, to which I was no party,

that the two or three traps there should be allowed to remain, but at any rate they were to be the only ones. If we add more there now, the logical reply is, "You must allow them all over British Columbia," and then you wipe out the working fishermen or reduce them to a very large extent. That is not a desirable thing.

When war came it was a very advantageous condition for us when we found this class of fishermen there, men who knew every corner and bay on the coast and possessed other valuable information. I do not want to give away war secrets, but it is well known that there have been submarines up the west coast in the vicinity of most of the fishing towns. A lighthouse was shelled a year ago, and also one or two vessels have been torpedoed. The services these fishermen have given have been very useful indeed. We must not let them down.

I wonder if I might take a moment to deal with another matter, one of burning importance. I am sorry the Minister of Fisheries is unavoidably absent just now. The subject is also connected with the Minister of National Revenue. Some years ago a sales tax was put upon gasoline sold to everybody on the Pacific coast, and more recently some special kind of revenue tax of three cents a gallon was imposed. The law—and I am not talking about custom or favouritism or anything of the kind, but the law which you and I can demand and invoke for our rights—says that if anyone clears from a customs port to go deep-sea fishing he does not have to pay these taxes. If they are engaged in deep-sea fishing they are exempt from the three cents and from the sales tax, which together represent a difference of 4·8 cents a gallon—call it five cents when you are about it. That, of course, is an advantage: it helps the fishermen and aids in the production of fish in these times, when they are so badly needed.

About four years ago, when this tax was first put on, I interested myself in the subject and found that this was the law; that anyone clearing for deep-sea could, by producing his deep-sea clearance, get his gas and oil at that reduced rate; but the trouble was that in order to clear you had to have a customs officer, and you do not have customs officers all over the coast, at rugged and isolated places, as fishing places so often are. So that it was found desirable to appoint what I call amateur, though perhaps a better word would be acting, customs officers. Instead of having a customs officer at a salary of $1,200 a year, the habit grew up of paying someone a very small sum on each boat he cleared. The total was not to exceed $200 a year, and never did, and after the fishing season was over, of course the man did not get any salary. I persuaded the dominion government customs department to appoint these acting customs officers at a number of places. One was Bull Harbour and another was Winter Harbour. Probably one hundred and fifty boats got their gas and oil there during the season. A person of very ordinary ability could do this work; it was not necessary to have an expert. In two cases I had women appointed, because they happened to be at the right place and were quite capable of doing the work, which was slight. But they were required to clear every morning or night, as the case might be; when the fishermen came in at night they cleared for the next day, and they got their gas and oil much cheaper, and could engage in fair and helpful competition with the Americans. The arrangement worked very well indeed. Occasionally petty jealousies arose. Two oil stations quarreled as to in whose vicinity the acting customs officer should be placed, because naturally a fisherman would take his fish to the place which was nearest to where he cleared his boat, and it was an advantage to have one of these acting officials near an oil station or a fish buying plant, as the case might be. People are selfish. I recall one particular place where they complained to the government that I was not treating them fairly because I had put the customs officer a quarter of a mile nearer one plant than the other. I settled that matter by saying that, if there was any more of it, the likelihood was that the officer would be taken away altogether, and I would let the fishermen know who was responsible for its being closed. That led them to see common sense. Finally, I planted a customs officer at almost exactly half way between the two competing plants; and even then one of them wrote and complained that he was fifty yards nearer the other plant than he was to the writer's plant.

This sort of petty jealousy will arise anywhere. If you get a post office planted in a remote place there is always controversy as to just where it is to be located. What is the remedy? It is, I think, to handle it the way I did, and make some arrangement which will be mutually satisfactory. But the way it will be handled now will be totally different, and it is as to this injustice I wish to speak. In the district beyond mine there are two rival fish plants. Each wanted the officer at their place and not near the other man, and they made so much fuss to the department

of customs that, to solve an annoying situation, the department said, "Oh, we will do away with the whole thing and confine it only to those very few stations where there is a permanent paid customs officer." Certainly that looked to be a ready and simple way of getting rid of an embarrassing situation, but it was a very poor way from the point of view of the fishermen or of justice. It would be an analogous situation if, because there was some trouble between myself and my neighbour as to where we would post our letters, an order was issued that there should be no post office there at all and that we would have to go twenty or thirty miles to post our mail. They have issued an order that almost all these stations except the permanent customs stations shall be wiped out. I can think of one case, Bull Harbour, where we had a woman acting for a few cents she received in connection with each application, and where the amount for the whole year would not exceed $150.

One hundred and fifty fishermen got their oil and gas there for several months during the fishing season, and it was an enormous advantage.

These fishermen have to go out twenty or thirty or forty miles offshore before they begin fishing; that takes gas. They have to have good-sized boats capable of going out into the open Pacific. When they are fishing they have to keep the engine running all the time, because they fish by trolling lines. The boat must be kept moving slowly, and that takes more gas proportionately than proceeding at a higher speed. The gas forms a considerable part of their expense, and the price has gone up a good deal in the last few years and even in the last few months. Now the Department of National Revenue comes along and merely to save a little trouble when people squabble about it they throw the whole thing over. That is not the way to do. They say, "It would be no worse than farmers having to pay gasoline tax." I am not discussing the rival claims of farmers and fishermen, I am talking about the law. The law says I have the right to post my mail, and it says that these fishermen if they clear for the deep sea have this exemption. I do not propose to allow a thing of that kind to go through as long as I have a voice to protest; it is palpably unreasonable and unjust.

I understand it was dealt with by a committee. A committee consisting of whom? With one exception, of officials, members of the Department of National Revenue, who are not familiar with fishing conditions, do not have to be and do not want to be. They see these returns coming in and giving some trouble and bother, and they say, We will stop the whole thing. There was one member on the committee who understood fishing conditions, but he of course was overruled. I think if the matter were fully explained to the Minister of National Revenue, as I hope to have opportunity to do, a remedy will be found; and it is urgent, because the fishing is now going on.

As to Winter Harbour, we had a person there last year. Now what are they going to do? They have to go to Quatsino, some thirty-five miles away, where there is a permanent customs officer, and lose the time and gas that that involves. The life of a fisherman is like this: He starts about midnight in order to get to the fishing grounds at daybreak, because at that time and at dusk the fishing is best. He goes out there and fishes at dawn; he is twenty miles or more from home; he cannot go back, and therefore he hangs around out there in the heavy sea, perhaps catching an odd fish but hardly enough to pay for his gas. Then there is another hour or two along about sunset when the same favourable conditions arise. So that in the summer he has to stay there until about nine o'clock. Then he comes home the twenty or forty miles and waits in line with thirty or forty or perhaps 100 other boats to sell his fish and have them weighed. Then he gets his groceries and gas permit and clears at the customs; then he goes and gets the gas, and then he can go to bed. He gets in, I suppose, about ten o'clock and has to leave about midnight. So that he has no time to go running around needlessly, and, besides, if he did spend his time running to Quatsino, it would take him twelve hours to go there and back and there is a day's fishing gone, besides the cost of the gas. So that it is giving a premium to the two or three fishermen who happen to live in the immediate vicinity of these three or four permanent officers. I cannot see any justice or common sense or saving or war necessity in making this change, which, it seems to me, is due to lack of appreciation of the situation.

Therefore I plead with the government and the Minister of National Revenue—I have taken it up with the Minister of Fisheries, and I think I have his sympathy—and suggest that if they cannot do anything better at this late hour, at least let the situation continue as it is for another year. It has been that way now for three or four years, and no harm has happened. For all the revenue they would get it would perhaps pay them to allow all the fishermen on the Pacific coast not to have to clear at all. That would save the expense of maintaining these acting officers.

Be that as it may, at any rate I beg that they will take some steps to remedy the situation within the next few days, because the fishing is going on now, and the fishermen cannot go thirty miles to get their supplies. And we do want these people to catch fish. Britain

is crying out for it, and we have not enough fish to go round even in British Columbia; tinned fish is practically off the market. The whole of last year's output was sold to Britain. We want to help our practical fishermen in this way to maintain the output that they had in years gone by.

Mr. O'NEILL: I think nearly everything has been said that needs to be said in regard to granting licences for fish traps. This is undesirable and should not be entertained. I associate myself with the hon. member for Vancouver South, the hon. member for New Westminster and the hon. member for Comox-Alberni in their protest against any further licensing of fish traps. I hope those that are now in existence will not be there much longer.

Item agreed to.

NATIONAL WAR SERVICES

(Other than war appropriations)

428. National film board, including motion picture bureau — further amount required, $75,000.

Mr. GRAYDON: Would the minister indicate why this further amount is required?

Hon. LEO R. LaFLECHE (Minister of National War Services): The item is divided into two parts; $65,000 is required to purchase equipment to carry on additional work due to war conditions, being done at the request of the service departments; $10,000 is for the purchase or making of a large number of war film prints. The whole is strictly a necessary war expenditure.

Mr. GRAYDON: If it is a necessary war expenditure the minister must have overlooked that it is described as "other than war appropriations."

Mr. LaFLECHE: These amounts are really capital expenditure. The equipment remains with the national film board, and the amount for war film prints is similar to a revolving fund, because they make or purchase these prints and then sell them.

Mr. HAZEN: Where will this equipment be purchased?

Mr. LaFLECHE: From quite a number of different firms. I have a list. I can show it to my hon. friend if he wishes.

Mr. HAZEN: Are they in Canada or the United States?

Mr. LaFLECHE: Mostly in the United States. Some in Canada.

Item agreed to.

PUBLIC PRINTING AND STATIONERY

431. Canada Gazette—further amount required, $22,000.

432. Distribution of official documents—further amount required, $2,100.

Mr. GRAYDON: I do not know at the moment under whose department these items come. The Minister of Trade and Commerce?

Mr. MacKINNON (Edmonton West): No; the Secretary of State.

Mr. GRAYDON: The minister undertook to answer for him. Did the public printing and stationery department come under the direction of the controller of economy, or does the minister know?

Mr. MacKINNON (Edmonton West): I undertook to give the explanation in connection with these items, but I would not venture to answer a question having to do with departmental matters.

Mr. GRAYDON: Perhaps the Minister of National War Services, who appears to know quite a bit about the economy controller, could tell us.

Mr. LaFLECHE: I was guessing in an attempt to assist the Minister of Trade and Commerce, and I shall try to do so for the benefit of my hon. friend. It seems to me that this item is for the distribution of documents, not for their purchase or printing. That is the best I can say.

Mr. GRAYDON: Then I cannot ask for more than that.

Items agreed to.

DEPARTMENT OF PUBLIC WORKS

Chief architect's branch.

Construction, repairs and improvements—Public Buildings.

Ontario.

433. Ottawa west block—testing laboratories—alterations and fittings, $12,000.

Mr. STIRLING: Does this imply that the testing laboratories are in the west block, and if so, what are they?

Hon. ALPHONSE FOURNIER (Minister of Public Works): The testing laboratories of my department are in the west block, and the increase in work since the beginning of the war has caused the need for additional space and equipment to make the analyses and tests.

Mr. STIRLING: What testing is done in that laboratory?

Mr. FOURNIER (Hull): I could not give all the details of all the materials tested.

Mr. STIRLING: But roughly what sort of testing is done?

Mr. FOURNIER (Hull): In connection with all purchases of certain chemicals, soaps and that sort of thing, and we are also doing work for the three branches of the service. That explains the need for the extension.

Mr. STIRLING: The national research does not carry on your testing for you?

Mr. FOURNIER (Hull): We have a separate testing branch for these different materials, and the number of tests has greatly increased. In 1941 we tested 2,316 samples, and in 1942 we tested 7,568 samples.

Item agreed to.

Royal Canadian Mounted Police.

***435.* General administration—further amount required, $3,300.**

Mr. GRAYDON: I am not sure whether this question was asked before, but would the Minister of Justice indicate whether the Royal Canadian Mounted Police come under the cost-of-living bonus scheme?

Hon. L. S. ST. LAURENT (Minister of Justice): There is no cost-of-living bonus paid to the members of the Royal Canadian Mounted Police. They have not been included in the order providing for the payment of cost-of-living bonuses to certain of the personnel of the civil service.

Mr. GREEN: Why not?

Mr. ST. LAURENT: The contract of the members of the Royal Canadian Mounted Police with the crown implied traditionally that they were to be provided with rations, fuel, light and quarters, and in a great many cases they are so provided. In a great many cases they are not. From time to time equivalent amounts have been determined to be paid to those who were not in fact provided with rations, fuel, light and quarters. The rate had been fixed according to ranks, the next to last time on November 4, 1938. Then the question arose, since the cost of living had increased, as to whether or not that rate should be modified, and after consideration it was modified for those who were receiving the smaller amounts. In the fall of 1942 there were increases given to all ranks below that of staff sergeant. For all those ranks, with respect to married men the amount was fixed at $2.25 a day, while for some of them it had been as low as $1.60 a day. For unmarried men since 1938 it had been $1.20 a day, and it was fixed at $1.50 a day. It is these increases that are covered by these supplementary estimates. The $3,300 is for the increase from September 1 to March 31 in respect of forty of the personnel in the administration service, while the other amount of $95,000 represents the increase for the same months for 948 members of the field forces.

Mr. GREEN: Does that apply also to the security guards?

Mr. ST. LAURENT: No. These amounts are to cover the increases for that period for the regular members of the force.

Mr. GREEN: Has any provision been made for the security guards?

Mr. ST. LAURENT: No provision has been made for the security guards other than a slight adjustment that was made for the unmarried men. When they were taken on in 1939 the rate that was allowed for those who were not billeted was $1 a day, and when the amount allowed to the soldiers was increased from $1 to $1.25 a similar increase was given the single men in the security guards. Then when draftees were called, only unmarried draftees were taken, and they were allowed the same living allowance that the soldiers were allowed.

Mr. BOUCHER: Could the minister tell us what percentage of this total of $98,300 represents increased pay allowed to the mounted police during the past year? While I am on this subject I might say that in my frank opinion the mounted police hold a position in public opinion in Canada second to none, and that with the increased services they must render under war-time conditions and the increased hardships they are bound to suffer, particularly in connection with those who have wives and children to protect against the increased cost of living, we should be very appreciative of the work they are doing and not too niggardly with the raises, particularly when they do not get the cost-of-living bonus.

Mr. ST. LAURENT: There is no portion of the amounts covered by the two items *435*, general administration, and *436*, land services, that represents increased pay. These two items are to cover increases in the living allowances given to those who are not provided with quarters, rations, light and fuel.

Mr. BOUCHER: As I understand the situation, very few of the married men are provided with quarters and so on; it is really only those who live in barracks, who have no dependents. Consequently married members of the mounted police who have families living at home really receive no consideration in virtue of the increased cost of living.

Mr. ST. LAURENT: Yes, they do. In the case of staff sergeants there was no increase;

the allowance had been $2.25 and has remained at $2.25. In the case of the sergeants it was formerly $2 and, as from September 1, 1942, it was increased to $2.25.

Mr. BOUCHER: Whether married or single?

Mr. ST. LAURENT: No; that was for married sergeants. All these increases have to do with married men. In the case of a corporal it was $1.85, increased to $2.25. In respect of constables, first-class, it was increased from $1.85 to $2.25. Constables, second-class, were increased from $1.70 to $2.25, and constables, third-class, from $1.60 to $2.25. In respect of all single constables the increase was from $1.20 to $1.50.

Mr. MacINNIS: Has the question of cost-of-living bonus to special constables been considered? Regardless of what regular members of the force may get in respect of special living allowances, the fact remains that they get nearly all their clothing. On the other hand, special constables get very little clothing, in fact only one or two items. Then, it was pointed out last night that their pay is exceedingly small, standing at only $3.20 a day. I do not think anyone in a responsible position, particularly one holding the position of constable, should be asked to live on that wage. Has consideration been given to giving the cost-of-living bonus to special constables?

Mr. ST. LAURENT: The rates of pay fixed were those fixed in 1939, after discussion with the legion. On the recommendation of the legion this work was allotted to veterans of the last war. The matter had been gone into in July, 1939, when Brigadier W. W. Foster discussed it with the commissioner. Rates of $1.60 as pay and $1.60 as allowances were determined for married men; and $1.60 as pay and $1 as allowances were decided upon for single men. Those rates have remained the same to this time, with the exception that the $1 a day allowance to single men was increased to $1.25 when the allowance to the soldier living out of barracks was increased from $1 to $1.25. These rates had been fixed on a comparable basis with what was being paid to men going into the army. They have not been modified since. Representations had been made from time to time by men engaged on this work to the effect that they should receive the cost-of-living bonus; but, as hon. members know, there is no cost-of-living bonus for the soldier. The matter has been under discussion, but no decision favourable to the men has been reached yet in that regard.

Mr. MacINNIS: In my opinion everything the minister has said in reply to my question indicates that there is a reason for very favourable consideration of the representations of these men. He has said there has been no cost-of-living bonus given to the men in the army, but I think he forgets that within the last few months they have been given an increase in pay amounting to twenty cents a day. However, the situations are not comparable, because men in the army receive dental and medical care, and attentions of that kind. On the other hand, these special constables receive nothing more than their $3.20, and they have families to keep.

Mr. GRAYDON: I do not wish to delay the committee, but I shall have something to say on this point when the main estimates are before the committee. However, I think the minister will agree with me when I say that when the history of this war is written, so far as the home front is concerned, a very bright page will be reserved for the Royal Canadian Mounted Police in this war-time period. They have done a magnificent job. Perhaps it is unnecessary for members of parliament even to refer to their work, because it speaks for itself.

Between now and the presentation of the main estimates I would ask the minister to consider this question of cost-of-living bonus for the Royal Canadian Mounted Police. It is not good enough to say that men in the armed forces are getting a certain amount, and that for that reason members of the Royal Canadian Mounted Police should be placed on a comparable basis. If in our war effort we were to base our remuneration upon what is received by the armed forces we would have before us an interesting comparison. The opinion has been expressed in the house on many occasions—I have so expressed it—that there is a great disparity between the pay and allowances of our armed forces and the rates of pay of those engaged in the civilian war effort.

I would ask the minister to give conscientious consideration to this matter, if for no other reason than that of a gesture of goodwill from the hearts of the Canadian people who, in this time of war, have felt a sense of security and safety on our home front. I believe any favourable consideration on the part of the minister would be greatly appreciated.

Mr. BLACKMORE: Do constables receive dependents' allowances?

Mr. ST. LAURENT: No, they do not. The living allowance is supposed to be in lieu of dependents' allowances. It is in place of rations, fuel, light and lodging. Then, of course, there are the superannuation benefits provided by statute.

I thank the leader of the opposition for his testimonial to the value of the work of the Royal Canadian Mounted Police. I can assure him that the more we know about their work, the greater is our admiration for their devotion to duty in discharging the onerous tasks they have to perform. These increases which became effective on September 1 were given in an attempt to do something to equalize the increase in the cost of living. They were fixed at those rates on the understanding that if they proved inadequate they would be reviewed. Somewhat higher figures had been suggested and discussed. The present rates were finally decided upon, staff sergeants receiving no increases, and the same rate being fixed for the whole personnel. The reservation was made that we would see from experience if they were able to get along, and, if not, the rates would be reviewed.

Mr. BOUCHER: Is it not a fact that the increase in pay was really to take the place of the subsistence allowance paid to the member of the mounted police force, himself, and that it disregarded entirely any dependents he might have? Is it not a fact that in dealing with the Royal Canadian Mounted Police the government has not taken into consideration the dependents of the men? Are not the regulations such that a mounted policeman cannot take unto himself a wife without the consent of the authorities, or until he has served a certain time in the service and is receiving a sum adequate to support a wife and family?

Mr. ST. LAURENT: That has been the regulation since the organization of the force. The rule has been similar to that applied in banks. It is necessary for a man to attain a certain rank and receive a certain pay which will enable him to support a wife and a family according to the standard which should be that of a member of the force.

Mr. BOUCHER: They do not take the dependents into consideration; only the man himself?

Mr. ST. LAURENT: The increase in the total amount paid to the married man is different from that granted to the single man. It was not really an increase in pay, it was an increase in that part of what he receives in substitution of rations, lodging, light and fuel for himself and for his family, if he is a married man, and for himself alone, if he is single.

Mr. BLACKMORE: Is an additional allowance made for each child?

Mr. ST. LAURENT: No. These conversions have been on an arbitrary basis. There are men of the Royal Canadian Mounted Police in barracks whose actual cost of living is several dollars a day. I was horrified the other day at having to approve the purchase of coal at $40 a ton. Members of the force are stationed at different places and provided with lodging, rations, light and fuel at considerable expense. Since they are subject to income tax this situation is recognized and for taxation purposes, no matter what the cost may be, only the value under normal conditions is considered as income and subject to taxation.

Mr. BLACKMORE: A moment ago the minister indicated that the authorities would study the situation to see whether these men could get along on the amount that was allowed to them. By what standard does the department endeavour to judge whether a man can get along?

Mr. ST. LAURENT: The devotion of the Royal Canadian Mounted Police to duty has always been outstanding. It has always been recognized that they were receiving pay and allowances merely to carry them along. The pension provisions were made more generous than those of any other branch of the civil service, as some compensation in respect of that fact.

Mr. BLACKMORE: In my judgment the pay of the mounted police and the constables is altogether too low, and a revision upward is overdue.

Item agreed to.

SECRETARY OF STATE

438. Bureau for translations—further amount required, $2,000.

Mr. GRAYDON: The Secretary of State (Mr. McLarty) is not here to-night, but perhaps the Minister of Trade and Commerce would indicate why a further amount is required.

Mr. MacKINNON (Edmonton West): The Secretary of State was called to Toronto, and he asked me to answer this question. The additional amount is required for salaries and bonuses for additional employees of the bureau for translations whose services are required by various war departments.

Item agreed to.

TRADE AND COMMERCE

Mail subsidies and steamship subventions.
Local services.

439. Purchase of the steamer *Pelee* to maintain the Pelee island and mainland service, $40,000.

Mr. GRAYDON: Would the minister indicate when the steamer *Pelee* was purchased and what vessel it replaced?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): The steamer *Pelee* was purchased in 1914 and was specially built for the service. The service was subsidized by the government for some years at $11,000 a year. This subsidy was then reduced to $4,000. About a year ago the man holding the contract laid up the vessel because he found he could not operate under the subsidy agreement. Efforts were made to secure another vessel, but without avail, and inasmuch as the service had to be maintained with Pelee island and no other vessel was available, it was decided to try to purchase this vessel. This was done, after valuations had been made, at a price of $40,000. We then made an arrangement to sell the vessel to the same man, Mr. Goodison of Blenheim, Ontario. We have entered into an arrangement with him to continue this service. He has purchased the vessel, the purchase price being payable $10,000 on October 31, 1942, which has been paid, and the balance at the rate of $5,000 a year.

Mr. GRAYDON: The minister said that the steamer had been purchased in 1914; does he mean it was purchased by the private owner?

Mr. MacKINNON (Edmonton West): I said it was specially built in 1914 for this service.

Mr. GRAYDON: I thought the minister said it was purchased.

Mr. BOUCHER: Is the new subsidy on the reduced basis of $4,000?

Mr. MacKINNON (Edmonton West): The subsidy has been increased for this service.

Mr. BOUCHER: To what figure?

Mr. MacKINNON (Edmonton West): To $11,000.

Mr. BOUCHER: To the original figure. This is an increase to the new purchaser who purchased the boat from the government about a year ago? This man purchased the boat for $40,000, payable $10,000 down and the rest in regular payments. The subsidy has been increased from $4,000 to $11,000.

Mr. MacKINNON (Edmonton West): That was the best arrangement we could make to maintain the service with Pelee island.

Mr. BOUCHER: Was the same offer made to the previous owner of the vessel who had laid it up on account of inadequate subsidy?

Mr. MacKINNON (Edmonton West): The vessel was laid up because the owner found that he could not operate the service with the subsidy being paid. The net result was that the government purchased the vessel and made an arrangement with him for repurchase at the same amount and granted an increased subsidy.

Mr. JOHNSTON (Bow River): He pays out of the earnings he gets under the new contract? He paid $10,000, and then he pays the balance as he receives the money from the government.

Mr. MacKINNON (Edmonton West): I think the two arrangements are entirely separate. The sale of the boat to the operator for an amount equal to the price paid by the government was a separate arrangement.

Mr. JOHNSTON (Bow River): These payments are not spread? The payments are made as the operator of the boat gets his subsidy from the government. One is tied in with the other?

Mr. MacKINNON (Edmonton West): We pay the subsidy, and we see that he makes his payments. If he got behind in his payments we would withhold the subsidy.

Mr. GRAYDON: I should like to get this clear. It seems to be becoming more confused as we go along. First of all, the vendor of the boat received $40,000 from the government for his boat. The government paid him $40,000 in cash. Is that correct?

Mr. MacKINNON (Edmonton West): Yes.

Mr. GRAYDON: Then the next stage in the transaction is that the man starts to buy the boat back from the government. He has still the $40,000 in his right-hand pants' pocket. He also gets his subsidy raised from $4,000 to $11,000. Then he starts to buy the boat back from the government out of this increased subsidy from $4,000 to $11,000 which he is paid every year. As I say, he still has the $40,000 in the bank. Then he proceeds to carry out his contract on a time-payment plan. Does the minister regard that as good business?

Mr. MacKINNON (Edmonton West): Yes, I do. The *Pelee* was offered for sale after being laid up because the owner could not operate the service at the subsidy then being paid by the government. The *Pelee* was offered for sale at a cash price of $40,000, and under instructions of the department her value was appraised by Lloyds surveyor in Toronto, who found after a complete survey that the vessel was in good condition and reported that a valuation of $40,000 was fair and reasonable. Under present war conditions it appeared

impossible to find anyone who would buy this vessel for cash and place her on the Pelee route under subsidy. Since it was urgently necessary that a vessel of this type be procured without further delay, the minister recommended that the department be authorized to purchase the *Pelee* at a cost of $40,000. This was done under authority of order in council P.C. 8795, of September 30, 1942. The vessel was then resold to Mr. D. L. Goodison, who entered into a contract with the department to operate the Pelee island mainland service for a period of six years.

Mr. GRAYDON: $40,000 is the amount for which the government bought it?

Mr. MacKINNON (Edmonton West): Yes; everything is perfectly open.

Mr. GRAYDON: I am not suggesting that it is not. But it seems a strange contract.

Mr. MacKINNON (Edmonton West): He is to operate the service for a period of six years at $11,000 a year under the following terms: The price is $40,000, and the government takes security for that with a mortgage on the vessel. The government concluded this arrangement with the purchaser, giving him an increased subsidy, in order to maintain the service which was considered necessary. We had to make the best possible arrangement we could.

Mr. GRAYDON: It is getting late, and I do not want to delay the passage of the item, but it is very unfortunate that it comes up at this time of the evening. I would ask the minister this question: Did he or his department consider the possibility of increasing the subsidy from $4,000 to $11,000, and allowing the owner still to retain ownership of the vessel? That would have involved no undertaking from the government other than the increase in the subsidy which the government has obligated itself to pay. I know nothing about this particular transaction. It may be perfectly in order in every way, but on its face it does not look very good. It brings up this point. We as a government, in my opinion, and I will express it perhaps more volubly at some other stage of the session, have paid out far too much money in capital investments in Canada during this wartime period. We have invested tremendous sums of money in buildings all over Canada when we might have rented buildings in many places, and when we might have made other arrangements in many other instances. The practice is far too prevalent of making these capital investments. I ask the minister again: Did he consider leaving the ownership of this boat with the owner and simply increasing the subsidy with no further obligation from the government?

Mr. MacKINNON (Edmonton West): I have no doubt that the question raised by the leader of the opposition was very carefully and thoroughly considered by the capable people in the department.

Mr. GRAYDON: Did the minister himself go into that transaction?

Mr. MacKINNON (Edmonton West): Yes; I was in constant consultation with my officials, and we made the very best possible arrangement we could to carry on this service.

Mr. GRAYDON: The minister is a good business man. Did any question arise in his mind as to the propriety of this transaction from a business point of view?

Mr. MacKINNON (Edmonton West): Not the slightest.

Mr. BOUCHER: Surely the minister will agree that to buy a man's boat for $40,000 cash and then sell the boat back to him on a time-payment plan and give him an increased subsidy from $4,000 to $11,000 is at least suspicious-looking.

Mr. MacKINNON (Edmonton West): Only to a suspicious mind, I think.

Mr. BOUCHER: I am afraid my business experience does not agree with that of the minister.

Mr. JOHNSTON (Bow River): I do not think the minister has made any too good a deal. Here is a man who cannot make his boat go on a $4,000 a year subsidy. He then sells it to the government for $40,000 cash. The government then turns round and sells the boat back to him for $40,000 to be repaid over a number of years, and increases his subsidy from $4,000 to $11,000 for a period of six years. So that the man gets $66,000 in subsidy, pays back $40,000 in six years, and that leaves him a working capital of $26,000 which is exactly what he had before. The net result is that he is operating the boat now for exactly the same subsidy as he had before, but when he gets through with his contract he will be $40,000 ahead because he will own the boat. If he could not run the service before on that subsidy, how in the world can he do so now? It means that he has done the government out of the price of that boat in the six years, and that does not look like good business to me. The minister may have been acting in perfectly good faith in the transaction, but I think he had one slipped over on him.

Mr. MacKINNON (Edmonton West): Not at all. The government at the end of this transaction will not be out one dollar.

Mr. GREEN: The government will be out the boat.

Mr. MacKINNON (Edmonton West): No; we did not have a boat to start with, and we are not finishing up with a boat. There is only one point to the whole transaction, namely, that in order to get the service, it was necessary to increase the subsidy and to make this arrangement with the contractor.

Mr. JOHNSTON (Bow River): What was the former subsidy?

Mr. MacKINNON (Edmonton West): The contractor was paid $11,000 for some years. Then the government in its wisdom decided that the subsidy should be reduced, but the owner found that he could not operate his boat on the reduced subsidy and laid his boat up.

Mr. JOHNSTON (Bow River): The subsidy was reduced to what?

Mr. MacKINNON (Edmonton West): To $4,000.

Mr. JOHNSTON (Bow River): Then the government had to increase it.

Mr. MacKINNON (Edmonton West): We found it necessary to revert to the original subsidy we were paying.

Mr. JOHNSTON (Bow River): The minister says that they gave the contractor a subsidy of $11,000 at first, and then they decided in their wisdom to reduce it to $4,000. Am I right in that? Surely the government would never, without a thorough investigation, have decreased the subsidy from $11,000 to $4,000. That is a tremendous decrease. They must have had some good ground other than that, because a fellow says, "I will not operate that service", the government turns round and makes this transaction, restoring the subsidy to the original $11,000.

Mr. MacKINNON (Edmonton West): After negotiations.

Mr. JOHNSTON (Bow River): It means that he is forcing the government to pay for that boat over again. The government have sold back the boat, but they have increased the subsidy by $7,000. It pays for the boat, and he is getting the amount he had before. He is operating exactly the same as he did before; only he is getting the payments of the boat clear.

[Mr. C. E. Johnston.]

Mr. MacKINNON (Edmonton West): No. The boat is being purchased by us for $40,000 and resold for $40,000. If these payments are kept up, and I have no doubt they will be, that settles that transaction.

Mr. JOHNSTON (Bow River): But he has $40,000 in his pocket.

Mr. MacKINNON (Edmonton West): Will the hon. member pardon me? We have contracted with this owner to carry on this service for a subsidy of $11,000 a year, it having been found impossible to maintain the service at the reduced subsidy. That is the complete story; that is what was finally accomplished. But the negotiations in connection with this service cover a very considerable length of time, and the best possible arrangement we could make to give the people of this island connection with the mainland—and this was the only connection—was according to the terms of this agreement.

Mr. JOHNSTON (Bow River): Surely, if it was found out that this man could not operate on the $4,000 subsidy, it would have been much more businesslike, instead of giving the increased subsidy of $11,000, to have investigated, and if you found that he could not make it go for $4,000, to have said to him, "We will give you $5,000," and let him operate on that.

Mr. MICHAUD: He would not take it.

Mr. JOHNSTON (Bow River): But instead of that, you increase the subsidy by about $7,000. When he sold you the boat he got $40,000 and stuck it in his pocket. Now he comes back and says, "I will not operate unless you give me $11,000," and $7,000 of the $11,000 is used to pay on the boat. The government is paying that, and the other $4,000 is left as operating expenses.

Mr. MacKINNON (Edmonton West): No.

Mr. JOHNSTON (Bow River): That is certainly so, and at the end of the period the government is paying for that boat again and the man has $40,000 in his pocket and $4,000 on which to operate the boat. If that is not a nice piece of business for him, I should like to know what is.

Item agreed to.

DEPARTMENT OF TRANSPORT

Railway service.

443. Hudson Bay railway—construction and improvements — capital — further amount required, $26,556.

Mr. GRAYDON: Why is the additional amount required for the Hudson Bay railway?

Mr. MICHAUD: Last year the sum of $11,000 was voted for construction and improvements on the Hudson Bay railway. During the year it developed that further requirements necessitated an expenditure of $26,556, to cover additional works on the railway and at the terminals. This is the amount to cover these works by way of sidings and facilities at the terminals in Churchill.

Mr. GRAYDON: Just the usual improvements year by year?

Mr. MICHAUD: Yes.

Item agreed to.

444. Maritime Freight Rates Act—To hereby authorize and provide for the payment from time to time during the fiscal year 1942-43 to the Canadian National Railway Company of the difference (estimated by the Canadian National Railway Company and certified by the auditors of the said company to the Minister of Transport, as and when required by the said minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (upon the same basis as set out in section 9 of the said act with respect to companies therein referred to) on all traffic moved during the calendar year 1942 under the tariffs approved on the eastern lines (as referred to in section 2 of the said act) of the Canadian National Railways—further amount required, $684,861.04.

Mr. GRAYDON: What was the amount originally provided under the Maritime Freight Rates Act? I notice there is quite an important further amount required here, and I was wondering what the original amount was, and why it was increased?

Mr. MICHAUD: Under the terms of the act, twenty per cent of the freight rates have to be reimbursed to the Canadian National Railways and other railways, and the net amount required each year is difficult to estimate at the beginning of the year. It has been the practice every year to vote some $3,350,000, and it was voted last year as in the past. During the year it developed that the traffic and the volume of freight in the maritimes were much larger than in the past, and therefore a larger contribution on the basis of twenty per cent had to be made. This is the net difference between the amount voted last year and the amount which is due the Canadian National Railways.

Mr. GRAYDON: Largely on account of war-time conditions, I suppose?

Mr. MICHAUD: Yes.

Item agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

SUPPLY BILL

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Bradette in the chair.

Mr. ILSLEY: Mr. Chairman, I desire to move the following resolution covering the amounts dealt with a few moments ago in committee of supply:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending 31st March, 1943, the sum of $2,694,361.76 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolutions reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 57, for granting to his majesty certain sums of money for the public service for the financial year ending the 31st March, 1943.

Motion agreed to, bill read the first and second times and the house went into committe thereon, Mr. Bradette in the chair.

Sections 1 to 3 inclusive agreed to.

Preamble agreed to.

The CHAIRMAN: Shall I report the bill?

Mr. ILSLEY: There is a fourth clause.

The CHAIRMAN: With the unanimous consent of the committee of the whole there is a clause 4 which I will read.

Mr. GRAYDON: What does the Chair mean by that?

Mr. ILSLEY: The bill was drafted on the assumption that it would be passed on or before March 31. It was not. Therefore the bill had to be redrafted in such a way that an additional clause was inserted, necessitated by the fact that the bill was not so passed. That clause reads:

3. Notwithstanding the provisions of The Consolidated Revenue and Audit Act, 1931, the amounts appropriated by this act may be paid at any time on or before the thirtieth day of April, one thousand nine hundred and forty-three, and such payments shall be deemed to have been made in and be chargeable to the fiscal year ending the thirty-first day of March, one thousand nine hundred and forty-three.

Mr. GRAYDON: Does that follow the exact wording of previous bills of this kind?

Mr. ILSLEY: I do not know. The last I have ever been able to hear of was in

1935-36. Every other bill has gone through before the end of the fiscal year. I have no doubt it does.

There is nothing dangerous about it; it is just authorizing payment in April as if it had been made in March.

Section agreed to.

Mr. GRAYDON: The minister read "clause 3." If he really means clause 4, I think he should be corrected.

Mr. ILSLEY: I mean clause 3. The Chairman called clauses 1, 2 and 3, and now he is calling clause 4. I will read clause 4 if it is desired, but clause 4 is in the former draft which the Chairman had before him. It is a detailed account of the sums expended under authority of this bill.

Mr. STIRLING: New 3 and old 4?

Mr. ILSLEY: New 3 and old 4. It is strictly correct for the Chairman to say, Shall we now read clause 4?

Section 4 agreed to.

The CHAIRMAN: Shall I report the bill?

Mr. GRAYDON: My understanding is that the schedule must also be passed. Here we have a bill in our hands that is not complete. We do not mind facilitating these matters, but I think we must have it absolutely regular.

Mr. ILSLEY: Yes; I think the schedule has to be called.

The CHAIRMAN: Shall the schedule pass?

Schedule agreed to.

Mr. GRAYDON: If the schedule did not pass you would not have any money; so thank us for something.

Bill reported, read the third time and passed.

Mr. ILSLEY: I think I should explain that the assent will not come until Monday. I considered it extremely important to have the assent at least for the other two bills to-day, as announced by yourself, Mr. Speaker. But it was put off in the hope that this bill would go through; then it was understood that some debate would probably develop on this bill in another place, and then it became apparent that it would be impossible to get assent to this bill at least. Therefore it was considered advisable under all the circumstances to defer assent to all the bills until Monday.

On motion of Mr. Ralston the house adjourned at 11.10 p.m.

[Mr. Ilsley.]

Monday, April 5, 1943

The house met at three o'clock.

RAILWAYS AND SHIPPING

Mr. J. P. HOWDEN (St. Boniface) presented the second report of the standing committee on railways and shipping owned, operated and controlled by the government.

Hon. R. B. HANSON (York-Sunbury): If I am in order I should like to ask the chairman of the committee if a final report is in course of preparation and, if so, when it will be submitted to the house.

Mr. HOWDEN: The report is being prepared and will be submitted during the course of the next two or three days.

REFERENCE TO COMMITTEE OF SUPPLY

Hon. J. L. ILSLEY (Minister of Finance) moved:

That items Nos. *385*, *386*, *405* and *406* of the estimates approved and reported upon by the standing committee on railways and shipping owned, operated and controlled by the government be referred to the committee of supply.

Motion agreed to.

PRIVATE BILL

THE FELICIAN SISTERS OF WINNIPEG

Mr. J. P. HOWDEN (St. Boniface) moved the first reading of Bill No. 56 (from the senate) to incorporate the Felician Sisters of Winnipeg.

Mr. GRAYDON: Will the hon. member explain?

Mr. HOWDEN: The Felician Sisters is a religious organization formed for the purpose of teaching and doing missionary work, nursing the sick and so on. More recently they have desired to go into hospital management, and are in negotiation for the purchase of a hospital in Manitoba. In order to maintain hospitals they must be incorporated, and the bill is for the purpose of forming a corporate body so that they may proceed with this work.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

FOREIGN POLICY—CHANNEL OF COMMUNICATION BETWEEN CANADA AND THE UNITED KINGDOM

Mr. POULIOT:

1. Referring to the Prime Minister's statement at page 671 of the *Hansard* of December 5,

1940, after the governor general ceased to be, on July 1, 1927, "the channel of communication between the government of Canada and the government of the United Kingdom", how long was the government of Canada without "a channel of communication" between itself and the government of the United Kingdom?

2. Before July 1, 1927, to what British minister did the governor general report?

3. When was the first British high commissioner appointed to Canada?

4. Was he then and is he still "the channel of communication between the government of Canada and the government of the United Kingdom"?

5. To what British minister does the high commissioner report?

6. Did the British government transfer to the British high commissioner in Canada all such duties previously carried on by the governor general, and when?

7. If so, is there any other change in the relations between the government of Canada and the government of the United Kingdom?

8. Is it part of the duties of the British high commissioner in Canada to convey to the Canadian government the answer of the British government to the questions submitted by the Canadian high commissioner in London to the Secretary of State of Dominion Affairs on behalf of the Canadian government?

9. On the other hand, is it the practice for the Canadian government to submit to the British high commissioner in Canada questions or matters for transmission to the government of the United Kingdom and to be answered to the Canadian high commissioner in London?

10. With regard to immigration policies, was the matter ever discussed between the Canadian government and the British high commissioner in Canada or between the Canadian high commissioner in London and the Secretary of State for the Dominions or that for the colonies or both?

11. What are the duties of the British high commissioner in Canada and of the Canadian high commissioner in London and to what minister does each one report?

Mr. MACKENZIE KING:

1. At no time.

2. Before 1925, the Governor General reported to the Secretary of State for the Colonies. From July, 1925, to July 1, 1927, His Excellency reported to the Secretary of State for Dominion Affairs.

3. In 1928.

4. The United Kingdom High Commissioner in Ottawa is one channel of communication between the government of the United Kingdom and the government of Canada.

5. The United Kingdom High Commissioner in Ottawa reports to the Secretary of State for Dominion Affairs.

6. No.

7. There are continual changes in the relations between the government of Canada and the government of the United Kingdom, as is the case in the relations between the government of Canada and any other government.

8. No.

9. No.

10. Immigration questions which concern both governments have, from time to time, been discussed through the various channels of communication between the governments of the United Kingdom and of Canada.

11. It is for the government of the United Kingdom to define the duties of the United Kingdom High Commissioner in Canada; he reports to the Secretary of State for Dominion Affairs. The duties of the Canadian High Commissioner in the United Kingdom are defined as follows by section 3 of the acts of parliament of Canada, 2 George VI, chapter 30:

(3) The High Commissioner for Canada in the United Kingdom shall,—(a) act as representative and resident agent of Canada in the United Kingdom, and, in that capacity, execute such powers and perform such duties as are, from time to time, conferred upon and assigned to him by the governor in council; (b) carry out such instructions as he, from time to time, receives from the Secretary of State for External Affairs respecting the general interests of Canada in the United Kingdom; (c) subject to the provisions of the preceding paragraphs, supervise the official activities of the various agencies of the Canadian government in the United Kingdom.

FOREIGN POLICY—CANADIAN HIGH COMMISSIONER IN LONDON

Mr. POULIOT:

1. Referring to the Prime Minister's statement at page 117 of *Hansard* of September 11, 1939, that "the high commissioner in London is in touch with members of the British government, particularly the Secretary of State for the Dominions", are the representative functions of Major-General Vanier distinct from those of the high commissioner?

2. If so, (a) what were they at the time of his appointment, and (b) what are they now?

3. Was the high commissioner in London or Major-General Vanier empowered at any time to get in touch (a) with the Right Hon. Anthony Eden, in his capacity as Secretary of State for Foreign Affairs, and (b) with the ambassador of United States in London and the ambassadors of other countries who are accredited at the London foreign office, and whose governments have not been moved to London since the beginning of the war, while their countries are represented in Canada by legations and consulates-general?

4. If not, why?

5. Besides the Secretary of State for the Dominions, who are the members of the British government the Canadian high commissioner has authority to get in touch with?

6. Is the Secretary of State for Foreign Affairs the only member of the British cabinet whom neither the Canadian high commissioner in London nor Major-General Vanier ever had authority to get officially in touch with?

7. If so, does the Canadian government have in London other official representatives than the Canadian high commissioner and Major-General Vanier?

8. If so, who are they and what are their duties?

9. In matters of foreign policy, did ever the Canadian high commissioner in London get directly and officially in touch with the Secretary of State for Foreign Affairs or did he communicate with the foreign office only through the Secretary of State for the Dominions, since July 1, 1927?

Mr. MACKENZIE KING:

1. Yes.

2. Major-General Vanier has not yet arrived in London. He has been appointed as Canadian Minister to the allied governments in the United Kingdom (Belgium, Czechoslovakia, Greece, Netherlands, Norway, Poland and Yugoslavia) and as representative of the Canadian government to consult with the French National Committee in London on all matters of mutual interest relating to the conduct of the war.

3. The high commissioner in London has authority to get in touch with the Secretary of State for Foreign Affairs and with the ambassador of the United States of America and other ambassadors and ministers of foreign countries accredited to the Court of St. James. Major-General Vanier will represent the government of Canada only in its relations with the allied european governments in the United Kingdom and the French National Committee in London.

4. Answered by No. 3.

5. The high commissioner in London has the authority as the need may arise to get in touch with any member of the British government.

6. The high commissioner in London maintains official contact with the government of the United Kingdom through the Secretary of State for Dominion Affairs. As stated, he has authority to get in touch with other members of the government of the United Kingdom as the need may arise. Major-General Vanier will not represent the government of Canada with respect to the government of the United Kingdom.

7. The high commissioner in London represents the government of Canada with respect to the government of the United Kingdom. Major-General Vanier will represent the government of Canada with respect to the allied european governments in the United Kingdom and the French National Committee. There are no other representatives of the government of Canada in London.

8. Answered by No. 7.

[Mr. Pouliot.]

9. The Canadian high commissioner from time to time discusses with the Secretary of State for Foreign Affairs matters of foreign policy. As stated in No. 6, the formal official channel of communication which he employs is through the Secretary of State for Dominion Affairs.

TRANSMISSION OF COPIES OF STATUTES TO SECRETARY OF STATE FOR THE DOMINIONS

Mr. POULIOT:

1. Was section 6 of the Publication of Statutes Act (R.S.C., 1927, c. 2), in virtue of which the clerk of the parliaments shall deliver to the governor general one copy duly certified of the statutes of Canada passed during every session of parliament "for transmission to one of His Majesty's principal secretaries of state, as required by the British North America Act, 1867" (section 56), ever amended or repealed?

2. If so, by what statute or statutes?

3. If not, did the clerk of parliaments comply with that enactment?

4. If so, on what date after every session since July 1, 1927?

5. If not, why?

6. On and after July 1, 1927, did the clerk of the parliaments deliver to the governor general, after every session of parliament, one copy duly certified of the statutes of Canada passed during such sesison, without mentioning that it was "for transmission to one of his majesty's principal secretaries of state, as required by the British North America Act, 1867"?

7. If so, on what dates each year?

8. In virtue of what authority?

Mr. MACKENZIE KING:

1. No.

2. Answered by the answer to question No. 1.

3. Yes.

4. November 4, 1927; December 12, 1928; October 5, 1929; October 16, 1930; December 21, 1931; October 4, 1932; September 14, 1933; December 19, 1934; December 28, 1935; December 9, 1936; October 8, 1937; January 7, 1939; January 15, 1940; May 8, 1941; April 15, 1942. (In each case the bound certified copies of the Statutes of Canada were delivered by the clerk of the parliaments immediately upon receipt by him of the same from the king's printer.)

5. Answered by the answer to question No. 4.

6. In delivering bound certified copies of the Statutes of Canada under section 6 of the Publication of Statutes Act (R.S.C. 1927, Chapter 2) the clerk of the parliaments has invariably in his letter accompanying such delivery stated that the said certified bound copy was for transmission to one of His Majesty's principal secretaries of state.

7. Answered by the answer to question No. 4.

8. Answered by the answer to question No. 6.

Mr. POULIOT:

1. What is the difference, if any, in the sending of a certified and bound copy of the statutes of each session of parliament to the British Secretary of State for Dominion Affairs. (a) by the clerk of the parliaments, and (b) by the Canadian Secretary of State for External Affairs?

2. In both cases, is it to comply with section 6 of the Publication of Statutes Act of 1925, "for transmission to one of his majesty's principal secretaries of state, as required by the British North America Act, 1867", and with section 56 of the said statute of Westminster?

Mr. MACKENZIE KING:

1. It has never been the practice for the clerk of the parliaments to send bound copies of the Statutes of Canada to the British Secretary of State for Dominion Affairs. On certain occasions, namely during the years 1927 to 1942 inclusive, they have been sent by the Secretary of State for External Affairs who, since the arrangement concluded at the imperial conference in 1926, has been the recognized channel of communication between the government of Canada and the government of the United Kingdom.

2. The purpose of transmitting the Statutes of Canada in this manner has been to comply with the provisions of the Publication of Statutes Act and of section 56 of the British North America Act.

In 1942, in view of the complete obsolescence of the power of disallowance, and in order to bring the actual practice into conformity with the constitutional position, the transmission from the Secretary of State for External Affairs to the Secretary of State for Dominion Affairs was stopped.

Mr. POULIOT: This is to supplement the question and the answer which has just been given, and upon which I congratulate the Prime Minister and the government. May I ask the Secretary of State when the statutes for the session of 1942 will be published?

Mr. McLARTY: I shall be glad to make inquiry and advise my hon. friend when they will be published.

Mr. POULIOT: They are not published yet, are they?

Mr. McLARTY: I have no information on that. I have not seen them; but I will inquire.

R.C.A.F. OVERSEAS—PAY AND ALLOWANCES

Mr. CASSELMAN:

When will the full cost of pay and allowances for R.C.A.F. personnel serving overseas in the Royal Air Force squadrons, as announced by the Minister of Finance on February 8, 1943, become effective?

Mr. POWER: Canada will meet the full cost of pay and allowances of Royal Canadian Air Force personnel serving with, or in conjunction with, the Royal Air Force, as from 1st April, 1943, but it will not be possible for the Royal Canadian Air Force to take over administrative control of the pay and allowances from the Royal Air Force until 1st May, 1943, owing to communication difficulties with the Royal Air Force overseas commands.

STEEL COMPANY OF CANADA LIMITED—LABOUR DISPUTE—ADVERTISING

Mr. KNOWLES:

1. Is the Steel Company of Canada, Limited, permitted to charge the cost of its full-page advertising, dealing with the dispute in the steel industry, which appeared in a large number of the daily newspapers of Canada, on or about February 15, 1943, as a legitimate advertising expense?

2. Will the above expenditure be allowed as a deduction for taxation purposes, (a) under the Income War Tax Act, (b) under the Excess Profits Tax Act?

Mr. GIBSON:

1. Advertising within limits laid down is an allowable deduction in determining taxable income under the Income and Excess Profits Tax Acts.

The particular expenditure referred to appears to have been made in 1943. The claim for deduction will not be made, if made at all, until the filing of the income tax return in 1944, and will then receive consideration.

2. Answered by No. 1.

LIVE STOCK MARKETED FROM WESTERN FARMS

Mr. CASTLEDEN:

How many (a) milk cows, (b) calves, (c) stockers and feeders, and (d) brood sows, were marketed from the farms of each of the four western provinces, (1) between September 27, 1942, and February 25, 1943, and (2) for the same period 1941 and 1942?

Mr. GARDINER:

Marketings at Public Stock Yards and on Direct Shipments to Packing Plants

	(a) Milkers and springers	(b) Calves	(c) Stockers and feeders	(d) Sows
British Columbia				
Sept. 27, 1941—Feb. 25, 1942	...	1,843	1,486	417
Sept. 27, 1942—Feb. 25, 1943	...	1,911	982	602
Alberta				
Sept. 27, 1941—Feb. 25, 1942	121	50,090	21,849	24,698
Sept. 27, 1942—Feb. 25, 1943	34	25,403	27,985	32,708
Saskatchewan				
Sept. 27, 1941—Feb. 25, 1942	240	27,546	24,710	13,233
Sept. 27, 1942—Feb. 25, 1943	309	28,134	19,114	17,349
Manitoba				
Sept. 27, 1941—Feb. 25, 1942	453	28,403	17,035	18,739
Sept. 27, 1942—Feb. 25, 1943	301	29,928	18,609	14,941

UNITED NATIONS MUTUAL AID—ADMINISTRATION STAFF

Mr. GILLIS:

1. Is Karl C. Fraser, formerly of Nova Scotia, to be employed by the administration of Canada's billion dollar mutual aid (Canadian lend-lease) programme?
2. If so, in what capacity?
3. What are his qualifications for this post?
4. What salary and other remuneration will he receive?
5. What will be the chief duties of the officials placed in charge of this programme?
6. What authority will be given to them in drafting recommendations with regard to applications for lend-lease from our allies?

Mr. HOWE: This refers to contemplated action. The answer must be that the action to be taken will be made known in due course.

Mr. HANSON (York-Sunbury): Was it not announced in the press?

Mr. HOWE: I cannot say—not officially.

Mr. HANSON (York-Sunbury): Has he been appointed?

Mr. HOWE: No.

INTERNMENT OF CANADIANS

Mr. GREEN:

1. How many residents of Canada have been interned since the outbreak of the war?
2. Of this number, how many are in custody at the present time?
3. How many have been released pursuant to recommendations made by an appellate tribunal?
4. How many have been released without having taken an appeal?
5. How were these respective numbers divided by nationality or origin; for example, how many in each case would be commonly known as German, as Italian, as Japanese, etc.?

Mr. RALSTON:

	British including Canadians	Germans	Italians	Japanese	All others (24 races)	Totals
1.	78	658	561	765	160	2,222
2.	36	390	60	648	46	1,180
3.	42	159	427	...	112	740
4.	..	104	74	116	2	296
5. Answered in 1, 2, 3, and 4.						
Died—not included in figures 2, 3 and 4	5	...	1	...		6

Note: The groupings have been made by racial origin and do not reflect the allegiance of the internees, many of whom, shown as of foreign origin, are naturalized British subjects.

EASTERN RADIO LOCATION STATION

Mr. HANSON (York-Sunbury):

1. Did the Department of National Defence for Air, or other government department, undertake the erection of a radio location station at or near an eastern Canadian port during the past twelve months?
2. If so, what was the type of tower and what was the estimated cost of the structure?
3. Was the construction undertaken by a construction company? If not, how was construction carried on?
4. If construction was made by Royal Canadian Air Force personnel, were any of such personnel injured or killed during the operation?
5. Was any court of inquiry or inquest held? If so, what was the decision of the court of inquiry or the verdict of the inquest?
6. What happened to the whole structure? Was it finally torn down?
7. How much public money, if any, was lost as a result of the whole operation?

Mr. POWER:

1. No, the tower which was supplied by the R.A.F. originally as a radio location tower was erected near Pine Hill college, Halifax, as part of the radio transmission station.

2. Standard R.A.F., R.D.F. prefabricated, wooden tower which was available and not in use. It was being installed in the new point-to-point service for economy and maximum efficiency.

3. No. Construction was undertaken by Royal Canadian Air Force personnel.

4. When the tower collapsed on 28th January, 1943, one airman was killed, three were slightly injured and two were seriously injured. The last two were removed from seriously injured list on 4th February, 1943.

5. A court of inquiry was held. The findings and recommendations of the court were in substance as follows:

Findings.—The number of guys and the size of rope utilized were not sufficient.

Recommendations.—That in future, experienced construction riggers be employed and the erection supervised by a works and buildings officer who has a working knowledge of, or has sufficient experience in, this type of erection.

Note: An inquest was not held into the accident. The coroner was notified and a doctor was sent by him to view the body. The verdict of the doctor was accidental death. In all such accidents in Nova Scotia the coroner is notified and from that point he proceeds according to his own judgment as to necessities of each individual case.

Note 2 (a): This tower was being erected since this height was deemed more suitable for the particular work for which it was intended than the regular telegraph poles. The tower snapped during erection after guys were in place. It is not possible to estimate the actual tension which was exerted on the guy rope which snapped but the test made on the rope allows for a strain of 1,240 pounds.

(b): It was considered that the tower was quite able to bear the strain ordinarily expected to be borne by an ordinary tower.

6. It was torn down and the fabricated tower replaced by poles.

7. The damages to private property—power and telephone lines—are estimated at $300. (a) The tower was provided at no cost to the R.C.A.F. as it was originally intended for erection by the R.A.F. at another point, but owing to abandonment of that particular plan it became available to the R.C.A.F. The erection and construction was carried out by R.C.A.F. labour. Medical services were provided entirely by service hospitals and doctors.

PURCHASE OF ST. SAUVEUR, QUEBEC CITY, PROPERTY

Mr. DORION:

1. Has lot number 2343 of the official cadastre of St. Sauveur, in the city of Quebec, been bought by the government?
2. If so, (a) when, (b) from whom, (c) at what price, (d) for what purpose?

Mr. HOWE:

1. Yes.

2. (a) The deed is dated July 29, 1942.

(b) The property was purchased from Adalbert Bedard, Quebec city.

(c) $48,000.

(d) For the construction of houses in Quebec city by Wartime Housing Limited.

CANADIAN WOOL BOARD LIMITED

Mr. SENN:

1. How many pounds of wool were purchased by Canadian Wool Board Limited during each fiscal year since its formation?
2. How many pounds of wool were imported by Canadian Wool Board Limited in each fiscal year since its formation?
3. How many pounds of wool purchased by Canadian Wool Board Limited in each fiscal year since its formation, were of domestic production?
4. Were any profits realized by Canadian Wool Board Limited on wool transactions in each fiscal year since its formation?
5. If so, in what year and in what amounts?
6. What disposal is made of such profits, if any?

Mr. ILSLEY:

1. Canadian Wool Board Limited only commenced operations in April, 1942, and the financial figures for the first fiscal year ending March 31, 1943, are not yet available. According to interim figures for eleven months ended February 28, 1943, the total pounds of

wool purchased, including those in transit that are paid for but have not arrived amounted to 16,609,452 lbs.

2. The number of pounds of wool imported by Canadian Wool Board Limited during the period April, 1942, to February 28, 1943, was 2,567,866 lbs.

3. The number of pounds of wool of domestic production purchased by Canadian Wool Board Limited during the period April, 1942, to February 28, 1943, was 14,041,586 lbs.

4. No profits have been realized by Canadian Wool Board Limited.

5 and 6. Answered by 4.

BINDER TWINE

Mr. WEIR:

1. What amount of binder twine was available for farmers in (a) 1941, (b) 1942?
2. What amount will be available in 1943?
3. What steps, if any, have been taken to assure that this amount will be available?

Mr. HOWE:

1. Binder twine available for Canadian farmers was (a) in 1941, 55,012,000 pounds; (b) in 1942, 80,212,000 pounds.

2. It is estimated that 65,000,000 pounds of binder twine will be available in 1943.

3. Production of binder twine for 1943 account, together with carryover from 1942, amounted to 41,400,000 pounds at February 28, 1943. Manufacturers are producing to capacity from materials presently available.

ANTI-FASCIST AND JEWISH REFUGEES

Mr. COLDWELL:

1. Did the government invite Great Britain, the United States, or other united nations interested to confer in Ottawa on the possibilities of granting asylum to anti-fascist and jewish refugees?
2. Is the proposed conference to be held in Bermuda? If so, why was this location chosen?
3. Is Canada participating?
4. If not, why not?

Mr. MACKENZIE KING:

1. No.

2. Proposed discussions between officials of the United Kingdom and United States governments are to be held in Bermuda by agreement between the participating governments.

3. The government of Canada was not asked to take part in these discussions, which are solely between the United Kingdom and United States authorities. As stated on March 29, the government of Canada have asked, however, to be kept informed of the progress of the discussions, and are fully prepared to aid in seeking a cooperative solution to the problem.

4. Answered by 3.

[Mr. Ilsley.]

RURAL MAIL CARRIERS

Mr. LACOMBE:

1. Have rural mail carriers been instructed that they must assist in salvage work as part of their regular duties?
2. If so, has the pay of these carriers been increased?
3. Is the method of granting contracts to rural mail carriers still prevailing?
4. Do rural mail carriers in Canada receive the same bonus as that given to other civil employees?
5. If so, do the payments apply to all?

Mr. MULOCK:

1. No. Rural mail contractors in Ontario and Quebec were invited to assist, as a patriotic duty, in the collection of scrap rubber for the war effort.

2. No.

3. Yes.

4 and 5. Due to the unforeseen increase in the cost of operation, a bonus of five per cent was granted to all mail contractors whose contracts were awarded on tenders dated on or before the 29th of April, 1941, in accordance with section 66 of the Post Office Act, or whose contracts involving an annual expenditure of less than $200 were made in accordance with section 73 of the Post Office Act at rates determined on or before the 29th of April, 1941, with the proviso that the increase shall only apply to payments made for work performed as from the 1st of August, 1941.

RATIONING OF BEER, WINE AND SPIRITS

Mr. REID:

1. Since 16th of December, 1942, when wartime alcoholic beverages order P.C. 11374 was passed, what provincial governments have put rationing of beer, wine and spirits into effect?
2. At what date did any of the rationing orders put into effect by provincial governments become effective?

Mr. GIBSON: The national revenue department has no specific information but understands that all provincial governments have put into effect some form of rationing.

CANADIAN FORCES—FLAGS

Mr. LaCROIX (Quebec-Montmorency):

1. What is the design approved by the Minister of National Defence in 1939, to be flown by the commander of the senior formation of the Canadian active service force?
2. Is the British flag used by the commander of the Canadian corps in England jointly with that design?

Mr. RALSTON:

1. (a) Three maple leaves proper, conjoined on one stem on a white field. (b) The union, in the canton next the staff. (c) Three gold fleur de lis on a blue ground within a circle.

2. The union jack is flown at all flag stations. The flag or pennon which is the subject of this inquiry is used by the commander of the first Canadian army to identify his headquarters. The two flags would not be flown jointly but both might frequently be flown at the same location.

DAIRY PRODUCTS—NOVA SCOTIA

Mr. PURDY:

Based on figures as at 31st March, 1943, what are the comparable returns to dairy farmers in Nova Scotia who produce dairy butter as against those who dispose of their cream to the creameries?

Mr. MacKINNON (Edmonton West): Farmers in Nova Scotia reporting to the dominion bureau of statistics on prices received from the sale of farm products at the 15th of each month reported receiving an average of 36·9 cents per pound for farm-made butter and 48·7 cents per pound for butterfat including government subsidies at March 15, 1943. In making a comparison of farmers' returns, it is necessary to take into account the fact that when butterfat is churned into butter there is an "over-run" of 22 per cent, that is, one pound of butterfat will make 1·22 pounds of butter. Therefore, the farmer who manufactures the butter on his own farm and sells the dairy butter so made would receive 45·02 cents per pounds for the butterfat used. This figure of 45·02 cents per pound compares with 48·7 cents per pound received from the direct sale of butterfat to the creamery.

"BRITISH EMPIRE" AND "BRITISH COMMONWEALTH OF NATIONS"

Mr. POULIOT:

What is the difference, if any, between the British empire and the British commonwealth of nations?

Mr. MACKENZIE KING: The answer is that the terms are used interchangeably.

EXPORTS OF METAL

Mr. ROY:

1. Did Canada export metals in any form during the years 1941 and 1942?

2. If so, what metals and what quantities in each year?

Mr. MacKINNON (Edmonton West):

1. Yes.

2. Owing to censorship regulations, this information is not available for publication.

LABOUR-MANAGEMENT PRODUCTION COMMITTEES

Mr. MacINNIS:

1. How many labour-management production committees have been set up in aircraft plants throughout Canada?

2. Where are these plants located?

Mr. HOWE: Labour-management production committees have been set up in the following aircraft manufacturing plants: Noorduyn Aviation Limited, Cartierville, Quebec; Federal Aircraft Limited, Montreal, Quebec; Canadian Car & Foundry Co. Ltd., Montreal, Quebec, Amherst, Nova Scotia, Fort William, Ontario, (in process of organization); Canadian Vickers Limited, Cartierville, Quebec; Fairchild Aircraft Limited, Longueuil, Quebec; The de Havilland Aircraft of Canada Ltd., Downsview, Ontario; Victory Aircraft, Limited, Malton, Ontario; Fleet Aircraft, Limited, Fort Erie, Ontario; Boeing Aircraft of Canada, Ltd., Vancouver, B.C.

The following aircraft overhaul and repair plants have also set up labour-management production committees: Clark Ruse Aircraft Limited, Dartmouth, Nova Scotia (set up but not functioning); Central Aircraft Limited, London, Ontario; MacDonald Bros. Aircraft Limited, Winnipeg, Manitoba; Prairie Airways Limited, Moose Jaw, Saskatchewan; Canadian Pacific Air Lines Limited, Moose Jaw, Saskatchewan, New Westminster, British Columbia; M & C Aviation Company, Ltd., Prince Albert, Saskatchewan; Aircraft Repair Limited, Edmonton, Alberta.

LABOUR REPRESENTATION ON WAR BOARDS

Mr. BENCE:

1. What boards have been set up by the government since the beginning of the war?

2. On which of these boards is there a representative of labour?

3. Who are such representatives, what boards are they on and what are their labour affiliations?

Mr. McLARTY: I propose to ask that this be made an order for return. I believe a parliamentary return tabled to-day answers completely the first part of the question. I believe the second part, too, is completely answered, although part 3 would not be. I suggest that the question be allowed to stand until the hon. member has had an opportunity to read the return. It is a fairly lengthy return. Following that we can give such further information as he may require.

Question stands.

ASSOCIATED CREDIT BUREAUS OF CANADA LIMITED—TRACING OF DRAFT EVADERS

Mr. DIEFENBAKER:

1. Have any arrangements, final or tentative, been entered into with the Associated Credit Bureaus of Canada Limited, or other credit agencies, publishers of city directories, etc., whereby they or any of them will be utilized in tracing the addresses of draft evaders?

2. If so, with whom?

3. What are the arrangements, and what payments if any are to be made for services to be rendered by said company or other agencies?

Mr. MITCHELL: A general statement was made on March 15 (see *Hansard*, page 1235). The only specific arrangement has been that covered by order in council P.C. 2278, dated March 22, 1943, with the Hooper-Holmes bureau, Toronto, Ontario (copy appears below). No payments have been made. Arrangement has just become effective.

Certified to be a true copy of a minute of a meeting of the committee of the privy council, approved by His Excellency the Governor General on the 22nd March, 1943.

The committee of the privy council have had before them a report, dated 19th March, 1943, from the Minister of Labour, representing that the department is obligated to locate the whereabouts of certain individuals to whom the divisional registrars have been unable to deliver first call-up notices for military service;

That it is felt that all possible methods should be used to locate such people;

That the Hooper-Holmes bureau, head office 11 King street west, room 607, Toronto, Ont., which operates a commercial reporting organization from coast to coast, is available to do this work on a fee basis; and

That, instead of their standard rates being charged whether the subject of inspection is located or not, the bureau will agree to charge $2.50 per case for only those which they are able to locate.

The minister, therefore, recommends

(a) That authority be granted to use the Hooper-Holmes bureau for the work of tracing people to whom first call-up notices cannot be delivered.

(b) That authority be granted to pay a fee of $2.50 to the Hooper-Holmes bureau for each case where the information provided by the bureau results in the location and identification of the subject of the first call-up notice.

The committee concur in the foregoing recommendation and submit the same for approval.

PURCHASE OF LAND NEAR CONNAUGHT CAMP, OTTAWA

Mr. AYLESWORTH:

1. Did the Department of National Defence recently purchase some land adjacent to Connaught camp near Ottawa?

2. If so, how much did they purchase?

3. What was the purchase price per acre?

Mr. RALSTON:

1. No. The department has expropriated approximately 775 acres.

2. Answered by No. 1.

3. Compensation has yet to be awarded by the Exchequer Court of Canada.

BANK OF CANADA—GOLD RESERVES

Mr. LACOMBE:

1. When the Bank of Canada was first established were the gold reserves of the chartered banks and of the dominion itself, transferred to said bank?

2. If so, what was the total amount of gold so transferred to the Bank of Canada upon its establishment?

Mr. ILSLEY: The gold held by the chartered banks in Canada in the amount of $37,480,404.46 (valued at $20.67 a fine ounce) was transferred to the Bank of Canada when it commenced operations in 1935.

The gold held by the Dominion of Canada, as security for dominion notes in circulation, in the amount of $69,455,439.44 (valued at $20.67 a fine ounce) was transferred to the Bank of Canada when it commenced operations in 1935.

TRANS-CANADA ROUTE—SUBSIDIES

Mr. ROY:

During the years 1937-38 to 1941-42, both inclusive, what subsidies for the trans-Canada route were granted by the government to each of the provinces?

Mr. MITCHELL: Agreements entered into with the province under relief legislation provided for a 50 per cent contribution by the dominion for certain undertakings which included work on the trans-Canada highway. The following contributions were made during the period 1937-38 to 1941-42 inclusive.

	1937–38	1938–39	Total
Prince Edward Island	750 00	.....	750 00
Nova Scotia	12,506 52	.....	12,506 52
New Brunswick	253,375 00	.....	253,375 00
Ontario	55,003 72	214,650 86	269,654 58
Manitoba	107,062 06	.....	107,062 06
British Columbia	103,777 68	.....	103,777 68
	$532,474 98	$214,650 86	$747,125 84

These projects were approved for dominion contributions on representations made by the respective provinces under relief legislation. No representations were received from provinces other than those listed above for contribution to expenditures on the trans-Canada highway during the period in question.

[Mr. Diefenbaker.]

SELECTIVE SERVICE—RECORD OF INDUSTRIAL WORKERS

Mr. DORION:

1. Has the government, through the medium of the national selective service bureau, a complete record of workers engaged in the different industries of the country?

2. If so, what is the record for each province of the number of female employees engaged in the different war industries?

3. If not, how does the government control the manual labour of the country, and what are the precise functions of the national selective service body?

Mr. MITCHELL:

1. Yes. Various registrations of employees have been made since the outbreak of the war. The latest was a report on employment which was required of all employers as at January 30, 1943. Tabulations for this survey of employment are now being made.

2. The number of female employees in war industries as at August 1, 1942, is reported according to provinces as follows:

Province	Number
Prince Edward Island	30
Nova Scotia	4,400
New Brunswick	2,100
Quebec	53,700
Ontario	87,100
Manitoba	4,100
Saskatchewan	1,000
Alberta	1,900
British Columbia	8,700
Total	163,000

Revised figures will be available when returns are tabulated referred to in answer to question one.

3. Statistics regularly and specially prepared are made use of by national selective service in performing their functions. The functions of the national selective service organization are twofold, namely: (a) The making of recommendations by the national selective service advisory committee for consideration by the war committee of the cabinet as to the best use to be made of the manpower of the nation under the prevailing war conditions and of regulations to achieve the desired results. The advisory committee is composed of representatives of (a) employers, (b) employees, (c) agriculture, (d) the following government departments: 1. Labour, 2. National Defence, 3. Munitions and Supply, 4. Mines and Resources, 5. Wartime Prices and Trade Board.

The advisory committee is under the chairmanship of the deputy minister of labour and director of national selective service.

3. (b) The application, in the most effective manner of the regulations in the various parliamentary acts and orders in council covering the selection of man-power of the nation. (a) between mobilization and civilian needs. (b) the further selection of those assigned to civilian needs amongst the various civilian requirements, including the production of war equipment and munitions and supplies, and defence projects.

The national selective service regulations presently in effect are covered generally by orders in council P. C. 10924 respecting mobilization and P.C. 246 respecting civilian.

CANADIAN ARMY—SENIOR OFFICERS

Mr. SENN:

In the Canadian army, (a) overseas, and (b) in Canada and western hemisphere zones, how many officers hold the rank of, (i) Lieut.-General, (ii) Major-General, (iii) Brigadier?

Mr. RALSTON:

On Strength

	On duty with Canadian army		Seconded for duty with other departments or agencies	
	Overseas	In Canada and western hemisphere	From Can. army overseas	From Can. army in Canada
Lieutenant-General	3	1	—	—
Major-General	8	18	1	3
Brigadier	47*	61	—	6

* Includes one prisoner of war.

Retired—On reserve of officers (inactive)

	Overseas	In Canada and western hemisphere
Lieutenant-General	nil	2
Major-General	nil	11
Brigadier	nil	2
Honorary Brigadier-General	nil	7

QUESTIONS PASSED AS ORDERS FOR RETURNS

PRICE CEILING—FRUIT AND VEGETABLE CONTAINERS

Mr. CORMAN:

What are the ceiling prices with respect to fruit and vegetable containers, including baskets, hampers, etc., and can such containers be manufactured and sold without loss?

Mr. ILSLEY: Return tabled.

CANADIAN FORCES—PERSONS IN SERVICES, AND NUMBER OF FAMILIES BY PROVINCES

Mr. DORION:

1. What is, in each province, the number of people (male and female) engaged in the three services of the national defence?

2. What is, in each province, the number of families according to 1941 census?

WARTIME PRICES AND TRADE BOARD—NEW TEMPORARY BUILDING

Mr. BREITHAUPT:

1. What is the estimated cost of the new temporary building to be erected for the wartime prices and trade board in the city of Ottawa for (a) cost of real estate, (b) cost of building, (c) cost of furnishings?

2. Is the building to be equipped with a sprinkler system and what is the estimated cost of fire insurance protection?

3. What will be the cancellation cost to the government of leases on other buildings now occupied by the various branches of the wartime prices and trade board?

4. Does the saving in rentals and the centralization of offices justify the expense involved in the erection of a new building?

5. Will there be any reduction in staff due to the centralization and consolidation of all Ottawa departments of the wartime prices and trade board, in one building?

HARRISON HOT SPRINGS HOTEL PROPERTY, BRITISH COLUMBIA

Mr. DIEFENBAKER:

1. Has the government purchased the Harrison Hot Springs hotel in British Columbia?

2. If so, when, from whom, and at what price?

Mr. RALSTON: I ask that this question be made an order for return, now tabled. The question involves three departments, and in connection with it there is a long order in council which has to be tabled as part of the answer.

Return tabled.

WARTIME HOUSING LIMITED—CONSTRUCTION TO DECEMBER 31, 1942

Mr. NICHOLSON:

1. How many housing units (a) have been completed by Wartime Housing as at December 31, 1942; (b) were under construction on December 31, 1942?

[Mr. Ralston.]

2. What is the estimated average cost, including services, per unit?

3. How many bedrooms have been provided in the various staff houses built by Wartime Housing Limited?

4. What is the estimated average cost per bedroom?

LUNENBURG, N.S., PORT DOCTORS

Mr. BLACK (Cumberland):

1. Who is the port doctor at Lunenburg, Nova Scotia?

2. What salary, fees or other payments has he received during the years 1941 and 1942 in connection with (a) merchant, fishing, and coasting ships; (b) naval ships?

3. What salary, fees or other payments has Dr. G. A. Barss, Rose Bay, Nova Scotia, received during the years 1941 and 1942 in connection with (a) merchant, fishing, and coasting ships; (b) naval ships?

4. What salary, fees or other payments were paid to other medical doctors at Lunenburg, Nova Scotia, during the years 1941 and 1942 in connection with (a) merchant, fishing, and coasting ships; (b) naval ships?

WARTIME PRICES AND TRADE BOARD—EMPLOYEES IN PRINCE EDWARD ISLAND

Mr. HANSON (York-Sunbury):

1. Are any of the following persons now or have they at any time been employed by the wartime prices and trade board or by any government agency: George H. Barbour, John P. Gordon, T. Gordon Ives, P. W. Turner, Ewen Nicholson, Bruce Wonnacott, Guy Scott, James Walker, Arthur Henry and Donald Stewart, all of Prince Edward Island?

2. If so, what are their salaries and allowances, or allowances in lieu of salaries, in each case?

3. Have any persons in Prince Edward Island been appointed in connection with air raid precaution operations by any federal authority?

4. If so, who are such officials and what pay, if any, are they receiving?

5. Are Morton Dew, R. S. McBeth, H. H. Cox and W. H. Poole acting as officials in connection with air raid precautions in the province of Prince Edward Island?

6. If so, what are their salaries, if any, and if they are not in receipt of salaries, are any allowances for travel or other remuneration being paid to any one or more of them?

7. Are Hon. H. L. Palmer and J. P. Hooper, of Prince Edward Island, employed in any capacity by the National Selective Service Department?

8. If so, what are their salaries or per diem allowances in each case, if any, or what other remuneration, if any, do either of these men receive?

SUBSIDIES TO AGRICULTURE

Mr. ROY:

What subsidies bearing on agriculture were granted by the dominion government during the fiscal years 1937-38 to 1941-42, both inclusive, to governments, individuals, companies and societies in each province, directly or through the media of federal organizations?

EXPORTS TO AUSTRALIA

Mr. ROY:

1. During the fiscal year 1942-43, did Canada export any products direct to Australia or to any other country?

2. If so, were these exports, wholly, or in part, made under authority of the act George VI, chap. 8, 1942, intituled: "The War Appropriation (United Kingdom Financing) Act, 1942"?

MOTIONS FOR PAPERS

PROVINCIAL AND DOMINION WAGE RATES AND REGULATIONS

Mr. KNOWLES:

For a copy of all correspondence and other documents exchanged since the beginning of the present war, between the Department of Labour, or any official thereof, including the national war labour board, or any official thereof, or any other department of the government or official thereof, and the Department of Labour of each of the provinces of Canada, or any official thereof, the regional war labour boards, or officials thereof, or any other department or official of the several provincial governments, relating to the status of provincial and dominion minimum wage rates and regulations under order in council P.C. 8253, of October 24, 1941, as amended by several subsequent orders, including order in council P.C. 5963, of July 10, 1942, and any subsequent amendments, and also to any proposed amendments designed to alter the above status.

Mr. MITCHELL: Subject to the usual reservations with regard to privileged documents.

Mr. KNOWLES: Does that reservation with respect to correspondence apply both ways, or only to correspondence which originates with the provinces? I hope it applies only to the latter.

Mr. MITCHELL: My hon. friend probably knows more about the correspondence than I do. I do not think I can answer his question.

Mr. COLDWELL: This is a matter which affects the privileges of the house and it is one which should be settled. Surely correspondence directed to the provinces should come under the purview of this house and be tabled when requested. There should be no question about the tabling of communications going from the department. While we ought to treat the provinces with courtesy and give them every consideration, I think it is going too far to suggest that communications from the provinces to the dominion are privileged. By and by we may find that the municipalities have privileged correspondence. We should be making a mistake to let this pass unchallenged.

Mr. GRAYDON: May I say just a word with respect to the question raised by the hon. member for Rosetown-Biggar? The matter came up in the house previously and some member of the government indicated that some of the provincial governments were perhaps a little sensitive in connection with correspondence between the dominion government and themselves. In looking up the precedents I can find no indication of government policy in the past which is in accordance with that which has now been announced. As the hon. member for Rosetown-Biggar has said, we ought to have this point decided. There is not much justification for calling a document privileged which passes between the dominion government and a provincial government.

Mr. MACKENZIE KING: I believe I was the one who spoke about some of the provinces being sensitive in the matter, and laid a little emphasis on the courtesy of letting the provinces know that the correspondence had been requested. I did not wish to do other than simply have the provinces given an opportunity of knowing that the correspondence had been asked for and that the government intended to return it unless there was objection. I agree that apart from the matter of courtesy, there is no substantial reason, but I still think that the matter of indicating in the first instance to the provinces that correspondence has been requested is a wise course to follow.

Mr. GRAYDON: What would be the position with respect to privileged communications should a province object?

Mr. MACKENZIE KING: That would depend upon the nature of the objection raised. It might be an objection which would appeal to the mover of the motion. If he were satisfied, I presume he would not press for the correspondence. If the objection were regarded as important, the government would have to decide.

Mr. HANSON (York-Sunbury): In previous years this sort of correspondence was brought down as a matter of course. It never was suggested that there was any privilege attaching to correspondence between the provinces and the dominion with respect to any public matter. It is subject to the order of this house. This house can vote it down, but whoever votes it down takes the responsibility. The whole tendency is to restrict and restrict, and the public will not stand for it.

Mr. COLDWELL: I understood the Prime Minister to say that this is a matter of

courtesy, that if the province objects, the mover of the motion will be told of the objection and may then indicate whether in view of the objection he wishes to have the papers laid on the table. Is that the position?

Mr. MACKENZIE KING: As I have already said, the emphasis would be upon the nature of the objection. Something might happen to make it other than in the public interest to disclose certain information at a particular time. I can conceive of correspondence between some provinces and the dominion which has taken place since the war and which it would not be wise to have brought down. This for example would apply to communications referring to the location of defences, munition plants and the like. It would depend entirely on the nature of the objection. I assure the house that there is no idea to narrow or water down any correspondence that should be tabled.

Mr. COLDWELL: What does the Minister of Labour mean by "subject to the usual reservations"?

Mr. MACKENZIE KING: I have just stated them.

Mr. HANSON (York-Sunbury): I do not think he meant anything.

Mr. KNOWLES: Will the Prime Minister answer my question? Does this reservation apply to letters originating with the dominion government?

Mr. MACKENZIE KING: Not unless there was objection raised by the provinces, in which event the objection would be passed on to my hon. friend if he were the one who had raised the point.

Motion agreed to.

WARTIME HOUSING LIMITED—CONSTRUCTION AT SARNIA

Mr. NICHOLSON:

For a copy of plans and specifications of the proposed permanent houses to be constructed by Wartime Housing Limited at Sarnia, Ontario.

Mr. HOWE: The plans and specifications in question were prepared for the purpose of calling for tenders for the construction of these houses. I believe the position is that tenders are being called for or are about to be called for. When the contract has been awarded, I shall be glad to bring down the plans.

Mr. HANSON (York-Sunbury): Perhaps the hon. member wants to tender.

Mr. NICHOLSON: I cannot see any wisdom in following a policy of this sort. If these plans and specifications could give any comfort to the enemy, if Japan or Germany could use them, then I would consider the matter. But when these plans and specifications are in the hands of certain contractors, the members of this house should have the privilege of examining them. I cannot see any reason for delay in bringing them down.

Mr. HANSON (York-Sunbury): Does the government charge a fee for these plans?

Mr. HOWE: Yes, there is a deposit required. If my hon. friend will pay the deposit, he can apply.

Mr. SPEAKER: Shall the motion stand or be dropped?

Mr. HOWE: The motion can pass with the reservation I mentioned, that is, that the plans and specifications will not be brought down until after the contract has been signed.

Motion agreed to.

WARTIME INFORMATION BOARD

PRESS REPORT OF STATEMENT BY JOHN GRIERSON

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to ask the Prime Minister if the statement made by John Grierson of the wartime information board which appeared in the press of Saturday last was made with the consent, approval and authority of the Prime Minister? I should also like to inquire why such an important announcement was not made by the Prime Minister in the House of Commons.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The statement given to the press by Mr. Grierson was made without any knowledge on my part until I read it myself. I have no doubt that the general manager of the wartime information board purposefully refrained from asking my opinion with reference to it inasmuch as he no doubt desired to preserve the independence of the board in the matter of expressing its views and opinion on its work. I have interfered with the board as little as I possibly could. As I read the statement or rather the reply on the part of the general manager to certain comments which appeared in the press and which were based on information brought down in a return to this parliament, I suggest to my hon. friend that it would appear the general manager felt that he should protect the position of the board in the matter.

Mr. GRAYDON: The head of the wartime information board is Doctor MacKenzie—its

chairman, I understand. When an important statement such as this is to be made, why should it not be made, if not by the Prime Minister, then by the chairman of the board? When the board was set up, it was placed directly under the Prime Minister and he is the responsible minister. Many times in the house the question has come up of important statements and announcements being made to the public by the heads of boards or by those connected with boards rather than by the responsible minister. Protests have been made a good many times against this practice and I think ought to be made again. We must preserve so far as we can the sovereignty of this house and of parliament. On an important question such as this it seems to me the Prime Minister should have given consideration to making a statement himself, because there are statements in that announcement which we should have liked to ask the Prime Minister to clarify.

Mr. MACKENZIE KING: Had the statement been one of policy I certainly would have felt that I should be the one to make it in this house. But as I read the statement it is simply a reply to certain comments which have appeared in the press based on information which had been brought down in a return to this house, and it was merely giving the position of the board in this matter.

Hon. R. B. HANSON (York-Sunbury): Why should not the minister give it? Does the Prime Minister approve the last paragraph of the statement, which reads:

The next period—

That is, the next period of the board's activities.

—will demonstrate how we can develop the work already initiated, without being crushed by the happy pluralism of political experiment so fantastic as the Canadian nation. After all, there is nothing quite like it.

Mr. MACKENZIE KING: The statement is a little involved, but as one looks into it it seems to be harmless.

Mr. HANSON (York-Sunbury): There will be repercussions.

LABOUR CONDITIONS

TERMS OF SETTLEMENT OF DISPUTE IN STEEL INDUSTRY

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I should like to direct a question to the Minister of Labour arising out of a statement by C. H. Millard, national director of the United Steel Workers of America, C.I.O., in connection with the national war labour board's decision in the settlement of the strikes at Sault Ste. Marie, Ontario, and at Sydney and Trenton, Nova Scotia. His statement was to the effect that the decision to settle the strike had been arrived at as a result of certain terms made between the strikers' representatives and Mr. Arthur MacNamara, deputy minister of labour. Did Mr. MacNamara agree to or have authority to agree to terms of settlement different from the memorandum of settlement attached to the order in council which confirmed the settlement of the strike?

Hon. HUMPHREY MITCHELL (Minister of Labour): I have not read the newspaper dispatch referred to by my hon. friend, and at the moment I have no comment to make.

Mr. DIEFENBAKER: Did he have any authority to make such a statement?

Mr. MITCHELL: I do not know. I have not read it.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I think that point should be cleared up. I was the one who gave the statement of the terms of settlement and the only one who had authority to give it as from the government. The statement given out by myself was the statement of the government, and I do not believe that there was any undertaking or agreement by Mr. MacNamara or anyone else contrary to the statement I myself made.

Mr. DIEFENBAKER: The Prime Minister undertook to answer the question I asked with regard to Mr. MacNamara, the deputy minister of labour, but he did not answer one part of it, namely, whether Mr. MacNamara had any authority to agree to terms other than those which were embodied in the memorandum of settlement attached to the order in council.

Mr. MACKENZIE KING: I thought that by saying I was the only one who had the authority I was at least implying that Mr. MacNamara had none—and he certainly had not—to make any terms other than those the government itself had determined upon. Nor do I believe that he did make or suggest any other terms.

MONTREAL TRAMWAYS STRIKE

On the orders of the day:

Hon. R. B. HANSON (York-Sunbury): I desire to put a question to the Minister of Labour, of which I have given notice, with reference to the Montreal Tramways strike and the controversy between the American Federation of Labour and the C.I.O. I would ask

the minister to say when a strike is an illegal strike. Is it when the Department of Labour says it is an illegal strike because it is in violation of the prohibition contained in section 57 of the Industrial Disputes Investigation Act? Or is it that a strike is only illegal when there is a conviction? There is a law against murder in this country. A man may be arrested for murder but he is not a murderer until he is convicted. That is an extreme illustration.

Mr. ILSLEY: Murder is illegal.

Mr. HANSON (York-Sunbury): All the lawyers in the government may laugh, but the theory of the British law is that a man is innocent until he has been proven guilty.

Mr. RALSTON: According to my hon. friend the implication would be that a man is not a thief until he is caught.

Mr. HANSON (York-Sunbury): This is getting into an academic discussion, but I submit that in law a man is not a thief until he is convicted of a theft. He may be in fact a thief, but I am talking of the legal aspect. I would ask the Minister of Labour to clarify the point with reference to the Montreal Tramways strike. Was it an illegal strike? Did it come within the provisions of section 57? If it did why is some action not being taken?

Mr. REID: Better hire a good lawyer.

Mr. HANSON (York-Sunbury): I do not have to. I am here myself.

Hon. HUMPHREY MITCHELL (Minister of Labour): I am frank to admit that I have not the legal dexterity of some of my learned friends in the house. Being a layman I have to deal with facts as they are.

Mr. HANSON (York-Sunbury): Was the strike legal or illegal?

Mr. MITCHELL: If I saw a man shoot another man, I would say he was a murderer.

Mr. HANSON (York-Sunbury): He might have provocation. Did that ever occur to the minister? Do not be too dogmatic about these things.

Mr. MITCHELL: Is my hon. friend talking to me?

Mr. HANSON (York-Sunbury): I am talking to you. I am telling you, too.

Mr. MITCHELL: I have had something to do with the Industrial Disputes Investigation Act since the last war—I will go that far. In my experience with labour whenever there was a strike which in my judgment was illegal I have always warned the people involved in the strike of that fact.

Mr. HOMUTH: And have they agreed?

Mr. MITCHELL: In this case I felt when the strike was declared that it fell within the provisions of section 57 of the act. As a labour man I have often had to advise my people that a strike would be illegal. I believe that the advice I gave in the Montreal Tramways strike was the correct advice, not only for the management but for the two unions as well. I am convinced that had they taken my advice there need never have been a strike. I still hold the opinion that since the war broke out there has been no other strike more unnecessary than this one. I have been accused in certain quarters of saying things that I should not have said about that strike, but I do not think it falls to the lot of the Minister of Labour to give leadership to the rank and file of the labour organizations. That should be given by the labour leaders themselves.

Mr. POULIOT: The former leader of the opposition has no more leadership.

Mr. HOMUTH: You never had much.

Mr. MITCHELL: I have taken this position: the language I used, rightly or wrongly, was the same language that I would have used in Hamilton when I was secretary of the trades and labour council there; and I do not think it was any stronger than that used by Sir Stafford Cripps, if he is quoted correctly in this mornings Montreal *Gazette*:

> Speaking at the end of a two-day tour of airplane plants, he said:
> "I know there are grievances, differences and disputes, but none of these to-day justify a strike in the factories any more than they would justify mutiny in a ship or at the front."

I do think this, that in relation to this strike everything humanly possible was done to compose the differences. The chief objective of the Department of Labour was to get those people back to work, and we were successful. I do not know whether I should go any farther, having said that, I had better sit down.

Mr. HANSON (York-Sunbury): Does the minister propose to take any action under section 61 of the act, which provides a penalty for inciting to lockout or strike?

Mr. MITCHELL: I do not know whether my hon. friend is suggesting that action should be taken.

Mr. HANSON (York-Sunbury): I am asking the minister.

Mr. MITCHELL: I have not given that aspect of it any consideration.

Mr. HANSON (York-Sunbury): Well, all right; take it into consideration.

Mr. LIGUORI LACOMBE (Laval-Two Mountains): I wish to draw the attention of the Minister of Labour to a telegram which I received from Mr. Elphege Beaudoin, president of local 790 of the provincial federation of labour. It reads as follows:

Liguori Lacombe, M.P.,
Ottawa.

As a result of an illegal strike my own members are unable to go back to work. Those who want to work are forced to pay one dollar to the Canadian Brotherhood. Three of my men were beaten this morning. We are loyal citizens who have always respected the laws of the country and we have a right to expect protection from government authorities. It is enough that we were robbed of our authority as a party to illegal contract without having to pay a penalty in order to be able to return to work. In the name of justice I demand immediate action from the government. If we are unable to get justice in this case blood might be shed in the streets between the workers members of the A.F. of L. and the Canadian Brotherhood who perpetrated this illegal strike.

Elphege Beaudoin, President.
Local 790, President of the Provincial Federation of Labour.

Like my friend the hon. member for Témiscouata (Mr. Pouliot) I offer immediately my services to the Minister of Labour to replace Mr. Goldenberg, to go to Montreal with the hon. member for Témiscouata in order to settle the strike.

Mr. MITCHELL: I looked into the facts behind this telegram and there is no substantiation for them, so that we shall not need the services of my hon. friend.

FUNDY CONSTRUCTION COMPANY—DISPUTE WITH CARPENTERS' UNION

On the orders of the day:

Mr. P. C. BLACK (Cumberland): I should like to ask the Minister of Labour if he will make a statement as to the refusal of the Fundy Construction Company, Windsor, Nova Scotia, to treat with representatives of the carpenters' union and other workers with respect to labour difficulties. This is of particular importance, because it has to do with an emergency military embarkation camp where the construction programme is reported already behind schedule. The government has a special responsibility in these government projects; it is of further importance in this instance, because the premier of Nova Scotia's private company is the contractor.

Hon. HUMPHREY MITCHELL (Minister of Labour): My hon. friend was good enough to give me notice of this question. The strike in question ended this morning and the men returned to work. It arose over the discharge of a carpenter on the job, and it was agreed that the dispute would be arbitrated by a committee composed of one representative of the employer, one representative of the men, and Mr. Pettigrove, who is a conciliation officer of the Department of Labour.

Mr. HANSON (York-Sunbury): What about the labour relations of this company, anyway?

Mr. SPEAKER: Order.

CANADIAN FORCES

LEAVE TO AIR FORCE PERSONNEL FOR WORK ON FARMS

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): May I direct a question to the Minister of National Defence for Air? When the Minister of National Defence (Mr. Ralston) made a statement to the effect that spring leave would be granted to soldiers to work, he said that he was unable to state whether farm leave would apply also to men in the air force. As I see that the minister is in his seat; perhaps he can inform us.

Hon. C. G. POWER (Minister of National Defence for Air): It does.

BUSINESS OF THE HOUSE

EASTER ADJOURNMENT

On the orders of the day:

Mr. J. A. ROSS (Souris): Many of the farmer members are concerned about spring seeding operations at home, and many members of the house will be called upon to assist in the victory loan campaign starting April 26. Is the Prime Minister in a position now to say when we shall adjourn for Easter? It is impossible for members to make reservations on short notice.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am hoping that we shall be able to adjourn at the end of next week, on Friday, the 16th.

DEFENCE OF CANADA REGULATIONS

BAN AGAINST THE HOLDING OF A PUBLIC MEETING FOR THE PURPOSE OF REQUESTING THE RELEASE OF MR. CAMILLIEN HOUDE

On the orders of the day:

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Speaker, I

should like to ask a question of the honourable the Minister of Justice (Mr. St. Laurent) or, in his absence, of the acting Minister of Justice.

Before his department banned the meeting which was to take place yesterday at Longueuil in favour of the release of Mr. Camillien Houde, had the minister or his officials received the text of the speeches that were to be delivered at that meeting, or did they know, at least, what the speakers were going to say?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The question had better stand as a notice; the Minister of Justice is not in his seat at the moment.

WAYS AND MEANS

OPPORTUNITY FOR DISCUSSION OF CANADA'S WAR POSITION—STATEMENT ON MOTION OF MINISTER OF FINANCE

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of ways and means.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, before the house resolves itself into committee of ways and means, I wish to speak very briefly on something which I could not have discussed on the orders of the day, because I wanted to say more than would be proper then.

The house has been in session for nine weeks. Within a short time we shall be returning to our constituencies. So far there has been no opportunity for a clear statement in this house of the war position. Instead of making statements in the budget debate and in the debate on the address in reply to the speech from the throne, the ministers of defence and other departments have been waiting for the war appropriation bill to come down; and since the house has been delayed in reaching that order of business it seems to me that before the house adjourns for the Easter recess some opportunity should be given us to understand what the situation really is. We realize that there are certain matters that cannot well be disclosed publicly in this chamber—not because the people of Canada should not be made aware of everything that is being done or left undone, but because there are certain matters that might give aid and comfort to the enemy or information which would enable him to go forward with plans to meet what we propose to do. But the House of Commons is entitled to a clear statement at the earliest possible day, certainly before the Easter recess. We as private members should impress upon the government that even in war time this parliament is responsible to the people, and that the government, or the cabinet, is not the master but the creature of this House of Commons and ought at all times to be subject to its will.

I have been alarmed during the last four or five years at the extent to which parliament has in some respects taken on the form of the totalitarian states in that from time to time we have become merely a sounding board for the making of statements and pronouncements, when we were favoured with such. At this point I wish to refer to the making of statements of policy, involving important decisions of which this house should be apprised and which it should if it deems fit, approve, on the orders of the day thus preventing any possibility of discussion of those important statements in this chamber. The house is losing the control of the executive arm of the government which ought properly to be ours. It is time that hon. members took the opportunity to remind the government that the sovereign governing power in this country after all is parliament, not the cabinet or the government of the day. The time has surely come when we as a house are entitled to know more than we do know about the war effort of this country, the commitments that have been made in many phases of our war effort, and other matters closely related to the conduct of the war.

For example I am anxious to know whether we are a partner in this war, or whether we are being relegated to the position of allowing the major powers, if I may so express it, to take the decisions, inform the government of Canada of them and then perchance invite us to conference after the decisions have really been taken and the policy decided upon. I have in mind Casablanca. I have not yet seen the answer given this afternoon to a question I placed on the order paper regarding the Bermuda conference. I am anxious to know whether we are called in in the initial stages, or whether the decisions are usually taken by other nations allied with us, after which, the policy having been more or less decided, we shall be called into conference.

If some of the matters which we have in mind may not be discussed in open session, then an opportunity must be provided to discuss them in a closed session of this house. We want to know what the situation is regarding our armed forces, what the likelihood is for reinforcements and so on during the coming summer months. How adequate are the defences of this country, and to what extent are we now relying upon our allies for its defence? To what extent, for example, are we looking after not only our

own coastline but the coastline of Labrador and Newfoundland? To what extent are the army, the navy and the air force of the United States looking after the vital approaches to this country instead of our own forces?

Also in such a session we should be given a clear understanding of the needs in the realm of exports. There is a good deal of criticism in eastern Canada regarding the piles of equipment to be seen along the railway tracks. People are asking whether this equipment is obsolete, or why it has not been exported. If the government made a statement on the Atlantic situation it would help a great deal in enabling the people to understand the reasons for the piling up of supplies along the railway tracks. There is no secret about it; anyone who takes a trip from Ottawa to Windsor can see literally acres of supplies along the sidings in some of the cities along the way. We ought to be told also what the food situation is, and what is expected of us. We are being rationed, which is all to the good; and I believe the shortage of food supplies in this country is not serious for Canadians. But to what extent must we make a greater effort to see to it that supplies of food are available for shipment overseas? What is the situation in Great Britain and North Africa and other places regarding food?

Are our ports sufficiently protected? We have never had a clear statement in this house as to that. What about the submarine menace? How is the St. Lawrence to be protected this year? Is the protection to be any better than it was in the previous year? What is the situation on the Pacific coast? To what extent is the Hudson Bay route likely to be used, and how is it protected? Those of us who come from the prairies realize now as perhaps we did not in previous years the accessibility of the prairie region to the Hudson Bay district. What is going on in northwest Canada? We hear about a northwest Pacific organization to develop that country, but we in this house know nothing about these things. A short time ago the Minister of Mines and Resources (Mr. Crerar) suggested that a question put on the order paper by one of my colleagues should be withdrawn, and it was withdrawn because of the intimation that to give the information would not be in the public interest. But subsequently I received from New York a newspaper, the *Herald-Telegraph* I think it was, from which it is clear that not only the questions that my hon. friend was asking were answered, but that the whole story of the development in that region was being told in the public press of the United States.

We should get to know what is going on in our country. While the Prime Minister very properly pointed out the other day in connection with the air services that the certain privileges granted would be withdrawn at the end of the war, nevertheless we have to bear in mind that it may not be possible to withdraw some of these privileges because something of a vested interest may be established. This parliament as the guardian of the property of the people of Canada ought to know what is taking place. I suppose some of us who try to follow them closely have an inkling as to what is going on, but I feel safe in saying that few members of the house are fully informed as to the situation in the Pacific area, in the Labrador and Hudson bay areas, in the Athabaska region where oil exists, and all across the north country. The house cannot allow itself to be faced with a series of accomplished facts, a series of commitments. The other day for the first time we were informed of the great electric power development at Shipshaw, the development of the aluminum plant and so on near Arvida. How many of us in this house knew anything about it until we saw it discussed first of all in the public press and later confirmed by interviews with the ministers? Yet these are the resources of the people of Canada; their alienation will influence the course of events in Canada not only during this war but for generations to come. We are derelict in our duty if we fail to investigate, not after something is done but before it is done, because we are placed here as the trustees of the people and the administrators, if you will, of the common property of this nation.

I suggest therefore that before this house adjourns all the information possible should be given publicly; and if there are matters that cannot be disclosed in public because of the value they would be to the enemy, then a closed session of this house should be held. On Friday the Prime Minister (Mr. Mackenzie King) made a statement which in a measure met with our approval. We were glad to learn that the matter of air transport had been given so much consideration and that certain protection had been given to the Canadian people in connection with transcontinental, international and external air transport. But in my opinion this is not sufficient. We are going to see valuable routes established to the east of the Rocky mountains, and particularly along the outskirts of

the Rocky mountains, with the opening up of the great north country. It seems to me we should not allow any vested interests to grow up in connection with projects of this description, particularly in regard to aviation; for after all when we come right down to brass tacks what are we doing? We are providing meteorological services; we are providing airfields, lights, radio, and beacons; then we are going to allow a private corporation to obtain a vested interest in this route. To my mind this is analogous to calling upon our Canadian National Railways to lay the railway lines, provide the stations, and then allowing a private corporation to operate their trains over those lines, for which the people of Canada must pay.

We should inquire into some of these matters at the earliest possible opportunity. Perhaps many of the topics to which I have referred can be discussed publicly on various of the estimates, but I want the government and the house to consider which of these subjects, particularly those related to defence, cannot be discussed openly, and before we go back to our constituencies we should be given information regarding many of these matters.

Let me add that before we have a secret or private session of this house it should be well organized. Last year the members of the opposition groups, and perhaps also the government supporters, were asked to submit topics which they thought would be suitable for discussion. Well, we did that, and in their statements the ministers covered those topics fairly well. But in addition to having the ministers answer questions which may be asked in advance by members of this house, an opportunity should be given for further questions to be asked at such a session. We might agree among ourselves that when we meet for a day in secret session we forego the privilege of forty minute speeches and limit the discussion as nearly as possible to short, five or ten minute speeches, if we have to speak, or in the main to questions. In that way we might get the information we desired, but if a private session is held and we have a number of long statements by the ministers, followed by forty minute speeches by two or three members of the house, most hon. members who may have questions to ask will be denied the privilege of asking them.

I thought I should raise this matter on going into committee of ways and means, because we are perhaps less than two weeks away from the Easter adjournment. We wish to go home to our constituencies, and we shall be asked questions about some of the problems I have mentioned. The sovereign power within this country ought to be given information upon which members can base answers to the questions that will be asked, provided always—and I am quite sure we can all be relied upon to do this—that we do not divulge matters which in war time ought not to be divulged.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I was unaware that there was to be any debate such as this to-day. I shall be very brief, because we have business before the house at the moment of a practical character that must take precedence over anything that might be regarded as theoretical. I do wish to say, however, that as members of parliament, representing the Canadian people, we must not allow this house to drift into the position of a semi-peacetime parliamentary assembly. After all, this war has reached a stage which I think most of us regard as extremely serious. Speaking in a personal capacity only, I view with considerable approval the suggestions advanced by the hon. member for Rosetown-Biggar (Mr. Coldwell) in regard to the matter of a secret session. I think the country would welcome some move by the government to take into its confidence the representatives of the people. Frankly I am alarmed at the feeling throughout Canada that we in this House of Commons are not paying enough attention to the war but are paying too much attention to other things. I should not care to cast the responsibility for this upon any single person in the house, or upon the government or any of the groups, but I believe the people wish that as a parliament we devote our attention first of all to the winning of this war. That is the first thing to be done. No matter what procedure we may adopt in this house from time to time, which to us may seem reasonable and proper, we must also impress upon the people the fact that in this House of Commons the first and major concern of those who sit as the representatives of the people is the winning of the war. More than that, if I may say so, the government should take the peoples' representatives more fully into their confidence. I think that is long overdue and it is something which would be most acceptable to the people generally.

It would be particularly appropriate now, I think, that the government acquaint members of parliament as far as possible with the whole international position. The hon. member for Rosetown-Biggar omitted to mention a couple of matters which came to my mind as he was speaking. Members of this house should be given some idea of the progress of the battle of the Atlantic. They should be given

more complete information with respect to Canada's foreign policy, because for too many people in Canada that matter has not been sufficiently clarified. I am mentioning these points because I have hesitated to hold up the house with motions on going into supply or ways and means. I do wish to caution my hon. friends to the left that one of the biggest jobs we can do at the moment is pay attention to the budget resolutions, and the practical means of giving the government the supply it requires in connection with the war effort.

For that reason I wish to apologize for the brevity of my remarks in this matter, but also to give my approval to the suggestion made by the hon. member for Rosetown-Biggar that the people's representatives should be taken more fully into the confidence of the government. May I also say to the government, however, that at the moment our main job is to get on with the business now before the house, so that there shall not be an extended debate, as has been originated this afternoon.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, may I say at once the government has no desire whatsoever to withhold information of importance to the people of Canada, or their representatives in this house. But the business of parliament cannot be carried on without following some procedure which will make it an orderly and expeditious procedure.

In the early part of the session my hon. friend made much the same speech as he has made this afternoon, about the desirability of the house being more fully informed on different matters, and as to our having a secret session in order that information might be given in greater detail. I replied to him at the time, and I give him the same reasons this afternoon. That was on February 26, and *Hansard* at pages 732-33 records the discussion as follows:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I direct a question to the Prime Minister. Now that the address in reply to the speech from the throne has been adopted, will he suggest an early date when this house can meet in closed session to discuss matters relating to Canada's part in the war?

Right Hon. W. L. Mackenzie King (Prime Minister): Mr. Speaker, I am anxious to oblige the house. It is entirely a matter of what is likely best to fulfil the wishes of hon. members and best to further public business. The plan on which the government was proceeding was to bring down as soon as possible our financial measures in toto. The estimates are already down. A resolution with respect to the war appropriation has just been advanced a stage from government notices of motion, and will hereafter appear under orders of the day. There is also now upon the order paper a resolution respecting the making of war supplies available for the united nations. In this way we have sought to give the house a complete picture of the sums which the government will ask to have appropriated. A request has been made that we should establish the standing and select committees as rapidly as possible. Until all the committees are set up and until the house has had the preliminary statements with regard to total expenditures, with the sort of breakdown that my hon. friend the leader of the opposition has asked for, so that hon. members may be able to study the details, I do not think we should interrupt the proceedings in order to hold a secret session. If the situation were so pressing that a secret session to discuss other matters would be regarded as more important than proceeding with the government's financial measures for the war, in the manner I have indicated, I would say that we would fix a day for a secret sesison forthwith; but if there is no situation that is being embarrassed by not having a secret session at once I think the house would be in a better position to discuss in secret session matters pertaining to the war after it has had before it a complete picture of the financial situation. It is a matter of balancing. I should be glad to talk it over with my hon. friend and other leaders, if they so desire, and see if we cannot perhaps agree on a time that would be best.

On the following page of *Hansard*, this further reference was made to the business of the house:

Fifteen committees have already been appointed. There remain the five of which notices are already on the order paper, one of which was under discussion yesterday and will continue to be discussed to-day. So that between now and Tuesday evening the first order of business will be the discussion of the setting-up of these different committees. The Minister of Finance proposes to proceed on Wednesday with the motion respecting the war appropriation for the ensuing year, and would like to have the house continue with discussion on that measure unless there are some other matters that it may be necessary to take up in the interval. The minister hopes to be able to make headway with the war appropriation discussion from the time that he proceeds with the resolution in the house.

That indicates the plan under which the government proceeded to bring the important measures before the house at as early a day as possible, so as to permit of the fullest possible discussion by hon. members.

Then, following what was said on that occasion I had a conference with my hon. friends, the leader of the opposition, the leader of the Cooperative Commonwealth Federation and the leader of the Social Credit party, at which time we all agreed upon a certain programme which, I may say, has been followed literally from that day to the present. The fact that we have not made as rapid headway with the measures to be placed before the house has not been the fault of the government. As my hon. friend is well aware—and I am not complaining—there have been some

amendments. I wish to make the position of the government perfectly clear in that matter. There have been amendments moved on going into supply and ways and means. There has been extended debate on the budget and other subjects. Those discussions have taken up a great deal of our time, and because of that we have not reached certain of these other measures.

May I point out that in connection with the appointment of special committtees a week of the time of the house was taken up in the discussion of reconstruction and social security. As the leader of the opposition (Mr. Graydon) has just said, I emphasized before that and have since repeated time and again that I thought we were taking up far too much time in the discussion of some measures which were really of a domestic nature, and possibly too much time in the discussion of post-war matters, rather than giving our time, as we should be giving it, in the fullest way, to the discussion of measures such as the war appropriation bill, and others related immediately to the prosecution of the war.

I am not complaining about the time the house has taken up in discussing some of these matters. I know they were matters of importance. But the reason we have not thus far been able on other matters to give to hon. members of the house some of the information they would like to have is not that we have been planning to withhold it, or that we have been arranging the business of the house so that it might be withheld or delayed. We have made such progress as has been possible in view of the fact that other subjects have come up for discussion.

The leader of the Cooperative Commonwealth Federation (Mr. Coldwell) has said that the government has a responsibility to the people, and that it is not the master but rather the creature of the house. It is because, as leader of the government, I regarded myself as the creature rather than the master of the house, that I sought to get into touch with my fellow creatures who are leading the other parties, in an effort to come to some agreement on the order of business to be followed. I am happy to say we came to an agreement, and I think the hon. member for Rosetown-Biggar would be the first to admit that we have followed the order of business set down at that time.

The Minister of Finance (Mr. Ilsley) has succeeded this year in bringing down the budget at an earlier date than it has been brought down in any other year, not only in this parliament, but, I believe, earlier than in almost any session of any other parliament.

The one measure above all others with respect to which the people of Canada were most anxious to get full details was the budget. The business of the government was so far advanced that the Minister of Finance was in a position to bring down his budget almost as soon as the debate in reply to the speech from the throne was completed.

Then, the debate on the budget has taken a long time. Had we withheld the presentation of the budget until after the Easter recess, some of the measures to which my hon. friend has now referred would have been proceeded with. But, as the Minister of Finance has made abundantly clear, there are some commitments which will have to be met within a certain time. In order that those commitments may be met he must get his financial resolutions through the house.

May I say in conclusion that the real reason some of the matters referred to this afternoon have not been dealt with is that everything cannot be done at one and the same time. The fullest opportunity will be granted hon. members to discuss all measures. When the war appropriation bill is introduced it will undoubtedly be discussed at great length. But I cannot see any advantage to be gained by seeking to enter into a debate of one or two days so as to supply in brief compass information which the house will wish to have in detail, and which would require two weeks or possibly longer to discuss at length.

I do not wish in any way to indicate a desire to abridge the rights of any hon. member. On reflection however I think it will be seen that the choice lies between agreeing to a plan and following it to as great an extent as possible, or seeking to deal with matters at random and, on that account, less efficiently.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, may I say a word in support of the request of the hon. member for Rosetown-Biggar (Mr. Coldwell) for a closed session, if possible before the Easter recess? The leader of the opposition says that the greatest help we can give the government is to pass this supply as quickly as possible.

Mr. GRAYDON: I did not say that.

Mr. DOUGLAS (Weyburn): I take it that that is what he meant.

Mr. HANSON (York-Sunbury): Ways and means.

Mr. DOUGLAS (Weyburn): To go on with the committee of ways and means. I must assume he thought that it was not a good idea to hold up the government even for this short

discussion. I think we are all agreed that the most pressing business of this session is the winning of the war and the doing of everything that will assist the government in attaining that objective. But there are certain things which we feel ought to be discussed, and discussed as soon as possible. We are not quarrelling with the statement of the Prime Minister about having the business of the house conducted in as orderly and expeditious a manner as possible, nor do we quarrel with what he said about the different items that have come up, particularly the budget. We have no difference of opinion on that point at all.

I want to remind the Prime Minister that earlier in the session he said that every hon. member would have the opportunity on going into supply of discussing any matter which he thought ought to be discussed. This group has taken advantage of that opportunity only once; only one amendment was moved, and the discussion on it took two days. Time is going by. We are not quarrelling with the past; we are simply asking the government to make some commitments with reference to the time between now and the Easter recess. The Prime Minister has made no statement yet about that.

The chances are that there will be a spring offensive. There is a strong likelihood of Canadian troops being in action within weeks or months, and it seems to me that an opportunity should be given, to the defence ministers in particular, to make statements to the house in a closed session. I have been reading the British *Hansard* for last session and I am amazed at the information which is conveyed to that house in public session. Questions are asked about how a certain tank is performing, whether a mounting has been changed, whether a certain gun has been found satisfactory, if not, what is wrong with it, what is wrong with certain cars, why is their performance not better, and so on. Frank statements are made by the minister. Such a procedure here would strenghten the confidence of the public and of the members of the house. There should be a frank discussion and we should have the opportunity of hearing from the ministers what is being done. Financial measures are important, but to my mind nothing is as important as the lives of young Canadians, many of whom will be going into action within the next few weeks or months. Statements should be made by the defence ministers as to what preparations have been made, what equipment has been put out, what are the arrangements for command, and, above all, what plans have been made for coordination between the services. In many quarters in this country and in Great Britain there is a feeling of apprehension about the extent of the coordination among the various arms of the service. A statement by the Minister of National Defence as to the facilities that have been set up for coordination of the services would enable hon. members to go back to their constituencies and remove any misapprehension they may have. They could tell their constituents that because of the statements they had heard they now feel that everything that can be done is being done and will be done to make it possible for the Canadian forces to make a maximum contribution to the winning of the war with a minimum of loss.

The hon. member for Rosetown-Biggar was not seeking to criticize the government for not having held a secret session. What he was seeking to do was to point out that time was going by very rapidly. It is unfortunate that in the course of this short discussion the Prime Minister has not said whether or not a day will be set aside before the Easter recess. He should make that statement, if not to-day, certainly in the course of the next few days, in order that members may be able to take back to their constituencies something of the assurance and confidence which would come from the kind of discussion we could have in this house.

Mr. NEILL: I suggest that we stop playing politics and go on with the business of the house.

Hon. J. L. RALSTON (Minister of National Defence): Mr. Speaker, I want to say just a word because both the leader of the Cooperative Commonwealth Federation and the hon. member for Weyburn (Mr. Douglas) have mentioned the defence ministers. The Prime Minister has already indicated the order which was arranged for the conduct of the business of the house. I do not think there has been any deviation from that except what was necessitated by the amendment to the motion to go into supply. That, of course, could be anticipated and it was part of the procedure. I second what the Prime Minister has said, that if there has been any delay in the making of statements by the ministers representing the defence services, it has been due to the fact that we have not got on with the order of business as fast as I think most of us felt it should have been got on with.

I came back after having been absent from the house for a little while expecting that I should be called upon to make a statement within at least a week after I came back. I am still here. I did not expect to make a statement in connection with war appropriations in

the debate on the speech from the throne or in the debate on the budget. I expected just what my hon. friends have suggested, namely, that when I made a statement it should be under conditions where questions could be asked on the statement and I would be in a position to answer questions. It is of no use for me to make a statement in the debate on the address and the budget and then repeat it when the war appropriation bill is brought down. My colleagues, the Minister of National Defence for Air (Mr. Power) and the Minister of National Defence for Naval Services (Mr. Macdonald) are in the same position.

We expected that as soon as the budget was completed the further supplementary estimates would be taken up. That has been done. We expected that then the budget resolutions would be taken up; we are going to do that this afternoon. I think it is worth while for the house to know the arrangements arrived at as a result of the meeting held in the Prime Minister's office. Here they are.

On the motion to refer the resolution with respect to the war appropriation bill to the committee the Minister of Finance is to table break-downs for all departments which participate in the funds provided by the war appropriation bill, that is, navy, army, air, finance, munitions and supply, labour, war services and agriculture. That would cover every one of the departments which have to do with the various matters mentioned by the hon. member for Rosetown-Biggar. Their estimates would be placed on the table and the house would be prepared for a discussion in committee. The ministers would give the fullest information possible.

When the bill is in committee each department is to be taken up in turn, the order in which they are to be taken up to be settled between the ministers concerned, and the committee to be advised reasonably in advance. That is to say, it may be agreed between the Minister of National Defence for Naval Services, the Minister of National Defence for Air and myself that air comes first or navy or army, as the case may be, but the committee will be advised.

Each minister as his department is taken up is to make a statement regarding the activities of his department. After the statement is made, the estimates or the appropriations of that particular department will be broken down into objects of expenditure, similar to what is done with the estimates we have in peace time. Then the committee can make the fullest inquiry into the matters which have been referred to in the statement, or into matters such as those referred to by my hon. friend. There may be some matters, and he has mentioned very few, which would have to be discussed in private. I should think we shall be able to give statements which will reasonably satisfy the committee and the public and which can be discussed in public session.

It was agreed between those who met in that conference that every endeavour would be made to complete the consideration of one department before going on with another, although there may be times when it may be necessary or convenient to suspend consideration of one department and take up another temporarily. It was also agreed that every endeavour would be made to stick to the item before the committee rather than conduct a roving commission into all activities of departments. We would not be jumping from pay and allowances, for instance, to equipment, but would stick to one subject until we were through with it.

Speaking for myself, that is the arrangement on which I am prepared to go, and just as soon as we can. I do not expect that we shall be through quickly with the discussion on the war appropriation because that is a most important matter, the most important matter of all, if I may say so with all due respect to the financial legislation.

Mr. HANSON (York-Sunbury): On a question of mechanics, Mr. Speaker, the minister said that we would exhaust one department before going into another. I anticipate that the minister will make a full and complete statement at the opening, as has been the custom heretofore. Will all members be given an opportunity to read, analyse and digest that statement before opening cross-examination?

Mr. RALSTON: If hon. members so desire.

Mr. HANSON (York-Sunbury): We cannot discuss it intelligently unless we are given a little time.

Mr. RALSTON: Hon. members generally have enough questions to ask to keep us going for the first day, and then they could take the statement home and come back loaded with more questions for the next day. I will make a statement at the opening, and I am sure that every reasonable opportunity will be given to hon. members to examine the statement.

Mr. Speaker, that is the arrangement we made, and that is the course we propose to follow. I do not propose to withhold anything which I can reasonably be justified in making public, and we will proceed just as fast as

possible. I had expected that the budget resolutions would be through this week and that we would have next week to begin at least on the war appropriation bill.

Mr. J. G. DIEFENBAKER (Lake Centre): It is seldom that I am altogether in agreement with the course being followed by the government, but in this matter the course being followed is the one agreed upon. I wish to make this perfectly clear. Speaking for myself alone, I think that instead of having a secret session of the house the Prime Minister (Mr. Mackenzie King) should from time to time place before the house and the country a statement on the war and Canada's position, making a report similar to that given to the House of Commons in Great Britain by Mr. Churchill. Reports have been given by the Prime Minister from time to time but not as regularly as I think should be the case. To-day we betray no secret in saying that conditions are difficult, indeed terrible, on the Atlantic. The people of Canada do not realize just how serious the conditions are. The mass of war materials that is being produced and piled up, great as it is, can assist the empire at this time only if it finds its way over to the battlefields.

We approach another victory loan campaign which will be an outstanding success if the people know the facts. I feel that all over Canada to-day there is altogether too much apathy, too much of a feeling that the war has been won. What the people of Canada need is a speech from the Prime Minister in which he will give them as nearly as he can within the limits of censorship a true picture of the situation in which we find ourselves to-day. I do not want to play politics, and I say that in all sincerity. It is all very well for us to look at the post-war period. But if parliament, which is one of the custodians of the future of this country and of this empire has half its mind devoted to the war and half to the post-war, we have insufficient of its collective intellect devoted to either. Half of our minds to-day cannot be devoted to helping in the winning of the war and the other half to consideration of the ballot box. Speaking for myself again, I believe—and I think all hon. members are of the same opinion—that the Prime Minister should tell the people of Canada in order to arouse them from their lethargy, the position in which Canada, the empire and the world stand to-day. I do not want to go into a secret session where the information I receive must remain with me. I wish to know, as a citizen of Canada and as a member of this house, what the prospects are, what we are doing toward winning the war, and whether the mobilization of man-power for service in Canada will aid in winning the war overseas. I wish to know whether the vast amounts of munitions that are being produced in this country are being sent overseas, and generally what we as members can do to assist the government at this time. It is not the government we are assisting by our cooperation; it is all of the people of Canada. It is Canada.

Hon. R. B. HANSON (York-Sunbury): Mr. Speaker, the hon. member for Lake Centre (Mr. Diefenbaker) has said succinctly and clearly exactly what it was in my own mind to say, and I shall not repeat any part of what he has said.

The membership of this house will, I think, give me the credit for having advocated as the first and foremost and always the fundamental duty of this parliament the winning of the war. I believe in that with all my heart. When the hon. member for Rosetown-Biggar (Mr. Coldwell) rose this afternoon, he must have been aware of what the arrangement was between the three leaders with respect to the conduct of the business of this house, and I am just wondering in my own mind whether behind his motion was not the idea of getting into the public print with an eye on the ballot box.

Mr. COLDWELL: Mr. Speaker, I rise to a point of order. The hon. member is once more attributing motives to me which frequently he has in his own mind, and I object. I am quite well aware of the understanding that was arrived at and—

Mr. HANSON (York-Sunbury): He is now making a speech, Mr. Speaker. Let us have the point of order settled first.

Mr. COLDWELL: I believe I have the right to point out wherein the hon. member is imputing motives to me. He is not stating my motives correctly. I was simply saying that because of the nearness of the Easter recess I felt that before we left we should have some knowledge of what the war now involved for Canada. That was my only purpose, and I resent the hon. gentleman's remarks. I would suggest that he has set an example in this house to most of us how to play politics in the petty sense.

Mr. HANSON (York-Sunbury): Who is imputing motives now? I have not imputed any motive to the hon. gentleman. I just expressed my thoughts. I wondered whether his eye was not more on the ballot box than it was on winning the war; and I will put myself in the judgment of the membership of this house as to the attitude since 1938 of

these hon. gentlemen, and especially of the hon. member for Rosetown-Biggar toward the winning of the war.

Having said that, I have one more point to mention before I sit down. Perhaps I should wait for Your Honour to rule on the point of order before I proceed.

Mr. SPEAKER: I think all parties agree that the hon. gentleman should continue.

Mr. HANSON (York-Sunbury): On the question of a secret session, as I cast my eyes over the two or three secret sessions we have had in this chamber, I wonder what was said within the four walls of this room which could not have been said publicly.

Some hon. MEMBERS: Hear, hear.

Mr. HANSON (York-Sunbury): I do not recall a single secret that could not have been divulged.

Some hon. MEMBERS: Oh, oh.

Mr. RALSTON: Oh, yes.

Mr. HANSON (York-Sunbury): Oh, well, there was something said of that nature along certain lines. But all these things which are said confidentially in this house are said openly in the British House of Commons.

Some hon. MEMBERS: No.

Mr. HANSON (York-Sunbury): Then if what I say be so, and I cannot remember all the multitude of detail which was discussed here, I will say this: What is the good of it if we have not a record of it and we cannot use it outside? It is not sufficient to inform me; that merely satisfied my curiosity. I have not yet been convinced that secret sessions are of any great value in informing the Canadian people as to where we stand in respect of this war. Suppose in a discussion which may take place before we come to the war appropriation bill, I should demand of the minister what are the plans for the invasion of Europe; could I expect a public reply?

Mr. RALSTON: Or in a secret session, either.

Mr. HANSON (York-Sunbury): Or in a secret session. Why, that is the vital thing; it is what we are more concerned about than anything else. I would not even ask that question, and if I asked it I would not expect it to be answered. Therefore let us get on with the work of parliament. I commend my friend the hon. member for Comox-Alberni (Mr. Neill).

Motion agreed to.

[Mr. R. B. Hanson.]

THE ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following communication:

Ottawa, April 5, 1943.

Sir,—I have the honour to inform you that the Right Hon. Sir Lyman Poore Duff, Chief Justice of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate Chamber to-day, Monday the 5th April, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
F. L. C. Pereira,
Assistant Secretary to the
Governor General.

WAYS AND MEANS

The house in committee of ways and means, Mr. Bradette in the chair.

SPECIAL WAR REVENUE ACT

Resolved, That it is expedient to introduce a measure to amend the Special War Revenue Act and to provide:

1. That the excise tax on each letter transmitted by post be increased from one to two cents.

Mr. HANSON (York-Sunbury): Before we proceed, I think we are entitled to an explanation from the Postmaster General or the Minister of Finance, or perhaps both of them, as to the necessity for the increase in the Post Office Department; and he should put on the record the figures relating to the income and outgo of the department which make it necessary to increase the postage tolls. It is, I think, strange that the grandson of the Postmaster General who was the father of penny postage in Canada should find himself now in the position of abandoning the great principle of penny postage in this country and of raising the postage to the very high rate of four cents.

Mr. MARTIN: There is a war on.

Mr. HANSON (York-Sunbury): Somebody says, "There is a war on". Well, there is such a thing as taxation to the saturation point. I am open to conviction as to the necessity of this increased impost. I have always thought that, in a great public utility like the Post Office Department, the cheaper you make the service the more the public will use it, and that the two will balance. I should like to know if this theory is sound or unsound. I think a four cent postage rate will have the effect of less users of the postal facilities with respect to certain classes of our community, and I hold the view that the increase of this

tax at this time of high income taxes on corporations and big business firms, and of the excess profits taxes will have the effect of the government paying this tax itself.

Take a company which is in the excess profits tax class, where all its profits over a certain level go to the government as excess profits. Such a company will not care whether the tax is two cents, four cents or ten cents; it will go to the crown, and the very purpose the government has in mind will be defeated. An hon. member has referred to war risk insurance. In this class of insurance, if my memory is correct, forty per cent only of the premium is charged to expense, and the rest has to be absorbed by the company out of its earnings. The same principle applies here. By the way, I might tell the Minister of Finance that I find a great many people in this country are refusing to take up war risk insurance because they regard the rates as being too high. Companies in which I am interested have considered the matter and have deferred from time to time the placing of war risk insurance. This, Mr. Chairman, is just in passing; I do not intend to dwell upon it long. As the danger of invasion becomes remote, so the desire for war risk insurance recedes into the distance. I do not know what was the inception of this demand, but to-day, it seems to me, the whole thing could pretty well be scrapped except in the odd case where certain communities may still have a fear of invasion and destruction.

However, that is not the point I wish to make. I tell the minister that the increased cent in this tax will come from the large corporations, the large business houses, that the cost will come out of the excess profits tax, and that the net income received will be very small. At least, that is the theory on which I am proceeding. I should like to hear the defence of the government in respect to raising the tax. I assume they will say, the increased cost of operating the department. However, I do not know what it will be; we were not told. As I recollect there was just a brief statement in the budget that the rates would be raised, and that was followed by a supplementary statement from the Minister of Finance referring to certain other people. What consideration is the department giving to raising rates on other classes of matter? There are other classes besides first-class matter. What consideration has the government given to raising those rates?

Then the Post Office Department is subsidizing Trans-Canada Air Lines; past experience has shown that the subsidy has been generous, to say the least. The rates at which mail is being carried by Trans-Canada for this government are on a basis not comparable with rates in the United States. I think the consensus is that the subventions from the Post Office, the public treasury, to Trans-Canada Air Lines are higher than in any other part of the world. They ought to be reduced. We discussed that matter in the railway committee the other day. I am not going into that now. The Postmaster General's illustrious progenitor established penny postage in this country. That will not be his only claim to fame, but it will be one of the chief claims. It was a great achievement. But now we have the sad spectacle of his grandson increasing the postage rates in this country.

Mr. ILSLEY: The amendment of which I gave notice some weeks ago had better be moved:

That resolution No. 1 of the resolutions to amend the Special War Revenue Act be amended to insert the words "and post card" after the words "on each letter" in the first line thereof.

Mr. RALSTON: I so move.

Mr. HANSON (York-Sunbury): This means that the extra cent is an excise tax, not postage?

Mr. MULOCK: That is correct. The postage has not been raised. But my colleague the Minister of Finance has required extra money for the war expenditure. It was estimated that something upwards of $8,000,000 could be raised by an additional one cent on letters and post cards. It was not that the Post Office Department required more money for operating. In fact our surplus as shown in the report has increased substantially in the last few years, from some $3,250 to upward of $4,500,000, with every indication that it will be still higher, although the final figures for the fiscal year are not yet in.

In regard to Trans-Canada Air Lines, the rate is still high, but it has been reduced again this year. Originally it was sixty cents; now it is down to 42·08 cents a mile, I think it is. It has been reduced steadily as the volume of air mail increased. There have been very large increases in air mail. Several years ago it cost the Post Office Department in assistance to the Trans-Canada Air Lines upwards of $100,000 a month. I am glad to say that during the last year with a thirty per cent allowance for duplication, namely, transfers from one plane to another, and making allowance for mail originating in outside points, for example, United States or Newfoundland, we can show a profit for air operation last year of $321,000, which is a difference of $1,250,000 to $1,500,000 a year. And the indications are that as far as air mail is concerned those profits will increase.

The larger part of that profit was made during the last three months of the calendar year, and for January and February the earnings are up greatly over last year, the volume of air mail also being up. So that we are not trying to get additional revenue except for the purpose of assisting the Minister of Finance in financing the war.

Mr. MacNICOL: Then, instead of the government raising the rates, would it not be in order to leave the rates on letters as they are but that an excise stamp of one cent be required in addition to the postage? In that way the Post Office Department would have a defence against the charge of advancing the postal rates.

Mr. MULOCK: It is unfortunate, but we have to take some of the blame, if any blame should attach to the necessity for raising the money necessary to conduct a war for our very existence. So far as I am concerned I am willing to assume my share. I think the suggestion as to an excise stamp would be wasteful, because it would mean more work. We have post offices all over this country, but in many small places there is no convenient spot where one can go to buy a revenue stamp. My hon. friend will realize what it would mean in the small places and the back concessions in the way of inconvenience to the people. Our postmasters are selling stamps anyway; there is no use in setting up a duplicate system and paying someone in each area to sell revenue stamps. The expense would probably eat up all the income.

Mr. MacNICOL: The post offices could just as well sell a revenue stamp as a postage stamp. If I were the minister I would try to defend my department by keeping postal rates where they are. The department shows a surplus. Then, why have that department, which I believe is the only revenue department we have to-day, charged with increasing postal rates? As far as cost goes it would not amount to anything; these revenue stamps could be printed at very little extra cost, and the minister's staff could handle the two just as easily as one.

Mr. MULOCK: Not just as easily. The whole matter was discussed, and it was thought this was the most convenient way for the public.

Mr. HANSON (York-Sunbury): All the money goes into one common pool, does it not?

Mr. MULOCK: Yes, but the postmasters throughout the country and officials of the department handle it. Someone would be paid a commission on the sale, or it would be included in their regular salaries and bonuses and charges.

Mr. HANSON (York-Sunbury): Why should they not do this extra work for nothing?

Mr. MULOCK: That question is under consideration at the moment.

Mr. HANSON (York-Sunbury): I suggest that as a patriotic gesture the postmasters should sell these stamps for nothing. I know a good many of the postmasters have limited incomes, but they all have more than they did during the depression; most of them are doing quite well now. The discussion seems to indicate that this is a tax, pure and simple, to help out the revenues of the country. What about the point I raised, that in the final analysis it will defeat its purpose because the big users of the postal services are the large companies, most if not all of whom are within the excess profits tax class and therefore will pay nothing extra. I think that is the true position. Just how much that will amount to I do not know, but I should think it would assume very large proportions. The Postmaster General has suggested that it is hoped $8,000,000 will be raised by this method. How much of that will come from the excess profits tax or the war income taxes paid by these very large companies?

Mr. MAYBANK: Before the minister answers that question I should like to ask another one, which sort of joins with it. As I heard the leader of the opposition—

Mr. HANSON (York-Sunbury): No, not the leader of the opposition.

Mr. MAYBANK: Well, the quondam leader of the opposition. It occurred to me that perhaps the minister might be able to indicate to the committee the amount or the proportion or the percentage of the money coming to the Post Office Department which comes through the sale of stamps to ordinary individuals and businesses that do not have large quantities of mail matter, as compared with the large companies which the hon. member mentioned. Is there any division which the minister could give us. I have often wondered just what share of the revenues of the post office comes from John Doe and Richard Roe, and how much from the very large business concerns mentioned by the hon. member for York-Sunbury. In a sense that is the same question asked by the hon. member, put in a different way.

Mr. MULOCK: The hon. member for York-Sunbury mentioned payments to postmasters. He understands, I am sure, that they are paid on the basis of the earnings of the previous year.

Mr. HANSON (York-Sunbury): A commission; that is the small offices.

Mr. MULOCK: Yes, on last year's business. I think it is true that the postmasters are receiving better remuneration on the whole than previously, though, mind you, there are some points where for one reason or another there has been a drop in business. There are not very many of those; on the whole what the hon. member says is substantially correct. But I would also remind him that these postmasters are doing a great deal of work they did not do previously, and in many instances they are doing it to help the war effort.

Mr. HANSON (York-Sunbury): For which they are not paid.

Mr. MULOCK: Yes; they are doing it in order to help out, and I wish to mention that in order to keep the record clear and so that no false impression may get abroad in this connection. They deserve credit for a great deal of the work they have been doing, work they volunteered to do because they desired to help. As far as the financial end of it goes, I will leave that to my colleague the Minister of Finance.

Mr. MAYBANK: I should like to add just a word to what was said by the Postmaster General in reference to causing the postmasters to do some additional work for nothing. As a matter of fact I am rather surprised at the proposal that was advanced. It is all very well, sitting here in this house, at a moment's notice to take up the time of some other person in the country, with no return. It is all very well to take all the postmasters and say, "Oh, don't pay them for this work. Have them do this work for nothing." In the first place the hon. gentleman suggested that these stamps might be sold in a different way, that there might be a different sort of stamp. In reply to the suggestion that this would involve extra work he answered, "Oh, well, that is all right; have the postmasters do it for nothing." I submit that is an entirely wrong way to proceed and an entirely wrong principle to adopt. I think as a matter of fact people like the hon. member are just a little too ready to ask some other person to do something for nothing. I believe that if the postmasters do a job they are entitled to be paid for it, just as any other person is entitled to be paid for what he does. I am quite sure that if we were passing a law here which required people to consult lawyers, the hon. gentleman would join with me in opposing any suggestion by a third party that the lawyers should do the work for nothing, and the same thing applies to postmasters. When a man does something he should be paid for it; he is worthy of his hire.

Mr. GRAYDON: If I may just add a word in connection with the question of postmasters, I think the experience of most hon. members coming from rural districts is that postmasters, as a class, cannot be said to be overpaid. As a matter of fact I have a great deal of sympathy for the average rural postmaster, who in many instances is barely able to eke out an existence. He, together with the rural mail carrier, has a very difficult time to carry on. I am quite sure the remarks of my desk-mate and colleague, the hon. member for York-Sunbury, would not normally be interpreted as anything more than taking part in the discussion of a matter of this kind in an attempt to find the ways and means which will best deal with the situation.

Mr. ILSLEY: I think that puts it on the right basis.

Mr. GRAYDON: Perhaps the minister will just keep quiet until I have finished. I would just add that I hope the Postmaster General will not ask the postmasters of Canada to do, without some further remuneration, anything more than they are doing now. There are many other people who could much better afford to do something for the war effort—

Mr. ILSLEY: Name some of them, please; just one.

Mr. GRAYDON: The Minister of Finance; that was whom I had in mind, and I am glad the minister gave me the opportunity. I do feel that as far as the rural people are concerned—

Mr. MAYBANK: Would the hon. member permit a question?

Mr. GRAYDON: No, I will not. In respect of postmasters generally in Canada, I wish to repeat that the minister should be very careful before giving them extra work to do, without some extra remuneration.

Mr. MULOCK: I thought I had made it clear that in many instances these postmasters, through their organizations, had volunteered to assist in the war effort—and to do this work without any additional expense. I do not want anyone to get the impression that we are trying to load the postmasters down with all sorts of extra work without extra pay. They do get a commission on unemployment insurance stamps, but they are doing

a great deal of extra work in connection with the war, work they have volunteered to carry on.

Mr. HANSON (York-Sunbury): That is exactly what I had in mind, though of course the politically-minded hon. member for Winnipeg South-Centre sought to place upon what I said an interpretation that I had not in mind at all.

Will the minister just tell us what commissions are paid on the stamps sold through the post offices? Let me say at once that on the great majority of the postage stamps sold in this country no commission is paid. They are sold through the big city offices, and at a minimum. The practice of giving commissions to rural postmasters is to help them eke out their salaries. I should think it is an unsatisfactory practice, and one which would lead to a certain amount of evasion. If a man is performing a service as postmaster he ought to be paid a decent wage for his services, irrespective of the revenues collected by his office. To-day in the smaller offices they receive salaries. But no one could live on $100—and I can remember when it was $35. Then, in addition they receive commissions from the sale of stamps. We might be surprised if we were to learn how high that commission percentage is. Although the volume is not large, the percentage is very high.

Usually this work is done purely as a sideline. No one could accept the job as the work of a lifetime, or as a full-time job, in a small community. In the larger communities the postmaster is paid a salary, and I believe that salary is gauged by the revenue from the office. The amount of commission does not mean so much to him. As a rule these postmasters are paid a certain stipend, out of which they pay their help. That is a situation which, in my opinion, ought to be reviewed. What control has the Postmaster General over the pay a postmaster gives his help? I know of one instance where the poor assistant does nearly all the work and gets a pitifully low salary. Surely that is not a satisfactory situation. I have in mind one particular example in which the postmaster in a small town receives $3,200. He has an assistant, and I venture to say that the assistant puts in more hours of work than the postmaster, but is paid only $800 a year. I do not see how a man could live on it. However, that is the bargain between the postmaster and his assistant, and I do not suppose the Post Office Department has anything to say about it.

Will the minister tell the committee what commissions are paid on the sale of postage stamps? How much of this extra cent does he anticipate will be taken up in commissions? I do not think the proportion will be very large, because the great bulk of stamp sales is to the big commercial houses, where no commissions are paid, the expenses coming out of operating expenses. This is an instance where a tax is pulled out of the hands of one tax-gatherer and placed into the hands of another tax-gatherer.

Mr. MULOCK: I think the hon. member for York-Sunbury (Mr. Hanson) will agree that the latter part of his observations, with respect to the payment of employees in post offices, might better be dealt with when the estimates for the Post Office Department are before the committee.

Mr. HANSON (York-Sunbury): Yes; I was just pointing out the iniquity of it.

Mr. MULOCK: So far as percentages are concerned, I may inform the committee that on amounts up to $1,000 they receive seventy per cent; thirty per cent in excess of $1,000 and up to $10,000; and in excess of $10,000 up to $20,000 they receive twenty per cent, plus commissions on money orders and postal notes.

Mr. HANSON (York-Sunbury): That means in a small post office that seven-tenths of this increase of a cent will go in commissions.

Mr. MULOCK: No; that is not correct.

Mr. HANSON (York-Sunbury): Then I do not understand what the minister has said.

Mr. MULOCK: The hon. member asked what the present rate was. Previously he had asked whether the postmasters would receive increased commissions. He had made the suggestion that the postmaster should not receive anything on the extra cent.

Mr. HANSON (York-Sunbury): I did not make that suggestion. I suggested that the postmasters might do it as a patriotic gesture. I asked the minister if he had given consideration to it, and he said they were already considering it.

Mr. ILSLEY: I should think everyone would try to associate himself with that suggestion; it is a very good one.

Mr. HANSON (York-Sunbury): It has some merit, of course; it would not have come out of my brain, if it had not merit.

Mr. ILSLEY: One of the most amusing incidents I can remember has been the display of nervous anxiety and haste with which the hon. member for Peel (Mr. Graydon), the leader of the opposition, rushed in to try to place the matter before the committee

before the information went out that his seat-mate was going to ask postmasters to do the work for nothing. As a matter of fact I do not think there is much more work, if any. I am certainly in favour of treating postmasters justly, but I would expect that very careful consideration would be given to any proposal to increase their remuneration by virtue of their larger tax revenue.

The postmasters are divided into two groups, the first of which consists of civil servants paid by parliamentary appropriation. This group covers the most important post offices, and about seventy-five per cent of the total postal revenue comes from it. They do not derive commissions from the sale of stamps.

The second group consists of so-called revenue post offices, the postmasters receiving commissions from the sale of stamps, on a graduated basis. As the Postmaster General has said, if stamp sales are $1,000 or less the commission is seventy per cent. To the extent that stamp sales exceed $1,000 and do not exceed $10,000, the commission is thirty per cent; and on sales of stamps in excess of $10,000 the commission rate is twenty per cent. It is clear that a very small percentage of total stamp sales bear the seventy per cent commission rate.

But the amount paid a postmaster in 1943 is not based upon 1943 sales. It is based upon the sales in 1942. What they will receive in 1944 for their 1943 sales remains to be decided. That is under consideration by the Post Office Department. If they consult me about it, I shall bring forward the suggestion of the hon. member for York-Sunbury, if he has not backed away from it.

Mr. HANSON (York-Sunbury): I do not care who is the father of it. Let us approach the matter realistically, and not try to make political capital out of it. The fact remains that in any of the post offices with revenues of $1,000 or less, seventy per cent of the increase, if given effect to in 1944 on the basis of 1943 revenue, will go to the postmaster. And very little of it, as a result, will go to the winning of the war. That is statement No. 1.

In post offices where the revenue exceeds $1,000 and does not exceed $10,000, seventy per cent of the first thousand goes to the postmaster, and thirty per cent, or nearly a third, of the excess. In those cases nearly a third of the total accumulated from this one cent will not go to the winning of the war. That is not good enough. This is a war tax. Let us do something to work it out so that it will go to the winning of the war, and not into somebody's pocket.

We have heard the statement many times that we are not to make profits out of this war. Here in a small way, and covering a multitude of small transactions, the government can give effect to that principle. I am standing by that.

Mr. ILSLEY: I agree with that.

Mr. FAIR: I should like to make a suggestion to the Postmaster General and to the Minister of Finance, because it seems he has to give consent before suggestions of this kind can be accepted. My suggestion is that all our men and women in uniform overseas be given the franking privilege. Those who are overseas are making great sacrifices for the rest of us on this side of the water, and it would be a proper gesture on our part to extend the franking privilege to them. I am not referring to letters alone. I am referring also to parcels that are sent overseas. I understand that it costs, on an average, $5 to send one of these parcels, and to many of the families of the men and women receiving them $5 is a large amount. I understand that the actual cost of sending a parcel over is around $1.30, and I suggest that the Minister of Finance look for some other source of revenue and institute free franking privileges for mail overseas.

Mr. PERLEY: I wish to associate myself with the remarks of the hon. member for Winnipeg South Centre. I do not think postmasters in the villages and smaller towns are overpaid, especially when we consider the increase in the cost of living. I know of several cases where postmasters have taken a loss. They must pay the rent of their premises and also the wages of any help they need.

Mr. HAZEN: They get no cost-of-living bonus.

Mr. PERLEY: Their cost of living has gone up and they get no bonus. I know of four or five postmasters in my district who are rendering a wonderful service. They have headed up the different loan and salvage campaigns. The postmaster in my town headed up a campaign which collected two carloads of old tires. When he was doing that work he had to hire help for the post office. The same postmaster has headed up the last two victory loan campaigns, and I am sure he will do the same thing again. I wish to make a plea on behalf of these men and ask that they not be put to any extra expense. This is the life business of many of these men. The postmaster in my town has held this position since

he returned from the last war. He has a war disability, but he is doing a wonderful job. He is making this his life work. These men are certainly not overpaid. I was about to suggest something along the line of that suggested by the hon. member for Battle Creek (Mr. Fair), that some reduction be made in the cost of sending letters to men overseas. I do not think it is quite fair that these letters should have to pay this extra cost.

Mr. MULOCK: The hon. member is referring to what letters?

Mr. PERLEY: Letters going to men overseas.

Mr. MacINNIS: As the minister has pointed out, everything that has been said so far might better be said on the post office estimates. The main thing we have to deal with now is whether or not this is a proper war tax. If we believe it is, then we should pass it, and everyone should be willing to pay his share of the tax. There is one thing I like about the Minister of Finance—it is not the only one—he has the courage to stick to an unpopular thing when he once sees it is necessary. I only hope that on this occasion his courage is contagious. The hon. member for York-Sunbury is not in his seat at the moment, and I am wondering whether he is not the same member who a few moments ago waxed so eloquent over the statement made by the hon. member for Rosetown-Biggar and said, "Let us get on with the war." Whenever two cents are being discussed, the hon. member for York-Sunbury will be found haggling about them, where they are going and what they are going to do. As far as I am concerned I am willing to pay my share of the increased postage and my share of any other tax, without complaining in any way.

Mr. McIVOR: I have had considerable experience with the smaller post offices, and I agree with the hon. member for Qu'Appelle in what he says about the service they are giving. I tried to have the salaries of some postmistresses and postmasters increased, and I did not fail in every case. I have often wondered how they were able to keep up their homes on such small salaries. I have found that many people using these smaller post offices buy their stamps in the city. That is not fair. I think the Postmaster General should try to find some way by which the local post offices get the benefit of the commission on the sale of stamps.

Mr. McCANN: As I understand it, the purpose of this amendment is to secure more revenue for the national treasury; it is not to afford an opportunity to discuss whether postmasters are receiving enough salary. It does not take any more effort on behalf of a postmaster to sell a four-cent stamp than it does to sell a two-cent stamp, and he receives a little more revenue. The suggestion has been made, and I think it is a good one, that the new stamp should indicate that the increase is not an increase in postage rates but is an excise tax in addition to the postage for the purpose of getting more revenue. I think the four-cent stamp could be so designed to indicate that the postage is three cents, and the excise, one cent. That would indicate to the general public that an excise tax of one cent was being collected for war purposes. They would not be likely to think that the post office was going behind as a result of its war activities and that it was necessary to increase the rate 25 per cent. I suggest that the Postmaster General give this his consideration.

Mr. MULOCK: I would point out that the postage is two cents and that the tax will now be two cents. The new stamp will bear the portrait of his majesty in uniform and will be available about April 15.

Mr. JACKMAN: The hon. member for York-Sunbury raised the question as to how much of this additional revenue would be new revenue, and how much might be chargeable as an expense on various companies that paid either forty per cent or eighty per cent of their income as taxation. That was followed up by a question by the hon. member for Winnipeg South Centre asking if the Post Office Department knew how much of the mail emanated from private individuals and how much from business organizations. Can the minister throw any light on these two points?

Mr. ILSLEY: There is no accurate estimate of the proportion of the mail that is business mail. A very substantial proportion is non-business mail. The best estimates would run from one-third to one-half for non-business mail. With regard to the business mail the postage is deductible as a business expense. The businesses would be either those operating at a loss or those operating at a profit and paying forty per cent on their profits in combined income and excess profits taxes, or paying what amounts to eighty per cent; that is, one hundred per cent with twenty per cent returnable. I have spoken of businesses that were corporations. There are different rates for those that are not corporations. There is also a different rate for small businesses, a thirty per cent rate.

Mr. JACKMAN: Have you figured out how much is net gain?

Mr. ILSLEY: No, we have not.

Mr. HANSON (York-Sunbury): You have figured the gross?

Mr. ILSLEY: Yes. There is an estimate here of $8,000,000, but it is only an estimate; it may be $9,000,000 or something like that. We are making some allowance for some diminution in letter sending, but are not making any allowance for diminution of income and excess profits taxes. We had the same difficulty when we imposed other excise taxes. The tax on soft drinks, for example, may result in a company leaving the price to the consumer the same and paying the tax on a very much smaller profit, unless some steps are taken. I do not know what steps have been taken with regard to soft drinks, but I think steps were taken to offset that eventuality. The possibility is always there, that an excise tax will be assumed by the person on whom the tax is imposed to the prejudice of the income tax revenue. Undoubtedly the income tax revenue will suffer to some extent. With some companies, thirty per cent of the postage will come out in income taxes, with others, forty per cent; with others, fifty per cent, and nothing in the case of some companies. With regard to unincorporated proprietors I do not know what the percentage would be. It may be fifteen per cent. We just have to realize that there will be some diminution of income tax revenues.

Mr. HANSON (York-Sunbury): The minister expects he will get a net of $5,000,000; would that be a fair estimate? While I am on my feet, I understand that the hon. member for Vancouver East read me a lecture a few moments ago. He has gone from the chamber. He shoots and runs. I am not in the habit of shooting and running. He said that I was concerned about winning the war, which I am, and I think very much more than he is. Then he said I get into a discussion of a two-cent item with respect to the war effort.

If this opposition does not take an intelligent interest in the discussion of these budget resolutions I wonder who in this house will. Will it be the hon. member for Vancouver East? Will it be any member of his group? How much help have they given to elucidating some of the perplexing problems that have arisen in budget resolutions in days gone by? I have conceived it my duty within the limit of my capability to try to get to the public the elucidation of some of these resolutions. I find it difficult to understand many of them. We are coming to one of the resolutions that I have not yet been able to fathom, and I have had the assistance of officers from the income tax department. How much light shall we get from the hon. member for Vancouver East on that point? He is much more concerned about making a political point against a political opponent than he is about the war or anything else.

Mr. JACKMAN: In regard to the airmail rate, which will now be seven cents as against six cents, while many of us have sympathy for a certain number of users of the mail, people whose incomes are very low, who will have to pay four instead of three cents, I believe that those who are accustomed to use airmail and are now paying six cents can well afford to pay not merely seven cents but ten cents. I would ask the minister how much the one-cent increase in the airmail rate will mean in revenue, and from that we can figure out what an increase of four cents to a ten-cent rate would have made. Just what reasons entered into the minister's consideration in raising the airmail rate from six to seven cents? The figures indicate that the poundage of airmail carried in this country has been growing by leaps and bounds. The companies which use airmail can well afford to spend ten cents in place of the proposed rate of seven cents, and those who use the mail for personal reasons can well afford to pay an extra four cents instead of the extra one cent proposed.

Mr. MULOCK: I do not agree with the hon. member's attitude in regard to a further increase in the price of airmail. The Post Office Department has to pay the money to operate the Trans-Canada Air Lines, so far as the postal operation is concerned, and we want it to be a paying and not a losing proposition. I am speaking for myself and, I believe, for the officials of the department. We have got it out of the red. We were losing about $1,300,000 a year, and now we are operating at $321,000 profit. I think we can stand the one-cent increase, but if the increase were more than that I should not like to say how much the volume would decrease. We have to pay on a per-mile basis regardless of whether the planes carry one pound, one hundred pounds or seven hundred pounds. Our idea is to get those planes carrying the maximum amount of mail they are able to carry. If they carry the maximum we make money. If not, it costs the post office and the taxpayers of this country money. I cannot agree with the hon. member.

I think it would be bad business to increase the rate further and it would mean a drop in volume. I know the hon. member's attitude in regard to airmail. If I am correct he suggested at one time that we should give consideration to cutting off the service west of Winnipeg during the war.

Mr. JACKMAN: The minister is quite wrong. I am simply asking for the considerations that entered into his mind in determining on this increase, whether it should be one cent, three cents, ten cents or anything else. I want to know the facts on which the resolution is based.

On the other point, I never suggested that airmail service from Winnipeg to the west should be discontinued. What I did say at one time, and I still say it, is that when Great Britain was fighting the nazi aeroplanes and there were insufficient bombers available, our Trans-Canada Air Lines here saw fit to expand its air services, and I saw advertisements on every mail truck in the country advocating that people use the airmail because it was faster; endeavouring to increase the load, to use more gasoline and to use more aeroplanes when they were very badly needed overseas. At the present time the situation has, I think, somewhat ameliorated. Nevertheless this committee is entitled to know what considerations entered into the minister's mind when he advocates a seven-cent rate as against ten cents.

Mr. MULOCK: The resolution is to increase by one cent the tax on letters. Letters, whether they go by surface, by rail or by air, are still letters, and the one cent goes on them. I do not see any reason why there should be a discrimination against airmail.

Mr. JACKMAN: The minister has to raise the revenue if he can.

Mr. MULOCK: Airmail is a profitable undertaking; it is increasingly profitable every year. The reason why I object is that I think, if my hon. friend's suggestion were followed, it would not be a profitable undertaking; I think it would probably be a losing undertaking, because there would be too large a differential between the price of sending a letter by air and that of sending it by train.

Mr. GREEN: There is one other feature with regard to airmail which should not be overlooked. This dominion is several thousand miles wide, and nothing has done more to make the coastal areas of Canada feel that they are part of Canada than the airmail and the air service. I fear I must disagree with the hon. member for Rosedale. It may not mean much in getting mail from Toronto to Ottawa, but certainly it has meant wonderful things for the people of the Pacific coast, particularly the business people, to be able to get their mail back and forth overnight. It would be very unfortunate if this tax were made higher than one cent. I think the Postmaster General is quite right in his view that it should remain at one cent.

Mr. HANSON (York-Sunbury): I find myself in agreement with the hon. member for Vancouver South. But is not this the principle? I do not know whether it is applicable; I am in an inquiring mood at the moment. When you give a service which is a better service—and an airmail in certain situations is a better service than the regular mail service—is it not therefore worth more to the user of the service?

I am not in the position of the hon. member for Vancouver South. An airmail service would not help me to communicate with my constituency; it would mean a delay, because the mail would have to go to Moncton and around a long circuit, so that I never employ it for my own personal use between here and Fredericton. The airmail does not benefit us at all. But is it a sound principle that because you have a better, a more expeditious service, you are entitled to ask more? Is that the principle on which this excess is based; or is it on what the traffic will bear? I do not know. Of course I realize this is an excise tax. I must say I did not have that clearly in my mind when I rose to speak this afternoon. Since it is an excise tax it does not bear much relation to the question of the transportation of the mail. But there is a principle there to which I have referred which may have some bearing.

Mr. MULOCK: The question of airmail rates is one in respect of which our department has kept in touch with the United States postal department, and they with us. Their rate was six cents; our rate has been six cents; and in 1931, I believe, when the tax was changed the one cent was absorbed at that time in the airmail but not in the others. You remember you put the one cent revenue tax on, I think probably on account of the desire to keep the airmail stamps of the same value on each side of the line.

Mr. HANSON (York-Sunbury): That is one reason.

Mr. MULOCK: That is one reason. The second reason is that, I think, over a period of time—not in war time, but as things straighten away—the cost of airmail will

definitely be reduced. It all depends upon the matter of income. If the hon. member for York-Sunbury will help to convince the hon. member for Rosedale of the importance of increasing the volume of airmail, we should be able to get that done when the war is over.

Mr. HANSON (York-Sunbury): The Trans-Canada Air Lines base their charges on the principle of mileage, do they not?

Mr. MULOCK: We pay the Trans-Canada Air Lines on the basis of the miles flown.

Mr. HANSON (York-Sunbury): That is a more exact way of putting it. You pay the Trans-Canada Air Lines on the basis of miles flown, whether the planes carry one letter or a million letters. They do not do that in the United States, do they? Is it not on the basis of weight?

Mr. JACKMAN: Both. All kinds of ways.

Mr. HANSON (York-Sunbury): What is the standard basis on which air carriers are paid in the United States?

Mr. MULOCK: In this country we are allowed 1,200 pounds on a plane.

Mr. HANSON (York-Sunbury): That is the maximum?

Mr. MULOCK: Yes, up to 1,200 pounds. In the United States their rate is different. It is based on distance and weight.

Mr. MacNICOL: Is the airmail rate all over Canada six cents on ordinary letters?

Mr. MULOCK: Yes.

Mr. MacNICOL: It will be seven cents?

Mr. MULOCK: Yes.

Mr. MacNICOL: I have a recollection that I recently sent some mail to Hudson Hope. I was informed that it would be taken by air as far as Fort St. John, and I think I added extra postage for it to be taken on to Hudson Hope. I suppose the difference was accounted for by the mail having to be carried out by stage?

Mr. MULOCK: If my hon. friend will give me particulars I will look into the matter and let him know. Perhaps he is mistaken about that.

Mr. DOUGLAS (Weyburn): On the old rate of six cents for airmail, was one cent of that for excise tax?

Mr. ILSLEY: I will give my understanding; if I am wrong I shall be corrected. My understanding is that, of the six cents, two cents is postage; three cents, service charge, and one cent, excise tax. That makes up the six cents.

Mr. DOUGLAS (Weyburn): That is on the six-cents basis?

Mr. MULOCK: Yes.

Mr. DOUGLAS (Weyburn): That means that on airmail the carrying charge will be only five cents, and two cents will be excise tax?

Mr. MULOCK: Yes.

Mr. JACKMAN: Would the minister let us know how much one cent increase in the airmail rate means in the total revenue?

Mr. ILSLEY: Seventy-five to one hundred thousand dollars.

Mr. JACKMAN: I do not suppose that the matter of postage enters into the cost-of-living index. This increase in the postage rate all through the scale is virtually a sales tax on a service, namely, the postal service. I understand from the remarks of the minister on the budget that he does not believe in the principle of an increase in the sales tax. But is this not carrying out the contrary view, that this is simply an increase in sales tax on an essential service? If it entered into the cost-of-living index, I assume the minister would not have been an advocate of the increase in the postal rate.

Mr. ILSLEY: I do not know. I do not think it enters into the cost-of-living index; I am not sure. Whether I would have been investigating it if it had, I do not know. But it would have affected it very little.

THE ROYAL ASSENT

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

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

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 royal assent to the following bills:

An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st of March, 1944.

An act for granting to His Majesty aid for national defence and security.

An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st of March, 1943.

WAYS AND MEANS

The house resumed in committee of ways and means, Mr. Bradette in the chair.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

SPECIAL WAR REVENUE ACT

Mr. ROSS (Souris): Before recess we were dealing with some matters affecting the Postmaster General. Does this extra cent affect air mail sent overseas to the troops? I received a return from his department which stated that last October thirty per cent of the air mail overseas was sent by boat. I believe during December, 1942, about thirty-four per cent of the Christmas air mail went by boat. I wonder if, at ten cents a letter, he can say how much money would have been paid by the senders of that mail.

In view of the fact that mail from soldiers comes to this country postage free, will the government consider allowing mail going to the soldiers overseas to travel postage free? If so, can the minister give us an estimate of how much revenue would be lost by the government if this were permitted? After all, the troops overseas certainly like to receive mail, and if mail were sent free from this side it might mean as much to them as the sending of mail free to this country.

Mr. MULOCK: The one cent does not apply to air mail going overseas to the troops.

In regard to the other questions asked by the hon. member, I believe he will agree that they are matters which might more properly be discussed under post office estimates. If the hon. member would agree, I would be prepared to have them discussed at that time at some length, and on that occasion I could give the fullest information.

Mr. ROSS (Souris): What about the last question?

Mr. MULOCK: The hon. member mentioned the percentage of air mail going overseas. I wish to make it clear that that does not apply to airgraphs. To my knowledge there have been no airgraphs sent by surface; they have all gone by air. There have been conditions in the Atlantic, which the hon. member will understand, which caused difficulties in connection with the heavy mails at the Christmas season. People who tried to get their mail overseas ahead of time mailed some time in advance, with the result that there was an accumulation. It was thought it would be delayed for months and months if we tried gradually to work out the surplus that had accumulated. The only way was to move it quickly. The Postmaster General of Great Britain made that statement when I was over there. As a matter of fact we discussed the matter together. They had the same problem about that time, with the result that they had to ship several tons of mail by surface to Canada. Those are things which, although unfortunate, cannot be helped.

May I assure the hon. member that officials of the department are doing everything possible to move the mails, and especially air mail. We have asked the public not to use ordinary air mail to England, under the 30-cent rate, until further notice, because only a very small proportion of it can be handled at the present time. The service is practically suspended.

Mr. ROSS (Souris): Can the minister say how much revenue would be lost if mail were sent overseas to the troops free of postage?

Mr. MULOCK: I should not like to give that at the present time, but I shall get the information for the hon. member. My figures are not sufficiently extensive to give an accurate answer.

Mr. ROSS (Souris): Has the government given this matter serious consideration?

Mr. MULOCK: Yes; it has been and is being given consideration. So far, however, in view of the demands of war and the need for finances it has not been felt possible to do so.

Mr. HANSON (York-Sunbury): Just one further question, and I shall have finished with this item. This afternoon I referred to the fact that this tax is a tax on first-class matter only. The government needs the money, and that is the reason for the tax. It must have general revenues to carry on the war. What consideration has been given to the placing of a tax on other classes of matter?

Mr. MULOCK: Consideration was given to the placing of taxes on other classes of matter. But, in respect of third-class matter, for instance, the Postmaster General does not have a monopoly in the handling of it in the same way as he has a monopoly in respect of first-class matter. If the rates were raised beyond certain levels people could operate

agencies for delivery in competition with the Post Office Department. This is not thought to be desirable. We have gone into the whole matter with the Minister of Finance and officials of his department, and it was considered inadvisable to make a change, because if the rates were raised it might involve a loss of business, and the setting up of a duplication of services.

Mr. HANSON (York-Sunbury): That seems to be sound. Will the additional cent on drop letters, bringing the rate to three cents, not have the effect of diminishing the service in a given area—say a city of 10,000? It can be done much cheaper than 3 cents by hand delivery. Has consideration been given to this matter?

Mr. MULOCK: Yes; it was considered. I believe I have heard the hon. member say on many occasions that there is a limit beyond which we cannot go in taxation. In some areas there will be a drop in volume. It will be very difficult to estimate how much is due to the increase in postage, because off-setting that drop there is still an increase in ordinary business. It is hard to tell whether the ordinary business increase will be greater than the drop in the volume. In some places it will not be felt. It will affect the volume to only a very limited extent; at least, that is the feeling of the department. In any event when the postage is raised the volume is cut down to some extent, although I do not think anyone can say exactly how much. The best they can do is to make an estimate based on past results. However, the conditions of this war are rather different. There seems to be considerably more money changing hands and flowing throughout the great body of the people. For that reason it is hard to say whether this diminution of business will be as great as it was when postage was increased in the past.

Mr. HANSON (York-Sunbury): I suppose it is a matter of speculation.

Mr. MULOCK: Absolutely.

Mr. ROSS (Souris): Will the open letters which were one cent be two cents under the new schedule?

Mr. MULOCK: If an open letter contains printed matter, the rate will be one cent for two ounces; if it contains correspondence, the rate will be four cents, whether the letter is open or not.

Mr. ROSS (Souris): Where a circular typewritten letter is sent out at present under the one-cent rate, will it be two cents under the new schedule?

Mr. MULOCK: No; it will be one cent for two ounces.

Mr. FRASER (Peterborough West): A penalty is imposed if the proper postage is not put on a letter. Would it not be wise not to impose this penalty, say for a month? Some people do not understand that additional postage should be put on.

Mr. MULOCK: The only result would be that the act would not come into effect as of April 1; it would come into effect as of May 1, as far as any practical application is concerned. If people knew that there was to be no penalty attached, they might possibly continue to use the old rate of postage for the month.

Mr. FRASER (Peterborough West): I know of one firm that had to pay $1.70 this morning for letters that came in without the proper postage attached. There will be other people in the same position, and I was just wondering if that could not be settled.

Amendment agreed to.

Resolution as amended agreed to.

2. That the excise tax on cigarettes be increased from one cent to two cents for each five cigarettes or fraction of five cigarettes contained in any package of cigarettes manufactured or imported into Canada.

Mr. MacNICOL: As one who does not smoke cigarettes, perhaps I can put in a word for the soldier who smokes. I understand that until recently the soldier could buy in the canteen twenty-five cigarettes for thirty cents, whereas the public had to pay thirty cents for twenty-two cigarettes. With the new tax the soldier will receive twenty-five cigarettes for thirty-five cents, while the public will receive twenty-two cigarettes for thirty-five cents. In view of the limited return received by the soldier, I was wondering if the government would not forgo this tax increase on cigarettes sold in canteens to soldiers.

Mr. ILSLEY: It would be difficult to administer without abuse.

Mr. MacNICOL: I suppose the soldier might buy for somebody else. However, the soldier receives so little for what he does that it does not seem very much to ask that he be granted the privilege of buying cigarettes at the same price as he paid previously. I presume there is a good deal of revenue received under the present price. I have not the figures at hand, but I am informed that in Newfoundland the situation is much more favourable for the soldier, and that it is still more favourable in the United States. It looks to

me as though the Canadian soldier is being more or less penalized. After all, the government will receive only a little extra revenue through this increased tax on cigarettes sold to soldiers at the canteen. I think it would be better to go without this revenue because, if that were done, it would certainly leave a much better taste in the soldier's mouth.

Mr. ILSLEY: To do what the hon. gentleman suggests would be to assert a principle which we have not in our taxation system, that is, that goods sold to members of the forces in Canada should pay no tax.

Mr. HANSON (York-Sunbury): There is a differential now.

Mr. ILSLEY: Not in tax, in price. The forces in Canada get the benefit of the wholesale price. I think the hon. gentleman's figures are correct, although I cannot confirm them. We have not adopted the principle of exempting the members of the forces in Canada from taxes generally.

Mr. HANSON (York-Sunbury): The British did long ago. Even in ordinary times you could buy cigarettes on board a British war vessel practically free of taxes, and the same principle applied to ships under British registry. I think the United States government has adopted the same principle with respect to members of their armed forces; I understand they collect very little in taxes on cigarettes.

Mr. GIBSON: The same applies to Canadian troops overseas. For instance, our soldiers in Newfoundland are able to buy cigarettes which have paid no tax in Canada. The same applies to our navy and our troops in England. Cigarettes and tobacco can be sent to these men on which no tax is paid in this country.

Mr. HANSON (York-Sunbury): Why is a distinction made between the volunteer undergoing his basic training in Canada and the man overseas?

Mr. GIBSON: When goods are exported a refund of the tax can be claimed. That regulation applies not only to tobacco and cigarettes sent to the troops; it applies to all tobacco and cigarettes exported.

Resolution agreed to.

3. That the excise tax on manufactured tobacco be increased from one to two cents per ounce actual weight or fraction thereof on manufactured tobacco of all descriptions, except cigars or cigarettes, manufactured or imported into Canada.

[Mr. MacNicol.]

Mr. GRAYDON: How is the excise tax on manufactured tobacco collected and what revenue does the minister expect to get from the new tax?

Mr. ILSLEY: The revenue from the tax on manufactured tobacco is estimated at about $14,500,000 for the fiscal year ended March 31, 1943, and it is estimated that the revenue this year from the increase will amount to about $6,500,000.

Mr. GRAYDON: Does the same principle that applies to cigarettes being sent overseas to our armed forces apply as well to tobaccos?

Mr. ILSLEY: Yes.

Resolution agreed to.

4. That there shall be imposed, levied and collected an excise tax of one-half cent per ounce actual weight or fraction thereof on Canadian raw leaf tobacco when sold for consumption in Canada.

Resolution agreed to.

5. That the excise tax on cigarette paper be increased from six cents for each one hundred leaves or fraction thereof to eight cents.

Mr. GRAYDON: What was the revenue last year from this tax, and what revenue does the minister expect from this increase this year?

Mr. ILSLEY: On cigarette paper and cigarette paper tubes, taking them both together—

Mr. GRAYDON: That is including resolutions 5 and 6?

Mr. ILSLEY: Yes; in the fiscal year ended March 31, 1943, the revenue from both was about $4,800,000. The expected revenue from the increased tax on cigarette papers and tubes is about $2,000,000.

Resolution agreed to.

6. That the excise tax on cigarette paper tubes be increased from twelve cents for each one hundred cigarette paper tubes or fraction thereof to fourteen cents.

Mr. JACKMAN: How is the tax collected on raw tobacco that is used for the manufacture of cigarettes, pipe tobacco and cigars? At what point do you actually do the collecting? The reason why I ask is that one of the large companies had, I understand, to resort to public financing in order to pay the tax. Has there been any complaint in regard to that aspect of levying the tax?

Mr. ILSLEY: The manufacturer buys the stamps and puts them on the packages of cigarettes or tobacco before he sells them. That practice has always existed. It means, as the hon. gentleman suggests, that a lot of

money is tied up, and the higher the tax the more money is tied up. There has been a great deal of complaint about that. We expect to afford some relief in the bill.

Mr. JACKMAN: The bill will afford some relief?

Mr. ILSLEY: We expect it to. The amounts that have to be obtained and be kept idle, tied up, are so great that the increase in the tax is becoming a hardship.

Mr. JACKMAN: How much time elapses between the time the company buys the stamps and the time it actually retrieves the tax from the public?

Mr. ILSLEY: Around a month is the average.

Mr. HANSON (York-Sunbury): What is proposed to be done for such companies?

Mr. ILSLEY: The tax is to be treated in the same way as the sales tax. The sales taxpayer has until the end of the following month in which to pay the tax. I am not just clear what part of the amount of this is going to apply to, because it has been so long since these resolutions were prepared. There are, I believe, two kinds of taxes. I shall have to straighten out my information on that because it has been a long time since I looked into it. But the increase this year and perhaps the increase last year will be treated as a sales tax rather than as money that has to be paid for stamps in advance.

Mr. HANSON (York-Sunbury): On principle, why should there be any difference? The manufacturer or whoever it is who buys the stamps to-day is in the position of having to lay out capital, real money, to buy the stamps, and the government gets the money immediately. The manufacturer takes all the risk of destruction and loss, and he cannot recoup himself until he actually sells the product. Even then he takes some chance on credit sales, if there be any such. He bears the whole load. In the case of the sales tax the manufacturer or whoever it is from whom the department collects does not have to put up any real money until the end of the month in which he makes the sale. Then he is accountable for the sales tax. That seems to be an equitable principle. If you are to give the manufacturer relief on these last two increases why should he not have relief on the whole thing and not be called upon to do other than if it were a sales tax? That seems to me the fair thing to do. Then he would not have to invest and keep idle capital on which he gets no return.

Mr. ILSLEY: The increase of this year and the increase of last year were taxes. The former imposts were duties.

Mr. HANSON (York-Sunbury): A distinction without a difference.

Mr. ILSLEY: There is a great difference between duties and taxes.

Mr. HANSON (York-Sunbury): I have heard the Prime Minister argue that all duties were taxes.

Mr. ILSLEY: From the point of view of administration the difference is this. I am talking now, not about customs duties at all, but about excise duties and excise taxes. Excise duties must be paid before the goods are disposed of.

Mr. HANSON (York-Sunbury): That is just the law.

Mr. ILSLEY: The excise man has existed for centuries. He is an historic figure.

Mr. HANSON (York-Sunbury): A pretty harsh man, too, as a rule in history.

Mr. ILSLEY: The excise man is standing right there, and he does not take the lock off or let the goods out until the crown gets the duty. That is an excise duty. Business and industry is accustomed to that, and rightly so. But we have now got ourselves into the position that these imposts, with the increases, are pretty high. We will regard them as duties up to a certain level, but beyond that we are going to regard them as a tax. There is one beautiful thing about duties. You have no bad debts. You cannot have, because you do not let the liquor loose until you get the money.

Mr. HANSON (York-Sunbury): The crown does not have any bad debts in either case.

Mr. ILSLEY: Oh, yes, it does. We are in the courts trying to collect sales tax and have a pretty good collection record. The crown has to struggle just like anybody else to collect the taxes.

Mr. ROSS (St. Paul's): After all these taxes go on, what will be the total tax on 100 cigarettes?

Mr. ILSLEY: Ten dollars a thousand, which would be a dollar a hundred.

Mr. ROSS (St. Paul's): That is, all the taxes added together?

Mr. ILSLEY: There is sales tax in addition.

Mr. ROSS (St. Paul's): Is that a dollar a hundred, altogether?

Mr. ILSLEY: Not including the sales tax.

Mr. HANSON (York-Sunbury): That is eight per cent.

Mr. ROSS (St. Paul's): That is just a cent apiece?

Mr. ILSLEY: Yes.

Mr. STIRLING: Would the minister explain how he expects to collect the excise tax on raw leaf. Apparently it is a new impost.

Mr. ILSLEY: No, it is not.

Mr. STIRLING: It is not spoken of as an increase.

Mr. ILSLEY: It is new to this act, because this is a case where we must not get the duty too large; we must place ourselves in a position to allow the manufacturers to finance. It is new to this act, but it is not a new tax. It is half a cent an ounce as against a cent an ounce for the manufactured tobacco. The practice to date has been this, that stamps are sold to what are called packers; they put the stamps on the raw leaf—"hands," they call them—and that stamp must be affixed before the tobacco is sold to the person who uses the raw leaf tobacco.

Mr. STIRLING: I am thinking of those smokers who go into a store and buy a "hand" for themselves and break it up and smoke it. Do they escape?

Mr. ILSLEY: It is stamped before the storekeeper buys it from the packer.

Mr. STIRLING: Oh, it is put on there.

Mr. ILSLEY: Yes.

Resolution agreed to.

7. That the excise tax on the price of admission to certain places of entertainment be increased from twenty to twenty-five per cent.

Mr. MacNICOL: I have had a number of representations from the sixteen picture show operators in my riding. I know very well that the government has to have money. Last year strong representations were made by motion-picture operators; and I have been wondering, in view of the statement made at that time that the increased tax would force a number of picture shows out of business, whether the government has any record of how many have ceased operation since this time last year.

What I have heard and observed convinces me that the picture shows are doing splendid work, in the middle of a very serious war, to maintain the morale of the people. I know of no other agency more effective for this purpose. On Saturday afternoons large numbers of children with their mothers go to see the shows, and seemingly it strengthens these women to carry on the work they are doing while their husbands are away in the army. The question is, whether this increased tax on picture shows will do more harm than good.

Mr. ILSLEY: It is not increased. The increase is not on motion-picture shows; it is on night clubs, places of entertainment other than motion-picture shows.

Mr. HANSON (York-Sunbury): Of course it is not so stated in the resolution, but the bill will be limited to night clubs?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): That puts quite a different complexion on the matter.

Mr. MacNICOL: There is nothing in the resolution pertaining to "other than."

Mr. HANSON (York-Sunbury): It says "certain places of entertainment," but they are not enumerated.

Mr. ILSLEY: I think I made it clear in the budget speech.

Mr. HANSON (York-Sunbury): I had forgotten that. Will the minister give us the reference in the speech?

Mr. ILSLEY: It is at page 861 of *Hansard*, at the top of the second column:

> The amount of expenditures by the public in night clubs and similar places of entertainment seems to me to warrant an increase in the tax on such expenditures and I shall recommend that the rate be raised from 20 per cent to 25 per cent.

Mr. HANSON (York-Sunbury): I will vote for it.

Mr. ILSLEY: The hon. member for Davenport asked what the effect of the twenty per cent tax on moving-picture establishments had been. I do not think it has had an adverse effect at all. There are some small places in Canada where theatre owners appear to be having a hard time, but my opinion is that it is due almost wholly to causes other than the tax. It is due to the fact that gasoline restrictions make it a little more difficult for people to drive in from the country, or that most of the young men have enlisted and gone away or have gone to work in the war plants. At the same time, every year before the budget we do get representations in favour of a reduction of the tax on motion-picture theatres. I recall clearly the tremendous pressure which was exerted at the time this tax was put on and the predictions of ruin and disaster which were voiced by those who made these representations. I do not think

I was ever subjected to more intense pressure than I was by the delegation which urged that the twenty per cent tax on admissions to motion pictures would ruin theatres all over the country, and an attempt was made to persuade me to lower that tax from twenty per cent to five per cent. The delegation was accompanied by able counsel, and the members of the delegation were themselves gentlemen of great ability, great persuasiveness and great determination. I am very glad that after a couple of days of this stimulating atmosphere I still was able to say it would remain at twenty per cent.

Mr. GRAYDON: You met them head-on.

Mr. ILSLEY: Yes. And needless to say the predictions of lessened attendance did not materialize. Even in the province of Quebec, which unlike Ontario has a very large provincial tax, perhaps fifteen per cent, making a total, if I am correct in that figure, of something like thirty-five per cent, admissions have gone up considerably since we put the tax on.

Mr. REID: They are all making money.

Mr. ILSLEY: In Ontario I am sure the increase in attendance would be much greater. Sometimes when I receive delegations now who predict ruin for themselves as a result of some taxation proposal, I take heart from my experience with those who made representations on behalf of the motion-picture industry. I have had other experiences of the same kind in the last two or three years.

Mr. NICHOLSON: How has the actual revenue from this tax compared with what was anticipated?

Mr. ILSLEY: It is, I think, a little higher. I believe we anticipated $8,000,000 from the amusement tax and, if my memory is right, it amounts to about $8,500,000.

Mr. HANSON (York-Sunbury): I suppose this is not considered a necessary of life by the wartime prices and trade board?

Mr. REID: I hope the minister pays no attention to the plea of the motion-picture people. Everyone of them is making money.

Mr. TUSTIN: I am not surprised at the remarks of the hon. member for New Westminster, because he said in the house the other day that he did not realize that there was a twenty per cent tax on motion-picture theatres.

Mr. REID: The hon. member was not sure of it himself.

Mr. TUSTIN: I was very sure of it; I said so at the time. I was glad a minute ago to hear the minister say he knew a number of small theatres were having a hard time. He will remember last year when this tax was before the committee I made an appeal that some of the small theatres should be given some concession. Of course he did not listen to it. In the meantime quite a number of small theatres in this country have gone out of business. I did not particularly object to the tax in the larger centres where there is a great deal of war work and great numbers of soldiers are stationed, but there are many small centres in Ontario where there is no war work, where no soldiers are stationed, and theatres in such places are under a great handicap. I do not know of any small theatre to-day in centres of this kind that is making any money. I suggest to the minister again that he should give some consideration to theatres in these small places, where there is only one in the town. It is the only place of recreation that a great many people have and, as he said himself, the difficulty has increased now that gasoline cannot be obtained for cars. The theatre is, therefore, left to depend entirely upon the population of the small town.

Mr. HANSON (York-Sunbury): Is it only the night clubs that are to be included?

Mr. ILSLEY: Yes.

Mr. GRAYDON: What does the minister mean by "similar places of entertainment" to a night club?

Mr. ILSLEY: There is a definition in the act, a very carefully drawn definition:

"Place of entertainment" means any place

1. Where liquor, beer or wine is sold or provided, if facilities for dancing are provided for the patrons, or

2. Where liquor, beer or wine is sold or provided, if entertainment by one or more paid performers is provided for the patrons, or

3. Where facilities for dancing and entertainment by one or more paid performers is provided for the patrons, whether or not such place is enclosed or is in a building or other structure; but a place shall be deemed not to be a place of entertainment at any time when neither facilities for dancing nor entertainment as aforesaid by one or more paid performers are provided for the patrons.

Mr. GRAYDON: I would not know that of course, but I wanted to find out, because there seem to be so many others in the chamber who knew. I am surprised that I was almost alone.

Mr. DIEFENBAKER: Does the wartime prices and trade board impose a ceiling on charges made by places of entertainment? Has it any authority to do so or is it doing so?

Mr. ILSLEY: The maximum prices order provides a universal price ceiling, with power to the wartime prices and trade board to make exceptions. No exception has been made in regard to places of entertainment.

Mr. DIEFENBAKER: Has any exception been made in connection with hockey rinks during play-offs?

Mr. ILSLEY: I do not know about that. The main places of entertainment in this country are the motion-picture theatres, and they are certainly subject to the price ceiling. Not only that, but they are in the cost-of-living index.

Mr. HANSON (York-Sunbury): Do the motion-picture theatres absorb any part of this entertainment tax?

Mr. ILSLEY: No; it was imposed before the price ceiling was imposed, and they were not obliged to absorb any part of it; they were not expected to. It was expected to be a tax on patrons, collected by the motion-picture theatre.

Resolution agreed to.

8. That sections (a), (b), (c), (d) and (e) of section 1 of schedule II of this act be repealed and the following substituted therefor:

1. Cigars:—

(a) Valued at not more than forty dollars per thousand, per thousand, six dollars and twenty-five cents.

Mr. GRAYDON: I wish to bring to the attention of the minister a letter which I received from a person I have not known but who is very much interested in the subject of five-cent cigars. He says:

A few weeks ago the wartime prices board issued a list of authorized selling prices on cigars which would absorb the recent increase in taxation.

I am one of the great army who smoke nickel cigars. The increased tax on these is $5 per one thousand, the increase in selling price is $10 per one thousand or one cent each.

Then he intimates that he has been in touch by letter with the Minister of Finance. He says:

I wrote Mr. Ilsley entering a vigorous protest on being compelled to pay $5 to the tobacco interests at the same time that I paid $5 to the federal treasury and suggesting that the increased tax be fixed at $10 per thousand so that the treasury would secure all the money I would have to pay.

I also objected to the smoker of nickel cigars being compelled to pay a much higher per cent of tax on his smoke than the big fellow who could afford to smoke fifteen cent or twenty-five cent cigars.

I really think this matter should be followed up. I have no objection to a tax on cigars, in fact I think if we smokers are foolish enough to smoke the darn things we should be made to pay for our foolishness. But I also believe that whatever amount we have to pay should accrue to the federal treasury rather than to the benefit of the wealthy tobacco interests.

Perhaps the minister would like to clarify this point.

Mr. ILSLEY: What he is advocating there is a 5½-cent cigar, and it is not a practicable proposal.

Mr. GRAYDON: If there is no more going into the treasury than he has indicated, then he would like to buy two cigars for eleven cents, which apparently he cannot do since the one cent would seem to go to the tobacco people.

Mr. ILSLEY: I do not know much about the sale of cigars, but I think you would have to have the price of a cigar in an even number of cents. At any rate that was the view taken by the tobacco administrator and the wartime prices and trade board. It is true that in this case the price has gone up by more than the tax, but they were losing on those cigars; at least that is what they said, and I think it was pretty generally understood.

Mr. GRAYDON: You did not resist them as well as you did the motion-picture people.

Mr. ILSLEY: They did not come to see me, but I think it is true that they were losing money on their cigar business. This puts a cent on five-cent cigars, even though the tax would not be that much.

Mr. GRAYDON: It is only half a cent.

Mr. ILSLEY: That is right. It does that, and that is justified, because people handling cigars have been losing money. I do not mean the wealthy tobacco interest about whom my hon. friend's correspondent writes, but there are a great many retailers and small dealers handling cigars who were not able to make any money by doing so.

Mr. HANSON (York-Sunbury): I think that is right.

Mr. HOMUTH: Then do these small retailers purchase the cigars at the same price from the tobacco people to-day, or are the tobacco people charging an increased price?

Mr. ILSLEY: There has been a distribution between the manufacturer, the wholesaler and the retailer.

Mr. HANSON (York-Sunbury): Of the half cent?

Mr. ILSLEY: Yes.

Mr. GRAYDON: Then it does not go entirely to the little fellow, after all.

Mr. ILSLEY: No. The point I was making was that it did not go entirely to the tobacco interests mentioned by the gentleman who wrote the letter. I should point out that there are also a large number of small cigar manufacturers.

Paragraph agreed to.

(b) valued at more than forty dollars per thousand and not more than one hundred and ten dollars per thousand, per thousand, thirteen dollars and fifty cents.

Mr. GRAYDON: Could the minister give us any idea of the number of cigars consumed in Canada? Perhaps it would be sufficient if he gave the revenue, if he cannot readily lay his hand on the number.

Mr. ILSLEY: I have the revenue but not the number.

Mr. HANSON (York-Sunbury): Is it not the history of the cigar trade that with the increased consumption of cigarettes the consumption of cigars has gone down steadily?

Mr. ILSLEY: I am told that it has been more or less stationary for the last four or five years.

Mr. HANSON (York-Sunbury): Up to that time it had been going down?

Mr. ILSLEY: Yes, I think so. The revenue from cigars is very small. In the fiscal year ended March 31, 1943, the revenue was about $1,100,000, but it is estimated that this increase will give an additional revenue of $2,000,000.

Mr. GRAYDON: That will be $3,000,000 altogether?

Mr. ILSLEY: That is right.

Paragraph agreed to.

Paragraphs (c), (d) and (e) agreed to.

Resolution agreed to.

9. That any enactment founded on paragraph one of these resolutions shall come into force on the first day of April, one thousand nine hundred and forty-three.

Resolution agreed to.

10. That any enactment founded on paragraphs two to eight, inclusive, of these resolutions shall come into force on the third day of March, one thousand nine hundred and forty-three.

Resolution agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

The house in committee of ways and means, Mr. Bradette in the chair.

EXCISE ACT, 1934

Resolved, that it is expedient to introduce a measure to amend the schedule to the Excise Act, 1934, and to provide:—

1. That the duty of excise on spirits distilled in Canada be increased from nine dollars to eleven dollars per proof gallon, provided that duty paid spirits owned by any distiller at the close of business on the second day of March, one thousand nine hundred and forty-three shall be subject to the following additional duty of excise on every gallon of the strength of proof two dollars and so in proportion for any greater or less strength than the strength of proof and for any less quantity than a gallon.

Mr. POULIOT: I should like to make a few brief observations with regard to the regulations that have been passed under order in council P.C. 11374 of December 16, 1942. It took me a very long time to secure a copy of this order in council, though I tried to get it through the publicatons office. Finally I was fortunate enough to obtain a stencilled copy. At the present time it is rather hard for the average citizen to raise his elbow high enough to get any spirits, which of course are quite expensive now. I have no complaint to make in regard to the tax that has been placed upon such beverages. I congratulate the government upon having completely cancelled the fortified wines, which were quite an impossible beverage, but since spirits are now the privilege of the few, the wealthy, I wonder why there should be such restrictions on beer as are set out in this order.

Since we are now discussing alcohol, I think this is the proper time to say a few words about the beer problem, inasmuch as beer drinking may bring revenue to the government without injuring the health of the people. On this matter opinions may differ. But from the constitutional point of view I admit that all government policies should be first announced in the House of Commons, not over the radio. We are the ones who ought to know. We must be made acquainted in the first place with government policies, because members of parliament are the buffers for all legislation, and especially that which does not originate in this house.

I was greatly surprised to learn from a radio broadcast that certain restrictions were to be made, although I agreed with a few of them. I have no objection to the high tax on spirits.

I have no objection to the prohibition in respect of fortified wines. But I am aware there is a great deal of dissatisfaction among the people in connection with the way in which the beer problem has been dealt with. We hear the complaint that members of parliament were given no opportunity to express to the government the views of their constituents before action was taken. This is a matter which may be considered from several angles. When the government wants to know the feelings of the country at large with respect to any problem, it is very easy to ask members of parliament to give their opinions. If some acrimonious discussion is feared by the government, it is always easy to have the matter discussed among party members in caucus, or even to write to the members or to get in touch with them in some other way.

My first complaint—and I have several grievances—is that the matter was announced over the radio, and not in the House of Commons. Members of parliament had no opportunity to make any observations on the matter. One may complain about the evils of intemperance. I would not go so far as to say that a man who drinks beer or even one who drinks strong liquor is intemperate. It is not the fact of taking an occasional glass of beer or drop of whisky which makes a man a drunkard. There are some who hold the view that if a man holds a glass of beer, a cocktail, or some other liquor in his hand he is a drunkard. Hon. members will remember the story of the old gentleman of ninety-three years of age who was asked, while attending a dinner, the secret of his good health. He said, "I never take a drink, and I do not smoke." Next to that old gentleman sat another one a year older. The second old gentleman looked just as alert as the first one, and when asked the secret of his old age he said, "I take my bottle of whisky every day, and I smoke a lot of cigars." That is a true story, and it proves that opinions vary.

We have heard a good deal about the sovereignty and the rights of parliament. This parliament has not to swallow beer or whisky, or anything of that kind, but it has to swallow a policy made at the request of a minority. We heard last year that the majority shall rule. That is my opinion, provided a question is put clearly and in a straightforward manner. I have already stated the view that if the plebiscite had been held under different circumstances, and if the question with respect to conscription for overseas service had been put fairly to the Canadian people, in the words, "Are you for or against conscription for overseas?" the answer would have been entirely different. We must look to the future. But if we are to speak about the opinion of the majority, then the majority must not be fooled, and they should be asked the question, "Are you for or against the restrictions on beer?" That is the question which should be put to the Canadian people? If the majority of our fellow countrymen express themselves as being in favour of repealing the restrictions, then let the government repeal those restrictions. But if on the other hand the majority of the Canadian people are in favour of maintaining those restrictions, then I am sure the hon. member for Springfield and myself will not speak about beer any more in the house. We will take it for granted that the majority of the people in Canada are against it, and we will speak no more about it.

We know that the humble working man, the humble labourer who works hard all day in a munitions factory or on a farm wants to relax when he reaches home at night. What does he find? He finds it is impossible to buy any liquor at the store, because it has been drunk by those who receive pensions, or who live on the fat of land during the day, with the result that there is nothing left for the working man. He has no means to buy a flask of whisky costing $6 or $7. He has no means to buy gin—and, by the way, there are two kinds of gin he should not buy, because it will make him sick. He says, "Well, they are taxing my cigars. I am ready to pay that tax. They are taxing my beer—and not only do they tax it, but they restrict it. At least I can have a cigar when I want one. But they make me thirsty, and sometimes I like a glass of beer afterwards."

Then there is the question of quotas and the date from which the restriction has been imposed. The broadcast of the Prime Minister took place on December 16 last and the restrictions applied to the twelve month period ending October 31, 1942. The beer to be consumed was to be 10 per cent less for the next year, but the beer consumed between November 1 and December 16 was deducted from the quota. The liquor laws as administered by the liquor boards of the various provinces vary considerably, but I think they will meet on one ground. The quota in each province is supposed to be 10 per cent less than the consumption of the previous period.

Another matter must be considered. The number of men in the different camps have been increased, but the quota will be based on the consumption during the previous period. For instance, there may have been 5,000 men in a camp during the first period, and this number may be increased to eight, nine or ten thousand. The result will be that the restriction will be twice as severe as is intended

by the order in council. It will be still greater because a month and a half have been taken off the period.

In my humble opinion every civilian should be ready to make all the sacrifices that are necessary for the winning of the war, but why ask the Canadian people to make sacrifices that are not necessary? There is no need to make the people miserable. How does this restriction on beer help the war effort? It makes labour discontented; it makes the soldier discontented; it makes the civilian who is working during the day and cannot get his glass of beer discontented. I cannot conceive how a regulation like that will help the war effort.

Opinions differ. I have great respect for those who hold views contrary to my own. I do not approve excess in drinking, but I contend that the poor man should not be made to do without his glass of beer when the rich man is able to have a glass of imported Scotch whiskey or any other expensive beverage that he desires. What harm is there to the war effort to use malt and the other ingredients needed to manufacture beer? I cannot see any harm in this, provided that the regulations of the different provinces are applied, provided that the Royal Canadian Mounted Police constables do their work conscientiously, and provided that our temperance laws are well applied.

I cannot believe that our Canadian citizens were all bad up to December 16 and that a general purification took place on that day when there was to be less beer available. I do not think they were better citizens and more patriotic after that date. I do not want to be hypocritical. I have been a witness of the smuggling of bad liquor that took place during prohibition days when the Scott act was hardly applied and this country was being deluged with smuggled whiskey of a low quality. I should not like to see a repetition of those days, and I know the parents of grown boys and girls would not like to see them return.

If these restrictions are not modified the people will be greatly dissatisfied. I do not preach dissatisfaction, but I tell the government that from what I hear in the stores and on the streets everywhere, the people are dissatisfied. It is a bad thing not to keep up the morale of the people during war. They are ready to do anything the government asks them to do, but they feel they are entitled to a little relaxation. During one of my elections a friend, who believed in prohibition, was making some speeches for me. It was cold and raining and when he was driving back, and his friend said to him, "Why don't you have a hot punch?" He said, "Oh, no, I never touch it; I would die first." His friend said, "You are not well; you have a bad cold; try it." They stopped, and they had a hot drink made up with a little ginger in it. The fellow took it, and the next morning he was cured of his cold. He said, "Well, I do not know if I am so sure about the success of prohibition when one has a cold." When you, Mr. Chairman, are hoarse or have a frog in your throat the best way to cure it is to take rum and honey. I have already tried it on some of my colleagues at election time. That liquor was just used as a cure and was very successful. Therefore, sir, we urge moderation. I hope that the government will understand that. I would bet that in his heart the Minister of Finance agrees with me, although I am not so sure he will say so. But he understands human problems. I do not ask him to give a definite answer now, but I should like him to think over the matter and discuss it again with his colleagues, and then I hope he will give a satisfactory answer before the budget discussion ends. I will ask him once more not to make the government unpleasant to the people, so that the war effort should not be affected by the restrictions on beer.

Mr. TURNER: Mr. Chairman, I want to endorse all that the previous speaker (Mr. Pouliot) has just said about beer. I can understand why he is reelected to this house time after time. It is because he always has the courage to rise in his place and say what he thinks. In my opinion he is a 21-jewel man. I would suggest to the government that if they are considering establishing a federal bureau of investigation here similar to the one in the United States, then the hon. member for Témiscouata is the man to put in charge of that bureau.

I have already spoken in this house on the deplorable and chaotic beer situation in Canada to-day, and in view of the support I have received of my views from all over the country I regret that I did not, when making that speech, ask for an adjournment of the house in order to open up a full discussion on this disgraceful and unnecessary beer situation. I say it is unnecessary, Mr. Chairman, because our elevators and granaries are bursting with grain and we have had our greatest snowfall this winter, some 8½ feet here in Ottawa, to supply unlimited water, and these are two of the main ingredients used in the manufacture of beer. To strengthen my argument further for the immediate removal of the

beer restrictions, I wish to read a letter that I have received from the general manager of a large coal company in Alberta, the Alexo Coal Company, Limited. It is as follows:

Alexo, P.O. Alta.,
March 24, 1943.

Mr. John Turner, M.P.,
Ottawa, Ontario.

Dear Sir:

We have read with considerable interest and much appreciation the speech you have made in the house on the 18th instant, with reference to the deplorable situation which has developed as a result of the severe curtailment of beer supplies.

We would say that, as a result of the present restrictions with regard to beer, very considerable discontent and unrest is developing amongst the coal miners. These men have been accustomed to their glass of beer when coming off shift and as they are now called upon to work long hours, six days a week, under arduous conditions they greatly resent being deprived of their beer. In this camp, despite vigorous rationing of our beer quota, our monthly supply has been exhausted since the 20th of this month and for the balance of the month there will be no beer for the miners. We have a considerable number more men working here this year than last and as our monthly quota, as you probably know, is based on a percentage of last year's consumption, there is just not enough beer to go around.

We trust that in view of the great need for continuous and expanded output of coal from the mines, and which can only be secured by having contented miners, your efforts to induce the government to reconsider their present policy of restricted beer supplies may be crowned with success.

With best wishes and our appreciation of your efforts, we are,

Yours very truly,

Alexo Coal Company,
General Manager.

That letter, sir, might well have been read when the house postponed its regular schedule business to discuss the fuel shortage, because in reality it kills two birds with one stone.

In again pleading with the government to rescind, before it is too late, that part of order in council P.C. 11374 which was mentioned by the previous speaker, in so far as it affects beer, I will say here and now that if that is not done I can see nothing but trouble ahead. There will be delays, possible strikes, discontent and unrest, as is indicated in the letter I have just read from a coal company manager. These troubles will continue to develop and the result will be a complete setback in all branches of our war effort. Make no mistake about that.

Further, the transferring of large numbers of troops to other centres—I could give a good illustration of that if I wanted to—thereby again cutting down the supply of beer already rationed on a 1941-1942 basis will cause a condition that was certainly not contemplated or heretofore expected in Canada.

Again let me say that the cut in beer does not apply equally to all provinces. It cannot, because no two provinces had the same beer regulations and control before this order in council was put into effect.

As evidence of the movement of population from one area to another, all we have to remember is that Manitoba and Saskatchewan are to lose seven seats in this house as a result of that movement. What is happening with respect to the unfairness of the beer supply? Let me give an instance. As reported at present, a person is allowed only twelve pints of beer a month in British Columbia. Other provinces receive much more. To me that is next door to total prohibition. If it is not, then I am Henry Kaiser the shipbuilder.

Therefore, Mr. Chairman, as the Lenten season will soon be over and thousands of our good Canadian people have denied themselves of their personal privileges for the period of forty days, and also forty nights, and because immediately following that we face the intense heat period, the hot and dry summer months, I again urge upon the government to remove forthwith the restrictions from beer in order that the population will remain somewhere near normal and that all labourers and workers may give of their best efforts in the winning of this war.

I repeat what I said in my speech on the budget, and what our own Prime Minister (Mr. Mackenzie King) and Mr. Churchill and members on all sides of this house have stated with just pride—our war effort is magnificent. That is our record for almost four years of war, is it not? Well, we did it on beer, did we not? Let us go on to the victorious end. Keep on playing the game you are winning at. That is a sound principle which is acknowledged the world over.

Mr. NICHOLSON: I had not planned to speak on this controversial question raised by two hon. members this evening. Since, however, the government has received some criticism, I think something should be said in defence of the very important announcement made by the Prime Minister last December. While I have discussed this subject on a number of occasions I have never hoped that I would be able to get members like the hon. member for Springfield to approach it from the same point of view that I do, but I think a great many people will agree that we cannot hope to defeat the axis powers by increasing our consumption of intoxicating liquors at the

alarming rate that has prevailed during the last two years. Hon. members might be interested in knowing something of the methods followed by one of our partners in the present conflict. I refer to Russia. In an article entitled "Religious Liberty in the Totalitarian States", written by Reverend James Barr, M.P., he says:

Notwithstanding Soviet Russia's departure from the absolute prohibition of vodka, she continues seriously to attack the drink problem. It is the rule of the league of communist youth (comosols) that they shall not drink, smoke, nor take drugs. Young people agitate against the drunken festivals in the villages. Posters everywhere declare that alcohol is the enemy of the state. The advertising of alcoholic liquors is absolutely forbidden, and even in shops where vodka is sold, an injunction is sometimes displayed, "Vodka is sold here, but you are advised not to buy." Radio talks are given, urging abstinence. In the cinemas special films appeal to workers not to drink. The central art commission has official instructions to revise theatre and cinema productions with a view to the inclusion of anti-alcohol propaganda.

That is the sort of approach we should have to this question. Instead of permitting manufacturers and distributors to spend large sums in encouraging young people to drink, we should be taking public funds to place before the people the scientific facts regarding the injurious effects of excessive use of alcoholic liquor. Instead of that, however, we have one of our dollar-a-year men, who has been holding down several responsible positions, the owner of the *New World*. For some time he was in the United States as vice-chairman of the British purchasing commission, with very responsible duties to attend to. He was placed in the position of deciding how our shipping would be used. When I discussed the question a year ago I pointed out that over fifty miles of box cars of beer had been shipped under the supervision of Mr. E. P. Taylor; and the financial statement which he has presented to his shareholders would indicate that his company had a very substantial share of this business. But the most recent estimates I have available indicate that it would take over three hundred miles of box cars to carry the beer which has gone from Canada to Egypt and the Middle East.

The Ottawa *Journal* of Friday, February 12, carried quite a long editorial replying to an article which appeared in the *Christian Century*, published in Chicago, written by the Rev. E. M. Howse, minister of Westminster United Church, Winnipeg. In this article, which had a very wide circulation in the United States, Dr. Howse wrote:

The Canadian people who have seen the stranded freight cars have learned with amazement that while these have been waiting, other freight cars loaded with liquor have been rushing by with blanket priorities to tie up shipping space for 18,000 miles around the seaway to Suez. The cars that wait come from Canada's vaunted plants of war production. The cars that go gaily by (hundreds of them) come from central Canadian breweries. . . . These breweries are directed by men of potent influence in the Canadian government.

The editorial comment says:

Now if Mr. Howse had been at pains about the truth, anxious not to smear his own land in another country, he could have learned easily that his "stranded" munitions on railway sidings have nothing to do with beer—have, in fact, little to do with ships. Learned that certain surpluses of Canadian war production are held in Canada under a definite Canadian and British military policy. Mr. Howse would not have been permitted to publish the reasons for that policy, but his personal awareness of them would at least have saved him from accusations desperately misleading.

I submit that if the statement made by Mr. Howse was misleading and not in accordance with the facts, action should be taken under the defence of Canada regulations, because the article has received wide publicity in the United States, and our neighbours across the line are curious to know why shipping space for such a large volume of beer can be found when great quantities of other materials, which apparently could be used to good advantage in other parts of the world, are left stranded. The editorial continues:

Asks Mr. Howse: Why not beer from England, from Africa, from the United States, from the breweries of Cairo? The obvious answer is that there are some 5,000,000 British, Canadian and American soldiers to be supplied with beer, and that with Canadian beer shipments but a fraction of their needs, all the other breweries are busy, too.

If there are 5,000,000 British, Canadian and American soldiers in the middle east, a great many people will want to ask some questions regarding the conduct of the middle east campaign. Canadians have a right to know why such a large volume of beer is shipped across the Atlantic when the shipping situation is so critical. Granted that men who are in action in the desert have the right to refreshment; I think the decision as to how much they should have should not be made by one who is interested in the brewing business.

Mr. Taylor, like the hon. member for Springfield, is a very patriotic citizen. The order which was brought down on March 22 contains a letter which Mr. Taylor wrote to the Prime Minister following his broadcast. Mr. Taylor said:

Some fourteen years ago I was required to make a decision as to whether or not I would

become permanently engaged in the brewing business. At that time, of course, I had before me the spectacle of the ravages prohibition had caused in north America. I found that the industry in the province of Ontario had, to a large extent, fallen into the hands of undesirable people who had been attracted to it by the large profits which went with law evasion. I finally decided that the repeal of prohibition was inevitable, that I could do a constructive job in the industry in Ontario and help eliminate the undesirable elements. This has now for the most part been accomplished.

However, after I listened to your December 16 broadcast to the nation on the subject of temperance and a total war effort, and since pondering over the text, I am filled with forebodings and believe that the constructive progress of the last decade is in danger of being completely wiped out.

Before I give you my comments, I would like to make three points perfectly clear:

1. Although I have a very substantial stake in the brewing industry, I would be quite prepared to make any sacrifice which could be shown to be a contribution to the successful prosecution of the war.

2. The recent cuts you announced on production will make no difference to the profits of this company available for distribution to the shareholders. The effect on our business will simply mean that we will pay one million dollars less in excess profits taxes.

If the order is to result in this one firm paying one million dollars less in excess profits tax, I think the Prime Minister's announcement was in the best interest of the state, because it will inevitably mean a decrease in the consumption.

3. The brewing industry is the greatest foe of intemperance and the abuse of liquor laws because we know that our whole future depends on the support of public opinion which we can only have if the nation is temperate.

Here is an idealistic man, a crusader in the real sense of the word, who a number of years ago went into this business to write a new chapter in Canadian history.

In the light of the above, I must respectfully tell you that I believe the whole tenor of your broadcast was unfortunate in so far as it suggested to the mass of the Canadian people that they were drinking too much and thus adversely affecting the efforts of the armed services and munition workers. I do feel that if you had addressed your remarks to the relatively few who are intemperate, your message would have done more good. In other nations the moderate use of alcoholic beverages—particularly beer—has been given credit for making an important contribution to the war effort.

It has been proved over and over again that restrictions on the production and sale of alcoholic beverages inevitably produces more intemperance and law evasion. The only cure is education, coupled with the strict supervision of the people engaged in the retail sale. This last, of course, is a matter for the local authorities.

I am very much afraid, Mr. Prime Minister, that the cure you have prescribed for the

[Mr. Nicholson.]

nation is going to prove very much worse than the disease and that much of the progress towards temperance which we have made in the last decade, since we abandoned prohibition, will be lost as a result of your action.

In the matter of banning advertising for the period of the war, I must most respectfully suggest that you did not give the real reason in your broadcast. Was it not because you were being pestered by the prohibition element and were anxious to placate them? I cannot believe that you would be so unfair as to ban advertising of one legally produced article because it is in short supply and not ban advertising of other products such as sugar, gasoline, tea, coffee, etc. which are also rationed and in short supply. By your action in this regard you have in effect told the public that you consider that the brewers and distillers of this country are engaged in an undesirable business and therefore you are not going to accord them the same treatment which other commodities receive, and which they are accorded in all other English speaking democracies. I do hope you will reconsider this aspect of your pronouncement and amend it so that we may again become self-respecting members of society.

Your speech leaves me in an unfortunate quandry. One hesitates to take issue publicly with the Prime Minister in a time of war. At the same time I feel so completely that you—who through your manifold duties and great responsibilities have little time for first hand investigation—have been very badly advised. You will realize that I have responsibilities to my shareholders and the public and I cannot maintain my self-respect if, completely disagreeing as I do, I accept your analysis and treatment of the matter in silence. Will you give me the opportunity to discuss this matter with you at an early date. It would be my expectation that I could demonstrate to you that it would be in the national interest to make some statement which would correct certain implications of your speech and leave the door open in the future for some readjustment if time proves that the country's war effort and morale will suffer from the restriction now in force.

E. P. Taylor,
President.

The Prime Minister quite rightly pointed out that the decision was not his; that it was the considered policy of the cabinet, and that no useful purpose would be served by an interview. The fact that the president of one of the brewing companies wrote in that vein would indicate that the government policy as announced last December was generally in the right direction. I should like to see steps taken, in addition to prohibiting advertising, for an educational programme sponsored by the federal government with a view to placing the facts before our people, as I suggested earlier.

One more word about Mr. Taylor. In this morning's mail I received a letter—I presume a similar one went to all members of parliament—from the Anglo-Canadian publishers, publishers of this magazine which has its head office in Toronto, called the *New World*. In

Ontario for some time it has been illegal to publish liquor advertisements in magazines or newspapers. Mr. Taylor apparently has ambitions in the newspaper field. This paper has its editorial and advertising office in Toronto, at 100 Adelaide street west but its printing is done in Montreal in order to evade the Ontario regulations. This magazine is found on thousands of newsstands across the country. This letter says:,

The official record of the battle of Egypt prepared for the British war office has been published exclusively in Canada by the publishers of New World Illustrated.

An initial printing of 100,000 copies has been made available to the public on bookstands throughout the country; but believing that leading public men in Canada would like to preserve a permanent record of this heroic battle I am sending you, under separate cover, this specially printed edition for your library, with my compliments.

Yours truly,

Anglo Canadian Publishers Limited.

I object to a story as important as that of the battle of Egypt being given exclusively by a publication which apparently has been placed on the market for the key purpose of keeping liquor advertisements before the public. If hon. members look through this magazine they will see very costly and attractive advertising which has been carried. I think wartime information or some other government agency should have made the story of the battle of Egypt available to other agencies across the country that surely have as much right to a scoop of this kind as the publishers of the *New World*.

Therefore I hope that the administration will not take too seriously the opinions expressed by the hon. member for Témiscouata or the hon. member for Springfield, but rather will carry out a policy to provide that less beer and other intoxicating liquors are consumed by the Canadian people as we make our contribution to the defeat of the forces of fascism the world over.

Mr. TURNER: Would the hon. gentleman permit a question? Is he in favour of beer by the glass for the working people?

Mr. NICHOLSON: I am not an authority on the subject. I have not used beer myself, and I hesitate to prescribe conduct for the hon. member or anyone else. I do not wish to force my views on other people, but I do say that it is in the interests of the people of this country to carry on an educational programme—

Mr. TURNER: I am in favour of that.

Mr. NICHOLSON: —that will reduce the consumption of alcoholic beverages.

Mr. TURNER: That does not answer my question. Is the hon. member in favour of beer by the glass for the working man? That is all I want to know.

Mr. NICHOLSON: I have not any opinion as to how beer should be sold, whether by the glass or by the bottle.

Mr. TURNER: Supposing it is sold in any way, even in a keg?

Mr. NICHOLSON: I am anxious that the working people of Canada shall have the best possible homes and clothing and food and that they shall not have to read magazines that are printed in Quebec in order to evade the laws of Ontario, sold on Ontario newsstands by concerns that are primarily concerned about increasing the consumption of beer.

Mr. TURNER: I still want an answer to my question. Is the hon. member in favour of beer sold by the glass, bottle or keg to the working people?

The CHAIRMAN: Such a question is for the hon. member to answer or not as he pleases.

Mr. REID: The statement made by the hon. member for Springfield this evening, namely, that British Columbia has been discriminated against, is something which I believe the minister should answer. I am not saying what should be done, but the matter has aroused a great deal of adverse feeling in British Columbia, that one province has been singled out for a greater curtailment than other provinces. The people of British Columbia think they are just as temperate as the people of any other province. They are asking why this treatment should be meted out to them. If the statement is not correct, they are entitled to some information from the minister.

Another matter that is disturbing to the people of British Columbia is the statement made on good authority that some leak occurred in Ottawa, with the result that certain interests in British Columbia bought thousands of dollars' worth of liquor and spirits and beer which is now in the hands of these men who are selling it to the public at exorbitant prices. Such statements arouse a great deal of antagonism.

Mr. GIBSON: There has been no discrimination between the provinces. Each province is treated on exactly the same basis; that is, the amount of alcoholic beverages authorized for each province is in proportion to the amount that was used in that province during the year ended October 31, 1942. Each province gets its quota on that basis, so that there can be no discrimination in rationing alcoholic beverages in that way.

Mr. POULIOT: I fully agree with one point mentioned by the hon. member for Mackenzie; that is, in connection with the publication of the magazine *New World*. I remember that this magazine was supposed to have its head office in Toronto; that it was printed in Montreal because in Quebec there were no restrictions on liquor advertisements, and then it was sold in Toronto and other cities of Ontario, with all that liquor advertising. There are some manufacturers of liquor who have branches in the United States. They are able to publish very fine advertisements in United States papers and periodicals which are permitted entry into Canada. If we are to have prohibition; if there is to be no advertising in Canadian papers and periodicals by manufacturers of liquor or by brewers, let us not have these United States publications come into our country carrying advertisements which are prohibited in our own papers. I find that unjust. I do not see why we should let those papers in, which are just as much an inducement to drink whiskey, wine or beer, when our own papers have not the same right to publish such advertisements. That is something I cannot understand. In all fairness either these advertisements should be permitted in our papers, or the entry of these United States papers should be prohibited. I submit that to the minister on the ground of fairness. I do not see why a manufacturer should not have the right to publish an advertisement for liquor in a Canadian periodical of any description when he has that right in the United States, and when advertisements published in the United States are permitted to come into this country. There is the same inducement to people to buy that liquor. I hope the minister will see to this. If he really wants to be drastic we will support him, provided there is no back-door; but if he is too drastic people will become discontented who are now willing to do all they can for the war effort, but who need a certain appreciation on the part of the government, even if they have to pay for it.

Mr. MacINNIS: The question asked by the hon. member for Springfield of the hon. member for Mackenzie is usually supposed to be a poser that will stop anyone who advocates proper restrictions on the consumption of liquor. The question goes something like this: Would you take away the poor man's beer? I never hear any of these people asking: Are you in favour of the working man having champagne? I am not particularly concerned with taking away or letting the working man have his beer if he wants it. I have lived with working people all my life, and I have never yet seen a working man suffer from lack of beer or whisky or that kind of stuff. I have seen a working man suffer from lack of food, from lack of clothing, from lack of proper education, or from lack of a decent home in which to live. As a matter of fact a working man suffers, not because his beer is taken away but because he is a working man, because he has no access to the means of life except by selling his labour to somebody else. There is only one way in which to put the working man on a level with all the rest of the community, namely, by raising him from the position of a working man to the position of a citizen who has the right of access to the good things that the community produces, because he is a citizen and because he renders a service to the country. I am in favour of the poor man having everything he should have or, if you like, everything the rich man can have because he is rich; but I am not in favour of giving him "his beer" just because beer is a cheap drink. I should like to see him asking for the things all the "best people" have, and then I am satisfied that he will get beer along with all other good things.

Resolution agreed to.

2. That the duty of excise on Canadian brandy be increased from seven dollars to nine dollars per proof gallon, provided that duty paid Canadian brandy owned by any distiller at the close of business on the second day of March, one thousand nine hundred and forty-three, shall be subject to the following additional duty of excise on every gallon of the strength of proof two dollars and so in proportion for any greater or less strength than the strength of proof and for any less quantity than a gallon.

Mr. McIVOR: I will not take this opportunity to give an address for or against this question. I think my past record will indicate my attitude, but I think the minister or the ministers have been very patient and very generous with the distillers. I do not think liquor has been taxed any more than other commodities have been taxed, and in my view the people who have been really hard hit have not said very much about their taxes. Look at your filling stations, your automobile people, your commercial travellers, and so on. I have yet to hear a commercial traveller raise a howl because he has been hard hit. But I should like to say that we shall have to have some scientific education in the use of liquor if we are to get very far, and we should not always speak from places where no one can hit us back; I do not think that is courageous. Here anyone can hit us back. I do not mind saying that we should take a leaf out of

Russia's book. When a young couple go to get married in Russia they are sent to three inspectors, one of whom is a scientific lecturer on the use of alcohol. If that young man goes to get a drink he will be sent back to the lecturer, and he will get an earful and will be taught that the use of intoxicating liquor constitutes sabotage against the nation. I think if we had less rancour on both sides of this question and more sincerity we would get somewhere. I would not care if you had prohibition across the length and breadth of Canada, or if you had a new economic system throughout the country. Before you can change a man's head you have to change his heart; there is no other cure for the use of liquor. I speak of what I know, because I have seen men who were able to stop using liquor without going to the United States for a cure.

I have only this word to add, that I think the ministers have shown remarkable patience. I do not think we need say very much about this matter, because the tax is not out of the way, and it is only fair that liquor should be taxed like any other luxury commodity. I think the ministers are to be commended for what they have done, and I will back them to the finish.

Mr. POULIOT: I have just one word to say about Russia, which the hon. member for Fort William has mentioned as an example. Did he read the recent issue of *Life* magazine in which there were pictures of a reception given by Maxim Litvinoff in Washington, at which liquor was overflowing? Also with regard to Russia, did he see the number of illustrations in the Montreal *Standard*, where the bottle of vodka was shown? Everyone at that reception had a glass in his hand, with the exception of the Prime Minister (Mr. Mackenzie King); the host, the Russian minister; and two ministers of the government, namely, the Minister of Fisheries (Mr. Bertrand) and the Postmaster General (Mr. Mulock). The others were either in the action of drinking or eating. A member of the defence department has a spoon in his hand ready to take up all that was on a plate of caviar—and that is food, not a drink. That has something to do with what my hon. friend has just said about Russia, both in Washington and in Ottawa.

Resolution agreed to.

3. That any enactment founded upon the foregoing resolution shall come into force on the third day of March, one thousand nine hundred and forty-three.

Resolution agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

The house in committee of ways and means, Mr. Bradette in the chair.

CUSTOMS TARIFF AMENDMENT

1. Resolved, That schedule A to the customs tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended, is further amended by striking thereout tariff items 105a, 156, 156a, 197c, 232, 355, 440i, 563, the several enumerations of goods respectively and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates in said schedule A:—

Customs tariff—105a. Lemon, orange, grapefruit and citron rinds, fresh, frozen, dried, sulphured or in brine: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. GRAYDON: With regard to certain items in the schedule, the present rates given for the British preferential tariff, the intermediate and the general tariffs indicate two rates. In one case it is British preferential tariff, free and 15 per cent; intermediate tariff, free and 25 per cent; general tariff, free and 25 per cent. The suggested rates indicate a free rate all the way through. Would the minister indicate what change is entailed?

Mr. ILSLEY: The wording of item 105a covering, lemon, orange, grapefruit and citron rinds, sulphured or in brine, is being amended to read:

Lemon, orange, grapefruit and citron rinds, fresh, frozen, dried, sulphured or in brine.

The words "fresh, frozen, dried," are being added.

Mr. GRAYDON: They were not in the original item.

Mr. ILSLEY: In pre-war days most of the lemon, orange, grapefruit and citron rinds imported were sulphured or in brine. These came principally from Italy, Greece, Spain and Africa. The original source of supply for orange peel has been the British West Indies, but during the last few years British West Indian oranges have been reserved for the United Kingdom. Lemon, orange, grapefruit and citron rinds are now being imported from the United States in a frozen condition, and are dutiable under tariff item 711, and at the United States trade agreement rate of twenty per cent.

It is contended that the peel should be accorded the same tariff treatment as the fresh fruit. Lemons and oranges are admitted duty-free, and grapefruit are subject to a rate of one half cent a pound. The argument is advanced that as peel sulphured

or in brine has been admitted duty-free from all countries for a number of years, there is no logical reason why peel fresh, frozen or dried should not be accorded the same tariff treatment. It is to be noted that dried orange peel has been admitted duty-free under item 204, the item covering barks, flower, berries, and fruits, in crude state.

Mr. JACKMAN: It is contended that the rinds should come in duty-free, according to the minister. By whom is it so contended?

Mr. ILSLEY: By the importers.

Mr. JACKMAN: Why is the minister acceding to the request of the importers? As I understand the whole history of tariff policy in this country, it would seem to indicate that the party of which the minister is a member supports a tariff for revenue. Surely there never was a time when we needed revenue more than we do at present. The minister is doing away with the rate, meaning that the material will now come in free of duty. Surely the people who use this material are in as good a position to pay for it now as they have been heretofore. What is the reason for doing away with this revenue, when we need it so badly?

Mr. ILSLEY: These are raw materials. One does not maintain a duty on everything simply because it gives revenue. There must be a certain sense of propriety in connection with the imposition of customs duties, even for revenue purposes. This is simply an equalizing of the treatment of various raw materials for products such as marmalade, and bakery products. I am not just sure about the facts in connection with price-ceiling implications, but I believe there are such implications, too.

Mr. JACKMAN: Do I understand it is quite impossible to get rind from the British West Indies, or other British dependencies?

Mr. ILSLEY: Yes; that is correct.

Mr. GRAYDON: Has the minister the figures respecting importations of items in this group?

Mr. ILSLEY: Yes. Imports of lemon, orange, grapefruit and citron rinds, sulphured or in brine, during the calendar year 1942 were valued at $18,199. Of that amount Jamaica supplied $15,841 and British South Africa $2,347, goods to the value of $11 coming from the United States. Imports of frozen peel are not separately recorded, but it is known that one importer in Vancouver imported five carloads between August 28, 1942, and January 5, 1943, and that this same importer has six carloads on order. Imports are probably in the neighbourhood of 500,000 pounds annually. Frozen peel is worth a little over two cents a pound. The price of frozen peel has advanced since September, 1941.

[Mr. Ilsley.]

Item agreed to.

Customs tariff—156. Ethyl alcohol, or the substance commonly known as alcohol, hydrated oxide of ethyl or spirits of wine, n.o.p.; gin of all kinds, n.o.p.; rum; whisky and all spirituous or alcoholic liquors, n.o.p.; amyl alcohol or fusel oil, or any substance known as potato spirits or potato oil; methyl alcohol, wood alcohol, wood naphtha, pyroxylic spirit or any substance known as wood spirit or methylated spirits, absinthe, arrack or palm spirit, brandy, including artificial brandy and imitations of brandy, n.o.p.; cordials and liqueurs of all kinds, n.o.p.; mescal, pulque, rum shrub, schiedam and other schnapps; tafia, angostura and similar alcoholic bitters or beverages; and wines, n.o.p., containing more than forty per cent of proof spirit, per gallon of the strength of proof: British preferential tariff, $5; intermediate tariff, $10; general tariff, $10.

Provided, (1) that when the goods specified in Item 156 are of greater or less strength than the strength of proof, the measurement thereof and the amount of duty payable thereon shall be increased or decreased in proportion for any greater or less strength than the strength of proof.

Provided, (2) that bottles and flasks and packages of gin, rum, whisky and brandy of all kinds, and imitations thereof, shall be held to contain the following quantities (subject to the provisions for addition or deduction in respect of the degree of strength) viz.:—

Bottles, flasks and packages, containing not more than three-fourths of a gallon per dozen, as three-fourths of a gallon per dozen.

Bottles, flasks and packages, containing more than three-fourths of a gallon but not more than one gallon per dozen, as one gallon per dozen.

Bottles, flasks and packages, containing more than one gallon but not more than one and one-half gallon per dozen, as one and one-half gallon per dozen.

Bottles, flasks and packages, containing more than one and one-half gallon but not more than two gallons per dozen, as two gallons per dozen.

Bottles, flasks and packages, containing more than two gallons but not more than two and four-fifths gallons per dozen, as two and four-fifths gallons per dozen.

Bottles, flasks and packages, containing more than two and four-fifths gallons but not more than three gallons per dozen, as three gallons per dozen.

Bottles, flasks and packages, containing more than three gallons but not more than three and one-fifth gallons per dozen, as three and one-fifth gallons per dozen.

Provided, (3) that bottles or phials of liquors for special purposes, such as samples not for sale to the trade, may be entered for duty according to actual measurement, under regulations prescribed by the minister.

Mr. GRAYDON: According to the schedule given it would appear that there is no change in the present rate as compared with the rate which has been in existence heretofore. Would the minister indicate just what is happening?

Mr. ILSLEY: There is a change in the item, not in the rates, and a very important change it is. Since 1890 the various items covering spirits have contained a proviso that no reduction or allowance shall be made in the measurement of quantity for duty purposes of imported spirits below the strength of fifteen per cent under proof. This proviso is now deleted, and duty will henceforth be assessed on the actual strength of proof. Item 156a, covering rum, has been amalgamated with 156, the item covering spirituous liquors generally. The tariff rates attached to both items have been the same for a number of years. Prior to March 2 the customs import duty on whisky or other spirits was levied on the assumed strength of fifteen per cent under proof, Sikes hydrometer. A case of twelve computed quarts of whisky contains two imperial gallons, or 1·70 proof gallons, when duty is computed on the basis of fifteen per cent under proof. Imported whisky is about twenty-five per cent under proof, and the quantity on which customs duty is payable under the amended item 156 would be 1·50 proof gallons, a reduction of ·20 of a gallon per case. Under the wartime alcoholic beverages order, 1942, which is P.C. 11374, dated December 16, 1942, no person shall sell, offer to sell, supply or deliver any spirits of any alcoholic strength greater than seventy per centum proof spirits, which is thirty per centum under proof.

When it is illegal to sell spirits of a strength greater than thirty per cent under proof, the same prohibition would apply to the importation of spirits and it therefore becomes highly artificial to impose a duty on the water content. To continue the provision that a duty shall be levied as if it were only fifteen per cent under proof when it must be thirty per cent under proof, is getting one's law far away from one's facts. Therefore, the law is being amended so that the duty will be levied on the actual strength of the liquor. The reason for the fifteen per cent provision seems to have been to assist in ascertaining the actual strength; there was considerable trouble in ascertaining what the actual proof strength of the liquor was. The debates at the time have been examined, and there does not seem to have been much discussion on this curious provision. The Minister of Finance took the ground that we would call it all fifteen per cent under proof. I presume the duty was pretty low at the time, and therefore it did not make much difference. The officials just were not going to the trouble to find out what the real strength was; they were going to call it fifteen per cent under proof.

Mr. GRAYDON: The minister refers to fifteen per cent under proof. As a matter of personal curiosity I should like to know what is meant by that phraseology in the act.

Mr. ILSLEY: The definition of proof spirits is found in the interpretation section of the customs tariff.

Mr. GRAYDON: Perhaps hon. members would like to know what it really means.

Mr. ILSLEY: That is going into the matter pretty deeply. In the interpretation section of the customs tariff it is given as follows:

"proof", "proof spirit" or "proof spirits", means any spirit having the strength of proof by Sikes' hydrometer, that is, spirit which at the temperature of fifty-one degrees fahrenheit weighs exactly twelve-thirteenths of the weight of an equal measure of distilled water at the same temperature.

Mr. GRAYDON: I would rather the minister had left out the definition. I think I understood it much better before he started to explain.

Mr. ILSLEY: I must say I do not know what that means, but I know that certain spirits are over proof and are potent, while others are under proof and are not so potent. There is a certain standard of potency which is known as proof, and the definition is to be found in the customs tariff and the Excise Act.

Item agreed to.

Customs tariff—197c. (i) Cigarette paper, ungummed, in rolls: British preferential tariff, ten per cent; intermediate tariff 22½ per cent; general tariff, 25 per cent.

(ii) Cigarette paper, ungummed, in sheets containing not less than thirty-two square inches: British preferential tariff, 10 per cent; intermediate tariff, 15¾ per cent; general tariff, 25 per cent.

Mr. GRAYDON: Are we importing much cigarette paper, ungummed, in rolls?

Mr. ILSLEY: Imports of cigarette paper in sheets or reams amounted to about $5,000 in value during the calendar year 1942. Imports of cigarette paper in rolls during the same period amounted to about $194,000 in value. The United States supplied about $166,000 worth, and the remainder of about $28,000 worth came from the United Kingdom.

Mr. COLDWELL: There is a substantial tax on cigarette papers already. I am not objecting to this because I think tobacco, cigarettes and luxuries of that sort should be taxed, particularly during times like this. In

view of the relatively small amount collected by the department I am wondering why this schedule is maintained. This is not so much a revenue tax as a protective tax. Is it the intention to protect the manufacturer of Canadian cigarette paper?

Mr. ILSLEY: It is to correct an anomaly. It has no tariff objective or any protectionist objective.

Mr. COLDWELL: There is really no change.

Mr. ILSLEY: There is a slight change.

Mr. COLDWELL: What is it?

Mr. ILSLEY: The present rate for the second classification, cigarette paper, ungummed, in sheets, is twenty-two and a half per cent for the intermediate, and it is to be fifteen and three-quarters per cent. It is to equalize the treatment of something with which it competes.

Mr. COLDWELL: I was referring to the ungummed, in rolls, which is ten, twenty-two and a half and twenty-five per cent.

Mr. ILSLEY: That is the same.

Mr. JACKMAN: Are we making any cigarette paper in Canada at the present time?

Mr. ILSLEY: Yes.

Mr. JACKMAN: Any substantial amount?

Mr. ILSLEY: Yes; large quantities are made in Canada.

Mr. COLDWELL: This enters into the manufactured cigarettes as well as roll-your-own?

Mr. ILSLEY: Yes.

Mr. JACKMAN: Have many representations been made by manufacturers of cigarette papers in Canada against the lowering of the tariff in 197c (ii)? Were they manufactured in Canada prior to the war? I understood that most of the cigarette paper was imported from France.

Mr. ILSLEY: This is an equalization; that is all. As I understand it, that twenty-two and one-half per cent which applies to category (i) is subject to a discount of thirty per cent, which makes it equivalent to the fifteen and three-quarters per cent in category (ii).

Item agreed to.

Customs tariff—232. Glue and gelatine, n.o.p.: British preferential tariff, 17½ per cent and 2 cents per pound; intermediate tariff, 25 per cent and 5 cents per pound; general tariff, 25 per cent and 5 cents per pound.

[Mr. Coldwell.]

Mr. COLDWELL: What is the object of this? Is it to effect some reconciliation?

Mr. ILSLEY: Item 232 formerly read:

Glue, liquid, powdered or sheet, and gelatine, n.o.p.

The words "liquid, powdered or sheet" are being deleted to facilitate administration. Sometimes glue is imported in the form of slabs one and one-half feet square and from two to three inches in thickness. Such slabs could hardly be classified as sheet glue. Glue is also imported in barrels. Although the glue may have been in the form of liquid when it was placed in the barrels it is a solid mass when it reaches this country. In the condition as imported it could hardly be classified as "liquid" glue. So that the words "liquid, powdered or sheet" are taken out.

Mr. COLDWELL: Is there not a shortage of glue and gelatine in this country at the present time? If so, why keep this tariff on, particularly since gelatine is used in the manufacture of certain food products and in other everyday items used in the home? If we have a shortage I see no reason for keeping the tariff on at the present time.

Mr. ILSLEY: P.C. 5015, passed on June 15, 1942, exempted imports of animal glue, powdered or sheet from the customs duty of 17½ per cent and two cents per pound under the British preferential tariff, and twenty-five per cent and five cents per pound under the intermediate tariff, during the period May 1, 1942, to December 31, 1942. The provisions of this order in council were extended until June 30, 1943, by P.C. 11791 passed on December 31, 1942. The duty comes on again July 1, 1943, unless the order is further extended.

Mr. COLDWELL: If it was found advisable to suspend this customs duty last year and to continue the suspension to June 30 of this year, why not take the item out of the tariff schedules altogether, because gelatine enters into so many different articles, particularly food products? It seems to me that item 232 simply continues in the tariff an item which in effect has ceased to exist because it has been wiped out by order in council; and having wiped it out by order in council, why not wipe it out permanently by legislation now that parliament is sitting, and have done with it? Gelatine enters into so many articles of use in the home, including food products, and since the item was set aside by order in council last year I suggest that it be left out altogether, particularly because the government pledged itself years ago to remove customs duties on articles of food

and the necessaries of life and of industry. Here is an opportunity to get rid of a very small item; still, it is an item.

Mr. ILSLEY: It would be using the war period as an opportunity to make a somewhat important change in the tariff. There are three factories in Canada now working day and night manufacturing this item, and if the financial critic of the opposition were here I would let him answer my hon. friend.

Mr. COLDWELL: He is not responsible for the item.

Mr. ILSLEY: He would not be in favour of legislative elimination of the item, and for very good reasons. I do not say it would be wrong at all, but to wipe out the item would be making an important tariff change which would affect Canadian interests. I have not been doing very much during the war in the way of making permanent tariff changes.

Mr. MacNICOL: Glue is not, I understand, an article of food.

Mr. COLDWELL: I said gelatine was.

Mr. MacNICOL: Glue is made in this country. May I ask the minister if the particular kind of glue referred to in this item is made in Canada?

Mr. ILSLEY: Yes.

Mr. MacNICOL: And those manufacturing glue and providing employment in this country are satisfied that the item should be reduced?

Mr. ILSLEY: Yes. Under present conditions the important thing is to get what is needed.

Mr. MacNICOL: The minister has not the intention of wiping out the item permanently, for which the hon. member for Rosetown-Biggar argued?

Mr. ILSLEY: I am not doing anything one way or the other about it. We have been acting under order in council. The item may be taken out some time; I do not know; but this is not the time.

Mr. GRAYDON: The minister has spoken of orders in council having been utilized for the purpose of altering tariff schedules. Would the minister enlighten the committee as to the extent to which the tariff schedules have either been raised or lowered by order in council? Evidently there are cases where the tariff legislation passed by parliament has been altered from time to time by order in council. Has there been any extensive use of this practice, or is it done only in isolated cases?

Mr. ILSLEY: Fairly extensive. There have been many changes by order in council, but no duties can be imposed by order in council. There have been many removals.

Mr. STIRLING: And reductions?

Mr. ILSLEY: And reductions by order in council.

Mr. GRAYDON: But no duties have been imposed by order in council?

Mr. ILSLEY: No, they cannot be. At least I believe they cannot be. I think there is some question as to what powers the government has under the War Measures Act, but I do not think it can impose duties.

Mr. COLDWELL: The government could not raise taxes by order in council. Is that not the understanding?

Mr. ILSLEY: That is the opinion most commonly held.

Item agreed to.

Customs tariff—355. Nickel, and alloys containing sixty per cent by weight or more of nickel, n.o.p., viz.: ingots, blocks and shot; shapes or sections, billets, bars and rods, rolled, extruded, or drawn (not including nickel processed for use as anodes); strip, sheet and plate (polished or not); seamless tube: British preferential tariff, free; intermediate tariff; general tariff, free.

Mr. MacNICOL: As I understand it, Canada possesses ninety per cent or more of the world's known resources of nickel. Do we import nickel ingots and other materials of that kind? I thought we were exporters of all that.

Mr. ILSLEY: The present item is being widened in scope to provide for advances and developments that have taken place in the production and use of nickel and its alloys since the item was established in the tariff a number of years ago. The former item read:

Customs tariff—355. Nickel in ingots or blocks, n.o.p.; nickel bars and rods, not including bars or rods depolarized or otherwise processed for use as anodes; and nickel in strips, sheets or plates.

The amended wording reads:

Customs tariff—355. Nickel, and alloys containing sixty per cent by weight or more of nickel, n.o.p., viz.: ingots, blocks and shot; shapes or sections, billets, bars and rods, rolled, extruded, or drawn (not including nickel processed for use as anodes); strip, sheet and plate (polished or not); seamless tube.

Substantially the whole of the nickel imported into Canada either in the pure form or as alloys is produced from Canadian ores. There is no rolling mill in Canada capable

of producing nickel rolled shapes. In view of the extremely limited consumption of the Canadian market it is unlikely that any such mill will be established in the foreseeable future.

The object of the former and revised item covering nickel in various forms is to enable the duty free reimportation of nickel that has been processed in the United States, thereby encouraging the production of primary nickel and at the same time placing the Canadian manufacturer on an equal basis with the United States manufacturer.

It is to be noted that the former item and the new item both provide for nickel in ingots or blocks, but "shot" has been added to the classification, because this is one form in which pure nickel is produced, and is in fact more generally used than ingots or blocks.

It is also to be noted that the former item provides for nickel bars and rods, while the new item provides for shapes or sections, billets, bars and rods, rolled, extruded or drawn. The forms covered by the new items have been somewhat extended to include all modern rolling mill products of the material in question.

Both the former and new item provide for strip, sheet and plate.

Seamless tube is included in the proposed item. No seamless tube of high nickel alloys has ever been produced in Canada.

The new item specifies that nickel and alloys must contain 60 per cent by weight or more of nickel. This qualification is inserted to facilitate administration. The scope of the new item as far as nickel content is concerned is in fact broader than the scope of the former item.

Certain combinations of nickel with other metals, such as "K" monel, "KR" monel, "Z" nickel and a nickel alloy known as "Inconel", will now be definitely covered by the new item. These forms were formerly, in most instances, dutiable under tariff item 711 at the United States trade agreement rate of twenty per cent.

It is estimated that annual imports in normal times of nickel forms, not admissible under tariff item 355, amounted in value to about $100,000. In the calendar year 1942, imports under tariff item 355 amounted to 881,316 pounds, valued at $804,224.

Mr. MacNICOL: I thank the minister for his statement. I am not opposing the item in any way but just seeking a little information. As I understand it, the nickel after it is mined at Sudbury is sent to Port Colborne, on lake Erie, and there it is made, or at least I thought it had been made, into pig nickel or nickel ingots; but apparently it is not; perhaps it is made just into nickel matte; and then these ingots, perhaps, or the nickel matte is sent over to the United States; there it is transformed into ingots containing only sixty per cent nickel and these ingots are sent back to Canada for further processing. Is that a correct explanation?

Mr. ILSLEY: I do not know very much about it, but I think that is substantially correct. I was trying to find out the form in which it left Canada.

Mr. MacNICOL: I think it is matte.

Mr. ILSLEY: Would nickel in pigs be a lower form than nickel in ingots? The hon. gentleman would know more about that than I. Does it leave in pigs?

Mr. MacNICOL: No. Matte, is it not?

Mr. ILSLEY: Concentrated ore.

Mr. MacNICOL: Yes, exactly. We in Ontario thought the plant erected at Port Colborne was a step in the right direction for the processing of various lines of nickel products in Canada, but evidently it has not got any further than a once-remove from the raw ore as it is mined in Sudbury. That nickel matte goes to the United States and, according to this item, comes back free so that we can process it here into other items.

Mr. ILSLEY: Yes.

Item agreed to.

Customs tariff—440i. The following articles and materials when imported for use only in the manufacture, maintenance or repair of automatic gas buoys and automatic gas beacons, or automatic electric buoys and automatic electric beacons, for the government of Canada, for marine signal purposes or for export, under regulations prescribed by the minister, viz.: flanged and dished steel heads made from boiler plate, over five feet in diameter; acetylene gas lanterns and parts thereof; electric flashing lights and parts thereof: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—563. Bolting cloth of any textile fibre, not made up, imported for use only for bolting or sifting materials: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. MacNICOL: This is something I know nothing about. Are any of the lines of textile fibres referred to here produced in Canada?

Mr. ILSLEY: No. This is bolting cloth, and bolting cloth is used principally in flour mills and starch factories. It is not made in Canada.

Item agreed to.

Mr. ILSLEY: There is an amendment to item 696a. It is an unimportant matter.

Mr. GIBSON moved:

That schedule A to the customs tariff, as amended by resolution No. 1 of March 2, 1943, be further amended by striking thereout tariff item 696a and by inserting in lieu thereof the following item, enumerations and rates of duty:

696a. Moving picture films, sound or silent, separate sound film track, slides and slide films, positive or negative; sound disks, records and transcriptions; when certified by the Government or by a recognized representative authority of the Government of the country of production as being of an international educational character; subject to such regulations as the minister may prescribe: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. ILSLEY: The former item read:

Educational moving picture films of all widths, silent or sound, positive or negative, and sound disks or records designed for use with such films, when certified by the minister as entitled to exemption from customs duty under the convention for facilitating the international circulation of films of an educational character; subject to such regulations as the minister may prescribe.

Under the former item importation was restricted to films entitled to entry under the convention for facilitating the international circulation of films of an educational character. Under the new item films, et cetera are admitted duty free when they are certified by a government or by a recognized representative authority of the government of the country of production as being of an international educational character. The item is also being widened to cover sound film track, slides and slide films when used in conjunction with educational moving-picture films. I am informed that the national film board and an organization known as the national film society requested this amendment. The Department of National Revenue would like to have this done for administrative purposes.

Mr. GRAYDON: What are the administrative reasons?

Mr. ILSLEY: The convention is out of existence now. Under the former item importation was restricted to films entitled to entry under the convention for facilitating the international circulation of films of an educational character. Under the new item films, etcetera, are admitted duty free when they are certified by a government or by a recognized representative authority of the government of the country of production as being of an international educational character.

The convention for facilitating the international circulation of films of an international character was signed at Geneva on October 11, 1933. That is what is out of existence. There is no certifying authority.

Mr. GRAYDON: That is the administrative reason?

Mr. ILSLEY: Yes.

Mr. HOMUTH: Then the government does not fully accept the word of another government as to the educational value of a film?

Mr. ILSLEY: It is subject to such regulation as the Minister of National Revenue may prescribe. He may accept the certificate of a recognized representative authority of the country of production. If he gives a certificate that the films are of an international educational character the minister may let them in. But he may prescribe regulations.

Mr. HOMUTH: Are they examined before they are distributed in this country?

Mr. ILSLEY: The Department of National Revenue inspects them to see whether they are educational before it lets them in.

Mr. MacNICOL: Do the provincial motion-picture censorship boards not inspect them before they are allowed to be distributed in the provinces?

Mr. ILSLEY: That has to do with their showing in the province. That is a different matter.

Mr. MacNICOL: The federal government might let a film in, but a provincial government might keep it out?

Mr. ILSLEY: Might not let it be shown in that province.

Amendment agreed to.

Mr. ILSLEY: There is another amendment. The motion is:

That schedule A to the customs tariff, as amended by resolution No. 1 of March 2, 1943, be further amended by striking thereout tariff item 704 and by inserting in lieu thereof the following item, enumerations and rates of duty.

This is a long item, but it covers a very small matter.

Mr. GRAYDON: May I interrupt the minister? This item may or may not be of great importance. It is very difficult to assess the importance to be attached to any of these items. But the minister in a previous resolution in connection with the budget was good enough at an earlier date to bring down the amendment in the matter affecting the one-cent postage. I should have liked if the minister had given us a little more opportunity at least to read over the amendment before we are asked to pass it. I cannot at the moment see anything that would be specially

difficult in this instance; on the other hand I think we ought to have an opportunity of going over it and seeing what it is about.

Mr. ILSLEY: I agree. If these were not very small matters we would not try to do it this way. But unless I am making some mistake about these it is very important.

Mr. MacNICOL: I will not support any amendment that I have no chance to read.

Mr. ILSLEY: Then we better move that the committee rise. I will move this amendment and put it on the record and let the hon. member for Davenport read it. It has to do with letting some bequests from abroad in free of duty. It will not upset the economy very much. It reads:

704. Apparel, wearing and other personal and household effects, not merchandise, of British subjects dying abroad, but domiciled in Canada; books, pictures, family plate or furniture, personal effects and heirlooms left by bequest to any resident of Canada, or acquired by any resident of Canada as a result of the death of any person resident abroad, or as a gift in anticipation of the death of any such person; all such goods or articles when given as a free gift by anyone resident abroad to a resident of Canada; the minister to be the sole judge as to whether any goods or any article imported is to be classified as entitled to the benefit of this item or not: British preferential tariff, free; intermediate tariff, free; general tariff, free.

The former item has been widened in scope by the addition of all the words after the word "bequest" in the fifth line thereof. During the past few years several cases have occurred in which gifts of personal effects, including pictures, books and furniture, have been given by a member of a family residing abroad to relatives in Canada. This has become more frequent of late, owing to people moving into smaller quarters or giving up winter homes in the southern states. While free entry can be permitted in the case of bequests, this does not apply to gifts made in contemplation of death or under the circumstances outlined above.

During the calendar year 1942 imports under item 704 were valued at $123,085, of which $110,000 worth came from the United States, and $11,000 worth from the United Kingdom. There were a few imports from Jamaica, Newfoundland, Australia and New Zealand. It is estimated that the widening of the scope of this item will result in about ten per cent increase in imports.

Progress reported.

[Mr. Graydon.]

SPECIAL WAR REVENUE ACT

Hon. J. L. ILSLEY (Minister of Finance) moved for leave to introduce Bill No. 58, to amend the Special War Revenue Act.

Motion agreed to and bill read the first time.

EXCISE ACT AMENDMENT

Hon. J. L. ILSLEY (Minister of Finance) moved for leave to introduce Bill No. 59, to amend the Excise Act, 1934.

Motion agreed to and bill read the first time.

On motion of Mr. Mackenzie (Vancouver Centre) the house adjourned at 10.50 p.m.

Tuesday, April 6, 1943

The house met at three o'clock.

PUBLIC ACCOUNTS

MOTION FOR CONCURRENCE IN SECOND REPORT

Mr. W. A. FRASER (Northumberland, Ont.) presented the second report of the standing committee on public accounts, and moved that the report be concurred in.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, in view of the fact that the customary notice has not been given of this motion for concurrence I would respectfully say that we are not prepared to give approval at the moment.

Motion stands.

INTERNATIONAL CURRENCY

STABILIZATION OF POST-WAR CURRENCIES ON A BASIS OF GOLD

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): I desire to direct a question to the Prime Minister based upon a press dispatch from Washington, dated April 5. First, is Canada one of the thirty-four nations to whom, according to United States treasury secretary Henry Morgenthau, has been communicated a broad plan for international stabilization of world currencies after the war on a basis of gold? Second, if so, when may this house expect the Prime Minister to submit this plan to parliament for discussion?

Hon. J. L. RALSTON (Minister of National Defence): The Prime Minister is unable to be present, but I will bring this matter to his attention. The question can be treated as notice.

GRAIN MARKETING POLICY

ANNOUNCEMENT WITH RESPECT TO COARSE GRAINS

On the orders of the day:

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, on Tuesday last I intimated to the house that I expected to be able to make a statement shortly with respect to the coarse grain situation. This matter has been fully considered and I wish to make a statement outlining the government's policy.

Members of this house will recall that the government's programme for the 1942-43 crop year was a programme designed to stimulate the production of coarse grains and to remove any fear of a decline in the prices of these grains as a result of increased production. Minimum basic prices of forty-five cents for oats and sixty cents for barley were guaranteed, with the Canadian wheat board instructed to purchase in the event that the market declined to these floor prices. At times last autumn the board had to purchase both oats and barley in order to prevent a further decline in prices, and it was only because of the development of a heavy feed grain demand from the United States and difficulty in making delivery that this situation has not continued. It was clearly stated last year that the ceiling prices of 51½ cents on oats and 64¾ cents on barley would be maintained, and this part of the coarse grains programme has effectively contributed to the maintenance of our live stock programme.

Since early in February, Winnipeg prices for oats and barley have been at or close to ceiling levels. In the meantime, United States grain markets have been advancing, and the difference between our prices and United States prices has widened considerably. The government were naturally concerned about finding a means to enable the western farmer to benefit from the United States market, and at the same time to maintain those price controls in the domestic market which are a part of national policy.

Another problem arising from these circumstances which had to be considered by the government was the fact that exporters of Canadian feed grains were placed in a position to obtain more than a normal margin, had export permits been freely issued. The government is naturally concerned that the full American price less transportation, duty, and forwarding costs be returned to the western producer.

The price ceilings on coarse grains in the Winnipeg market were imposed as part of our national price control policy, and were based on the highest prices recorded during the base period. With the price control policy in effect, it is important that domestic feeders who purchase coarse grains will be able to keep their feed costs in proper line with the prices received for the bacon, beef, dairy and poultry products which they are producing and upon which there are various ceiling and contract prices, in order to meet the needs of the United Kingdom and our own domestic food requirements. Without the ceiling protection, feed prices could and might rise to a level which would prejudice the effective prosecution of our extensive and vital live stock programme.

It is of the greatest importance that any action taken at this time should not disturb the basis of live stock production. It is the considered view of the government, therefore, that the ceilings on oats and barley in the Winnipeg market must be retained. To the extent that coarse grains can be exported at prices above our ceiling levels, the government have sought to develop a workable basis which would give producers who sell coarse grains the advantage of any higher export prices on that portion of the total coarse grain marketings which go into export.

With this principle in mind the government are instructing the Canadian wheat board to charge an equalization fee on the issuance of export permits to exporters of Canadian oats and barley. The equalization fee will, as nearly as possible, represent the difference between Canadian prices and United States prices, less transportation costs, United States import duty and forwarding costs, and with allowance for exchange. The equalization fee will not be fixed but will vary in accordance with the United States prices as compared with Canadian prices.

The Canadian wheat board will set up two special funds into which equalization fees for oats and barley, respectively, will be paid. These funds, in turn, will be distributed at the end of the crop year on a pro rata basis to the growers who have delivered these grains since March 31. Naturally, the amount in either of these funds for distribution to farmers will depend upon the future margin between Canadian and United States prices and upon the volume of exports.

By the method I have just outlined, the growers who sell their coarse grains will receive, in effect, a combined price, which reflects the ceiling price on that portion of their sales which has been disposed of in the domestic market, and the export price on that portion which has been disposed of in the export market.

This policy will, I trust, commend itself both to the producers and the domestic buyers of coarse grains as being fair. It assures the continuation of Canada's food production programme in so far as meat, dairy and poultry products are concerned. In regard to export markets the government are determined that the full advantage of these markets will be shared by producers marketing oats and barley on any surplus of these grains available for export, after the domestic requirements needed to maintain a full live stock production are adequately met.

The clear object of these arrangements in regard to oats and barley is to ensure that the full export returns for these grains should go to the producer and should not accrue to the exporter or to the purchaser abroad. The situation in respect of rye is different. Out of a western crop of 23 million bushels, only about one million bushels are disposed of commercially within Canada, and a considerable part of that is for uses for which other grains are equally good. The government's object can therefore be achieved most easily in the case of rye, having regard particularly to economy and facility of administration, by permitting the price of rye to conform to export prices rather than by adopting the system of an equalization fee for the sake of a small and relatively non-essential portion of the crop.

I am, therefore, authorized on behalf of my colleague, the Minister of Finance, to announce that he has discussed this matter with the wartime prices and trade board and that the ceiling on rye will be removed as soon as the Canadian wheat board has completed a survey of the market position in that grain. At the present time there is very little difference between rye prices in Canada and the United States after taking into account transportation costs, forwarding costs, exchange and duty. On this basis it would not appear that there would be any substantial rise in Canadian prices of rye. If a substantial rise in price does take place, however, there will of course be a corresponding increase in the cost of rye to Canadian consumers. As already explained, the quantity of rye disposed of commercially within Canada is very small, and it is clear that most of what is consumed could be readily replaced by other grains. There may be a few cases of essential use, however, and the Minister of Finance has directed the wartime prices and trade board to make a thorough investigation of any claims that arise and to make appropriate arrangements for absorbing part or all of these increased costs where it can be shown that the consumption of this grain is essential.

[Mr. J. A. MacKinnon.]

Mr. DOUGLAS (Weyburn): The minister mentioned only oats and barley. Will this apply to flax? Will the minister explain also how the money collected by means of equalization fees will be passed back to the producers of coarse grains?

Mr. MacKINNON (Edmonton West): The statement does not refer to flax.

Mr. DOUGLAS (Weyburn): It is being exported.

Mr. MacKINNON (Edmonton West): Yes. The money will be returned to the producers according to their shipments. This will be handled through the wheat board.

Mr. COLDWELL: Proportionately?

Mr. MacKINNON (Edmonton West): Proportionately, according to their shipments.

Mr. SENN: May I ask for the sake of clarity whether these regulations apply to grain grown in eastern Canada or only to grain that comes under the Canadian wheat board?

Mr. MacKINNON (Edmonton West): They apply to grains grown in western Canada only.

Mr. WRIGHT: Why is flax not included in the new regulations?

Mr. MacKINNON (Edmonton West): There is a set price on flax.

Mr. DOUGLAS: There is a bigger spread between the United States and Canadian prices on flax than there is on other grains.

Mr. PERLEY: Is there to be any relief for those who are holding coarse grains, such as oats, in western Canada? There has been no increase in the quota since some time in January. Has any scheme been worked out under which a portion of these grains will be marketed in the near future?

Mr. MacKINNON (Edmonton West): My understanding is that the quotas are being increased at all country points just as soon as local conditions permit.

Mr. LECLERC: I have here representations from the farmers in my constituency that they are short of feed for cattle. Is this just a temporary situation, or is it due to the fact that the grain is going to the United States?

Mr. MacKINNON (Edmonton West): I was unable to hear the hon. member fully. I understood him to ask whether this policy had to do with the matter of feed grain in eastern Canada. The policy just announced is tied up very closely with the feed situation in eastern Canada, so that the eastern Canadian feeder will be able to secure feed at a price that will enable him to produce and market his finished product in the export markets.

Mr. LECLERC: Is this just a temporary situation? When can the farmers expect relief from the present scarcity of feed grain?

Mr. MacKINNON (Edmonton West): The scarcity of feed grain is a matter of transportation, of railway cars. We are giving very close attention to the problem.

Mr. BLACKMORE: Has the minister made any provision for taking care of the price of bran and chopped grains? It is reported to me that there is a definite rise in these prices, which appears to me unjustifiable.

Mr. GARDINER: Control over bran and shorts and other feeds has been in effect since 1941. It is exercised by the prices board, which sets a price in consultation with the Department of Agriculture, which provides freight and other subsidy assistance.

Mr. BLACKMORE: The Minister of Agriculture may be interested in knowing that the communications I have received indicate that there is a definite rise in the price of bran.

Mr. LECLERC: Since the creameries have more butter than they know what to do with, and we cannot sell our surplus butter in Montreal either retail or wholesale, and prices will drop within the next month, will the minister say what we are going to do with our surplus butter?

Mr. SPEAKER: I think I have allowed a good deal of latitude on the statement made by the Minister of Trade and Commerce. I did so by way of clarification of his statement, but I think the questions have been ample.

CHEESE

REPRESENTATIONS WITH RESPECT TO PRICE IN RELATION TO COST OF PRODUCTION

On the orders of the day:

Mr. G. S. WHITE (Hastings-Peterborough): I would like to direct a question to the Minister of Agriculture arising out of a telegram I have received from the secretary-treasurer of Hastings county cheese producers association. I will first read the telegram, a copy of which has been sent to the minister and then put my question.

Hastings county cheese producers protest against the recently announced price of cheese because the price increase does not cover the increased cost of production. It will be extremely difficult to get the required production of cheese at the announced price. We suggest a two-cent subsidy to bring price to twenty-two cents f.o.b. factory. Copy wire sent to Minister of Agriculture.

After the minister has reviewed the representations made to him, will he provide an opportunity of discussing this important matter before the Easter recess?

Hon. J. G. GARDINER (Minister of Agriculture): I have had about a dozen wires similarly worded, and have replied to most of them. So far as a discussion is concerned I am entirely in the hands of the house. I do not know when my estimates or any other matter concerning my department will be before the house, but I can assure the hon. member that this question can be discussed at that time.

Mr. BOUCHER: In eastern Ontario where cheese production is starting right away the situation is serious. All the cheese producers' associations are alarmed about it, and I believe it will be in the interests of the producers for the minister to make a statement before the Easter recess, before it is too late. This whole question is subject to the policy of the department as to the production of cheese in eastern Ontario.

PENSIONS

NORTHWEST FIELD FORCE (1885)

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I would like to ask a question of the Minister of Pensions and National Health. It relates to a matter we have had before the pensions committee in the last two sessions, when I have made representations on behalf of pensions for veterans of the Northwest rebellion. I laid on each member's desk to-day a history of the case by Mr. Fred Williams in the *Globe and Mail* of March 26. Is the pensions committee to be reappointed this session, and if so will it consider the case of these men, or will the government consider the matter and give me a reply before or after Easter?

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): Mr. Speaker, with reference to the question asked by my hon. friend I have nothing to add to the letter I wrote him dated April 15, 1942, which is included in the return tabled in this house on March 11, last. In the memorandum which has been placed on our desks dealing with the northwest field force the statement is made:

For many years the men who formed the northwest field force have been asking for pensions. Government after government has rejected their claim.

That statement is absolutely incorrect. In 1866 orders in council were passed making provision for those who fought at that time. Later on a further order in council was passed, and in 1920 the Pension Act was amended to

make provision for these veterans at the same rate as that provided for veterans of the great war.

The reference made by my hon. friend must be with regard to an extension of the War Veterans' Allowance Act to include the veterans of the Northwest rebellion. That was carefully considered by the 1940 and 1941 committees and their recommendation was that the matter of hospital allowance and the question of extension of the War Veterans' Allowance Act be considered. That consideration has been given. If a committee should again consider the War Veterans' Allowance Act the case of these veterans can then be considered.

Mr. CHURCH: I can see no reason why they should not be given the same treatment as the South African veterans.

PRIVILEGE—Mr. DOUGLAS

CANADIAN WHEAT BOARD—MARKETING OF 1943-44 CROP

On the orders of the day:

Mr. T. C. DOUGLAS (Weyburn): I desire to raise a question affecting the privileges of this house. On March 17 an order of the house was passed for a return of all correspondence, memoranda and other documents received from the advisory committee to the wheat board, agricultural and cooperative organizations, with reference to the marketing of the 1943-44 crop. When that was passed the Minister of Trade and Commerce said, at page 1324 of *Hansard:*

I assume that this motion refers to correspondence, memoranda and other documents addressed by the organizations mentioned to the Minister of Trade and Commerce. I have no objection to the passing of the motion subject to the withholding of any confidential or privileged documents.

The minister made no specific statement as to considering any of the documents mentioned in the motion as being privileged; he was merely making a general statement that the motion would be passed subject to the reservation of withholding any documents which might be considered privileged. That order was brought down in sessional paper No. 76B on April 1. It says this:

1. Memoranda and other documents received from the advisory committee to the wheat board are considered privileged documents.

I submit that the advisory committee to the wheat board is not a branch of the government; these are not officials of a department reporting to a minister, they are private citizens, representing the producers, the grain trade, the milling trade and the line elevators, who have been asked to act on a committee to make reports from time to time to the wheat board. I claim therefore that the reports of this committee cannot be considered in any sense privileged. If I remember correctly, at a previous session the Minister of Agriculture (Mr. Gardiner) quoted from one of the reports of the advisory committee to the wheat board. The persons acting on this committee are private individuals representing a certain class of the people of Canada. The people of Canada have a right to know what recommendations are being made by the members of this committee, and also to what extent their recommendations are being implemented by the government. I therefore protest against the withholding of these reports. I believe that such an action is a violation of the privileges of this house.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I took occasion in speaking of this matter a few days ago to say that earnest consideration was being given to the extent to which we could make a return to the hon. member's request. It is our considered opinion that if we are to get the best advice from a committee of that kind, their advice to us, particularly on a matter such as is being dealt with here, would have to be considered as privileged.

Mr. GORDON GRAYDON (Leader of the Opposition): Upon the point of privilege raised by the hon. member for Weyburn (Mr. Douglas) which has been answered by the Minister of Trade and Commerce (Mr. MacKinnon), I think members of parliament should be very careful not to build a fence around the whole matter of information so far as the government is concerned. I am not familiar with this particular question, nor have I been able to give it attention except when hearing what the hon. member for Weyburn has just said. But it seems significant to me, first of all, that yesterday we had a battle on the floor of the house with respect to the matter of the production of correspondence between the dominion and the provincial governments; further, from time to time ministers, heads of departments, decline to answer questions in this chamber because in their opinion to answer them is not in the public interest; and now comes this further evidence of a trend which, I think, is peculiarly unfortunate at this time when the public are anxious to find out what is going on behind the scenes in parliament and in government.

It seems to me that this issue transcends many of the matters we have discussed here,

because it goes much farther than an ordinary question of privilege. If this practice is allowed to develop, those who sit on the opposition benches are likely to be confronted with difficulties more substantial than those which we encounter now.

I would urge upon the Minister of Trade and Commerce, with all the vehemence at my command, that he reconsider and reverse the decision he has just announced with respect to the bringing down of information such as has been referred to this afternoon. It indicates a dangerous growth and a serious practice. An important principle is involved, and we members of the opposition would be derelict in our duty if we did not see to it that this tendency shall not be allowed to continue, to the detriment, if I may say so, of intelligent criticism of the government's war effort.

Mr. M. J. COLDWELL (Rosetown-Biggar): May I say a word on behalf of our group? I do not think it is the duty of this house to ask a minister to reconsider his decision; it is the duty of the house to take such a decision itself. In my opinion we are getting away entirely from the basis upon which the institution of parliamentary government rests. It has always been understood that the only privileged documents are documents passing between governments dealing with affairs of state; and when I speak of "governments" I mean sovereign governments ruling nations. From time to time we are faced with refusals to grant the tabling of documents which will enable this house to judge of what is going on. If the advice of the advisory committee to a board set up by a statute of this parliament cannot be tabled in this house, we are, I think being denied rights which the house should have. If the gentlemen who comprise that committee are making reports which they do not wish the people they represent to see, that is subversive of the public interest and the time has come when we should get a clear understanding. My reading of constitutional procedure is that this is a sovereign parliament, that the government is merely an executive arm responsible to this house, and that the government and the minister have no right to constitute themselves a supervisory body to decide what this house shall know and what it shall not know. Parliament itself, not the ministers, ought to take cognizance of what is going on and decide the procedure in the light of the traditions of British parliamentary institutions.

Hon. J. L. ILSLEY (Minister of Finance): May I be permitted to say a word? I do so simply because I am a member of the wheat committee of the cabinet. That committee has to spend a great deal of time in framing the wheat policy each year, and naturally we send for the wheat board and spend many hours in session with the board and obtain its advice. Now we would never consider ourselves obligated to tell the House of Commons or the public just what passed between us and the wheat board in those discussions, any more than we would—

Mr. COLDWELL: I am not asking that.

Mr. ILSLEY: I know the hon. member is not; I am coming to the second point in a minute—any more than we would reveal discussions which take place between ministers and their deputies or other officials of their departments. The theory that the people are entitled to know and parliament is entitled to know everything that is said or written to a minister or by a minister sounds attractive; but the plain fact is that if there is to be complete frankness of discussion, many persons communicating with the government will not be completely frank if what they say is to appear on the pages of *Hansard* or in the public press.

Mr. DOUGLAS (Weyburn): Why?

Mr. ILSLEY: Well, if the hon. gentleman does not know why, he should.

Mr. McGREGOR: Tell us.

Mr. ILSLEY: It is a highly political atmosphere in which we are dealing with all these things; and the experience of everybody is that there must be a certain degree of confidence in communications to and from persons advising the government, and the government. The advisory committee is in exactly the same position in advising the wheat board as the wheat board is in advising the government. It is not a body of citizens constituted as a board of trade or something of the kind; it is a statutory body set up under the wheat board act to advise. Their reports are marked confidential. They have always been treated as confidential, from the very beginning, and speaking as a member of the wheat committee I do not want further reconsideration of this any more than the hon. member for Rosetown-Biggar (Mr. Coldwell) wants reconsideration of it. I think it would be very harmful if the members of the wheat advisory committee felt that whenever they put anything down in writing or whenever they said anything, they were doing so for everyone to see or learn.

Mr. GRAYDON: Are you sure about that?

Mr. DOUGLES (Weyburn): Does the minister think they would make a different kind of statement if they thought it would be made public?

Mr. ILSLEY: Perhaps they would not make a statement at all on a good many things.

Mr. E. E. PERLEY (Qu'Appelle): I should like to ask the minister how long the wheat board have been in session in Ottawa considering the plan that has been suggested and which he outlined here to-day. Also I should like to ask him if the advisory committee made any recommendation with respect to this price situation or how it might be dealt with and also whether the wheat board or the government asked the opinion of the advisory committee in this regard.

Some hon. MEMBERS: Order.

Mr. PERLEY: I think those questions are perfectly in order.

Mr. SPEAKER: This discussion has gone much further afield than I had intended, in the light of what I have already intimated to the house. Questions such as those asked by the hon. member for Qu'Appelle are certainly questions which the minister would wish to consider before answering. Now he has notice of them, but I do not think he should be expected to answer them to-day.

Mr. PERLEY: I think the question as to how long the committee has been meeting in Ottawa to consider this question could be answered.

Some hon. MEMBERS: Order.

Mr. HOMUTH: Wait a minute; we have some rights here.

Mr. PERLEY: I think the question as to how long the wheat board have been in Ottawa considering this plan is quite in order. I understand they have been here for three or four weeks.

Mr. SPEAKER: The hon. member has asked questions to which I do not think the minister should be expected to reply to-day.

WAYS AND MEANS

LABOUR CONDITIONS—SPEECH IN MONTREAL OF CHAIRMAN OF NATIONAL WAR LABOUR BOARD

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of ways and means.

Mr. ANGUS MacINNIS (Vancouver East): Before you leave the chair, Mr. Speaker, I wish to direct attention to a matter which I consider to be of the greatest importance; I refer to labour conditions in Canada. This question has cropped up every now and then during the debates which have taken place since the opening of this session. But a speech made in Montreal yesterday by one whom I would call a government employee or government official, cannot, I think, be allowed to pass without some comment. In the few minutes of the time of the house I shall take up I shall place before hon. members the position of the workers, as it was not placed before the select audience which was addressed by Mr. Justice McTague yesterday. On the front page of to-day's issue of the Montreal *Gazette* there is an editorial dealing with that speech; and I am quite convinced that whenever the Montreal *Gazette* carries a front page editorial on matters affecting labour, then labour had better look out because it bodes no good to labour.

Before going on with the comment I want to make on this speech let me say that I have had occasion to refer to Mr. Justice McTague in not an unkind way in this house on previous occasions, notably when he was made chairman of the national war labour board. I considered then and I consider now that he is pre-eminent in his understanding of the questions with which he has to deal and is progressive and generous in regard to labour matters. I think I can say the same in regard to the labour representative on that board. I cannot say anything in regard to the third member, because I do not know him; consequently I am not saying anything either for or against him.

I am going to quote some excerpts from the speech made yesterday by the chairman of the national war labour board which in my opinion are very good, but I question the right or even the wisdom, if you like, of a person in his position making a speech of this kind particularly at this time, because the chairman of the national war labour board is in a certain sense a judge. In referring to the board at the time it was set up the Prime Minister (Mr. Mackenzie King) said it was the intention to build up a labour jurisprudence so that the matters referred to it might be dealt with from a juridical point of view. Mr. Justice McTague said:

> It is my view that industry's day of being paternalistic and deciding by direct and indirect means just what type of union it will deal with, has long gone by or else is going by so rapidly that only he who is afflicted with a mote or a beam or a combination of both, can fail to see it.

Really it is this combination of the mote and the beam, this opposition to trade unionism, that is at the bottom of most of our labour troubles. I noticed in the same issue of the *Gazette* a news item dated

Hamilton, April 5. It referred to a letter signed by fifty-six industrial firms in the city of Hamilton opposing the collective bargaining bill now before the legislature of Ontario. Here we have the largest industrial province in Canada, the most important industrial province, without any labour legislation recognizing and regulating trade unions. Then when an attempt is made to provide that kind of legislation we have all—or not all; it would not be fair to say that—at least a majority of the employers of labour opposing a measure which is long overdue in a province so important industrially as is Ontario. I fully agree with the chairman on that point. He says further:

The present situation—by that I mean now—places a grave responsibility on industry, on labour and on government. All must think in terms of fundamentals. Either we are fighting and all fighting in this war for our very existence, or we are not. Either the war we are in is a total war, or it is not.

I agree with that. But before I sit down I shall show this house that one of the difficulties is that labour is not at all convinced that in its operations industry is carrying on an all-out war effort at this time.

With the next item I quote from the chairman's speech I do not agree at all. In the select audience of employers that he was addressing, he went out of his way to attack certain persons unnamed, which attack, because of the position he holds was quite unjustified. If the chairman of the board can go out and make speeches of this kind, what is to prevent other members of the board from doing the same? And if that kind of thing is indulged in, what sort of labour board are we to have? He said:

Demagogues, whether union organizers or politicians, must consider with care and caution the forces of mob rule which they may be letting loose in this country—letting loose not only on the country but on themselves as well.

Let me point out that according to the chairman of the national war labour board all demagogues are either politicians or union organizers; there are no demagogues in industry; there are no industrial demagogues in Canada. From the point of view of the chairman of the national war labour board there may be no industrial demagogues in Canada, but there are many industrial reactionaries, which, in my opinion, are worse than demagogues. They would put the lid on progress and by the very action of trying to prevent orderly progress they make the social upheavals the chairman referred to inevitable. The utterances of demagogues can have no appeal unless the material conditions of discontent are there already. The chairman went on to say:

There can be no excuse in times of war for strikes, if there is lawful means available for obtaining the justice sought. It must be recognized by governments that these outbreaks cannot continue to be regarded as isolated events, they are not isolated. They cannot be kept isolated.

If they take place—

Note this:

—they must be stamped out with the same ruthlessness with which they are promoted.

That is very strong language for an employee of the government to use in advising the government.

I will connect with that another statement in the speech:

Even an unusually patient government will have to take drastic action if more of these events occur. When that time comes—and it must come if we have not changed the moral code and made the illegal the legal—people will be hurt, and seriously hurt. Blood has run before in this country in strikes.

I want to say to this house that that is a speech that should not have been made, particularly at a time when the board of which Mr. Justice McTague is chairman has made a decision which has not yet been accepted by those whom it affects. What effect is that speech going to have? It can have none other than to inflame all the passions and prejudices human nature is heir to and that a man in the chairman's position should try to allay.

Labour may have legal means to attain its ends. But these legal means move very slowly at times. Just to show what are some of the grievances which the workers in industry labour under let me read some passages from a document which was left with me by some labour men only yesterday. This is a copy of a brief submitted to the Montreal members of parliament on February 27 by a delegation of trade unionists from Montreal war plants. I believe that all hon. members of this house should read this document; here is something of which they should take notice. The delegates make certain points very clear. They refer to—

The big number of layoffs taking place in the different war plants. Montreal Locomotive has laid off many hundreds from their big tank plant, said in some quarters to be the best equipped tank plant on the continent. Two thousand men are being laid off from the tank plant of the Canadian Pacific Railway Angus shops; Robert Mitchell has also laid off hundreds, as did the Engineer Products not long ago. The Cherrier plant of the Canadian Car and Foundry Company also laid off thousands of their munitions workers. Layoffs have become general. This is having the most demoralizing effect on the workers in general, who are asking for an explanation. So far no satisfactory explanation has been given.

I point out that workers are at this time particularly fearful of being laid off work-

There are two reasons for that. Despite anything that any "demagogues", or reactionary industrialists may say, the workers in this country are anxious to win this war. That is one reason why they do not want to see plants standing idle at the same time as they are idle. But there is another reason. So many of our workers suffered so terribly from unemployment during the ten years prior to the war that they are frantic at the mere mention of anything that would even remotely resemble those terrible conditions in the hungry thirties. Paragraph 2 of the brief says:

Certain inequalities in wage rates as between those paid in the province of Quebec and the prevailing rates in other parts of the country. The laws are such as makes it well nigh impossible for the Quebec workers to aspire to equality with the workers in the west. This is greatly resented by the workers in our province. We believe that if proper adjustments were made, our war effort and national unity would be strengthened immeasurably.

I suggest that the chairman of the national war labour board should read and ponder paragraph 3:

The attitude of many employers which makes cooperation almost impossible. Here we refer to the fact that even in the face of recommendations by boards of conciliation there are still employers who refuse to deal with their organized employees. Moreover, company unions are being set up, workers practically forced to join—

These are the people who oppose workers being compelled to join ordinary trade unions. They have no compunction, however, in making them join company unions. The brief continues:

—and then tied up hand and foot through contracts drawn up under the Quebec Collective Agreements Act. At Arvida the company refuses to deal with the international union representing the great majority of the employees, and are actively supported by the Quebec government.

4. Discrimination is rampant. Workers are fired for union activity. Young men are threatened with the draft for joining the union. Bribes are offered the workers to keep them from organizing. This is again very demoralizing, and should be prevented by severe penalties.

It is time that these matters were brought to the attention of the house. There was an opportunity for hon. members to do something before. Possibly if they had taken advantage of that opportunity something would have been done to further an understanding in respect of these questions affecting labour and employers.

Then, paragraph 5—and evidently Mr. Justice McTague, when he refers to legal means, has never heard of delays:

5. The long delays attendant on having cases dealt with by the regional board are notorious. Company unions can have wage adjustments made almost overnight, while bona fide unions have to fight for months to get fair treatment. We believe the board should sit continuously, and that in case of dissatisfaction with a decision, the unions should have the right of appeal to the national board.

[Mr. MacInnis.]

I believe an amendment to the order in council now provides for that appeal.

I am not going to read the whole of this brief. There are some recommendations which in my view are quite reasonable, and should be considered. But what I wish to emphasize is that the facts—and they are facts—laid down in the brief can be duplicated in every industrial centre across Canada. I hold in my hand a letter received by myself only a few days ago from a worker in Hamilton. He had spoken to me verbally in the first instance, and I told him to put his complaint in writing so that I could bring the matter to the attention of the Minister of Labour. He said that in certain industries in Hamilton—and I do not know whether it was so in this particular case—employees are laid off, not discharged. There is no work, and they are told when laid off that while there is no work they are still on the payroll. But when they apply for unemployment insurance they are told that they cannot be paid unemployment insurance benefits because they are still on the payroll of the company. And, worse, the employees of the selective service branch associate themselves with the company in carrying out this sort of discrimination.

I have a letter in my hand written on March 27. This one is from the president of local 2352 of the United Steelworkers of Canada, and is in these words:

Dear Sir:

I have been instructed by the members of Local Union 2352 of the United Steelworkers of America, National Steel Car, Hamilton, to protest the continual lay-offs through cancellation or completion of war work. This procedure has placed employees of this plant on the street and speaks very distastefully of our war effort.

In May, 1942, the 4·5 shell shop was closed and in fact boarded up when the management found out that employees intended placing stickers on the idle machines reading "This machine is working for Hitler." This department has never operated only in rebuffing salvaged shells and approximately 10 per cent of the machines were actually used.

That means that ninety per cent were not used.

These machines are gathering dust and the employees have been transferred to other departments. But, production in other shell departments has been cut to one-third of the normal production and again the employees are losing time until placed.

Improper planning and the malicious use of selective service has caused discontent to such a degree that a third strike at national may occur at any time although the union officers have done their utmost in cooperating fully with the management.

Two statements are frequently mentioned quite openly by the employees:

(a) The management is provoking the employees to take militant action.

(b) The directors of the company are endeavouring to cause "another Malton" condition so that the government will purchase this plant also.

In conclusion may I state that there is considerable heavy equipment for the fabrication of ship-plate, tanks, etc., that lies idle for periods of time in this plant. An investigation would prove this statement. The employees are desirous of producing in an all out effort to win this war.

Trusting you will give earnest consideration to this communication.

A great commotion is made about a strike, a lay-off by workers or by a certain amount of absenteeism; but I am satisfied that not one-tenth of the time lost through idle machinery, for some reason or another, is lost through strikes or absenteeism. To-day machinery should not be idle. If we cannot produce tanks, or if tanks are not needed, then ships and more ships are needed. There is no reason in the world—with the exception, of course, of indifferent planning—why we should not be engaged in producing ships if other work is not available.

I do not wish to delay the house longer in discussing this matter. I believe I have shown clearly that the workers have grievances, and that those grievances cannot be resolved by making unwise speeches to Canadian clubs or service clubs or organizations of any other kind. Manual workers do not belong to the Canadian club. They do not belong to it for two reasons; first, they cannot afford the admission fee, and second, they cannot take two or three hours off in the middle of the day to attend a luncheon and hear someone make a speech. They have useful work to do; they are necessary in keeping the country's production going. I say again that if the other members of the national war labour board are going to take advantage of the circumstances taken advantage of by the chairman, then the government had better disband this war labour board and set up another.

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I did not know that my hon. friend was going to raise this question this afternoon on going into committee of ways and means or perhaps I would have been better prepared to answer him. I was grateful to hear the kind things he said about Mr. Justice McTague. It takes me back to sixteen months ago when I took over the chairmanship of the national war labour board, when many kind things were said about me.

Mr. MacINNIS: I am not guilty.

Mr. MITCHELL: Let me say to my hon. friend that it takes considerable courage to be chairman of the national war labour board. It is much easier to make the kind of speech the hon. gentleman made this afternoon than it is to assume that responsibility. He talks of passion, but rarely have I seen more passion displayed in this house than was displayed this afternoon. If he does not use more judgment when he goes up and down this country than he used in this house this afternoon, there is reason for some of the industrial controversies we are having at the present moment.

My hon. friend spoke of the national board and the regional board. These boards are composed of members of labour organizations and others who represent the employers. In the provinces the chairman is the provincial minister of labour, whereas the national board is made up of Mr. Justice McTague as chairman and the other two members.

He spoke also of people being laid off, of there being a reduction at times in the industrial tempo of the country. If my hon. friend had had as much experience of war as some members of this House of Commons—I mean war in its practical sense—he would understand that it demands change. We are engaged in a mechanical war and we must be continually changing from one type of equipment to another, from one tank to another, from one aeroplane to another. This means retooling of plants in order to go on with the new production. It creates what in the old days we used to call technological unemployment. As an old trade unionist, I think he will agree with me when I say that years ago when we were always asking for an effective employment service we never expected we should have anything like the national selective service which we have at the present time. I think he will agree also that as compared with three years ago, the machinery in existence to-day for the transfer of workers from one industry to another is far greater than what we had contemplated in relation to the present war. The rules and regulations that have been put into force, the changes that have been created, are out of all proportion to what existed three years ago. In creating this machine we have had to deal with human beings, but I think it must be admitted that they are doing a very effective job, a much more effective job than I dared to hope they would be able to do.

My hon. friend read some letters. My hon. friend knows as well as I do that ever before

I was in charge of the department the conciliation service was improved. When the Secretary of State (Mr. McLarty) was Minister of Labour, order in council 4020 was passed. I think he will admit that by means of the provisions of that order in council we have eliminated to a large extent the discrimination that existed. Then my hon. friend spoke about blood running.

Mr. MacINNIS: I did not talk about blood running; it was Mr. Justice McTague.

Mr. MITCHELL: It does not matter who said it.

Mr. MacINNIS: It matters a lot.

Mr. MITCHELL: I just missed that when I was jotting down my notes. Recently we had a tramways strike in the city of Montreal. I have been taken to task by certain sections of this community for not endeavouring to settle that strike in a way that may have led to force being used. Prior to entering this house, my hon. friend was a street railway employee; I understand he was the business agent of the amalgamated association of street railway employees of Vancouver. He knows as well as I that street railway strikes are difficult things to handle. Sometimes if they are allowed to continue, blood is apt to run, the blood not only of the strikers themselves but of innocent civilians. I do not know who wrote the advertisement which appeared the other day in the Montreal *Gazette*. I do not think this government can be blamed for that strike. I did not notice my hon. friend getting on his feet to defend his own organization while that strike was in progress.

Mr. MacINNIS: Why should I?

Mr. MITCHELL: I notice that quite often when a difficult situation arises he stands in his place and criticizes the government, but on this occasion when his own organization was the victim of a strike he did not get up to defend them.

Mr. COLDWELL: There was no opportunity to discuss the Montreal strike.

Mr. MITCHELL: There are always the orders of the day.

Mr. COLDWELL: We were ruled out of order.

Mr. MITCHELL: The hon. member was not ruled out of order to-day and he could have defended his own organization.

Mr. MacINNIS: I have to be in order sometimes.

Mr. MITCHELL: Let me say this in conclusion; I do not want to delay the house too long. Criticism has been made of the speech delivered by Mr. Justice McTague in Montreal. Upon reflection I think it will be found that certain strikes which have taken place in this country have in fact been challenges of the decisions of the war labour board and of legislation that exists for the settlement of industrial disputes in Canada. Mr. Justice McTague referred to fundamentals; he spoke of the fundamental that you cannot challenge the state and get away with it. I was always taught that in the trade union movement, and I am sure my hon. friend was taught the same thing, that the duty of the union was not to challenge the law, but to have it changed. I think the judge was in goodly company when he spoke in Montreal yesterday.

Mr. MacINNIS: Oh, yes.

Mr. MITCHELL: I am not referring to the Canadian club. I am talking about people who understand what makes the clock tick so far as labour legislation is concerned. I have always told my people that if we did not like the law we should try to have it changed through normal constitutional procedure. I think when the history of my generation is written it will be shown that we were somewhat successful in that regard.

Mention has been made of a patient government. Whether we like it or not, the whole price ceiling is in jeopardy unless the national labour board and the regional boards are given that support by the people of this country which they richly deserve if they are to face up to the problem of inflation. I have always held this opinion, that when you go before a tribunal such as the national war labour board and they make a decision you are in duty bound to abide by that decision. I have never taken any other position since I have been connected with labour. I know that sometimes it is difficult to go back and explain the decision to your own people. In organizations people sometimes make promises which they know they cannot carry out, and my hon. friend knows that because he has been through all these things. Often the achievements have fallen short of the promises. But it is the duty of responsible leadership in this country, whether it be on the one side or on the other, to give to both sides the leadership to which they are entitled in the trying times through which we are passing. I still hold the opinion which I quoted yesterday of Sir Stafford Cripps, and I think it might be well if I quoted it again before I sit down. Speaking to

the people in the aeroplane plants in the United Kingdom after he had made a two-day tour of inspection, he said:

I know there are grievances, differences and disputes, but none of these to-day justify a strike in the factories any more than they would justify mutiny in a ship or at the front.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, on the chance of keeping the ex-leader of the opposition away from the war, I am going to occupy a little of the time of the house this afternoon. The last time that this group raised a question in the house the leader of the opposition waxed eloquent on the theme that we were not getting on with the war, and then immediately afterwards he spent two hours discussing an extra cent postage stamp. So that I feel justified in occupying a little of the time of the house this afternoon.

The question raised by the hon. member for Vancouver East (Mr. MacInnis) is very pertinent to the war effort and to the future prosecution of the war. In fact I consider it the most important discussion in which this house could engage at the present time. I have stated on at least two occasions in this house that I consider the Department of Labour the most important war department in the government in that they have completely under their jurisdiction the organization and allocation of man-power and woman-power in this country. That is a job which requires considerable organization. In keeping the wheels of industry moving to produce the necessary war materials the departments of national defence and munitions and supply are merely the fifth wheel on the coach without the complete organization and functioning of the Department of Labour in its many ramifications.

The hon. member for Vancouver East this afternoon correctly pointed out that the new chairman of the national war labour board chose a very inopportune time to make the speech he did yesterday afternoon. The Minister of Labour (Mr. Mitchell) quoted Sir Stafford Cripps with references to stoppages of work in war plants, and would lead the house to believe that the situation in the United Kingdom is analogous to that in Canada. I should like to make this observation, that in Great Britain labour is solidly organized. In Great Britain they still have the freedom of collective bargaining. They still do business with their employer. They have in practically every production plant in Great Britain workers' committees which are making their full contribution to the war effort. The trades union congress of Great Britain sits in with the cabinet in planning the war effort. But in this country less than seventeen per cent of the workers who are eligible for membership in trades unions are in any kind of labour organization, and the result is that you have from coast to coast, in every industry necessary to the war effort a constant battle by the workers for the right to exercise that freedom of democracy which is enjoyed by the industrial workers of Great Britain, led by Bevin, Morrison, Attlee, Cripps, and other leaders who sit in with the cabinet safeguarding the rights of the average worker in Great Britain.

Mr. GRAYDON: Just at that point, may I ask a friendly question for information? Would the hon. member mind telling the house just what percentage of British workers are organized?

Mr. GILLIS: There are over 7,000,000 organized workers in Great Britain. If we had the same percentage we would have 1,700,000 organized workers in Canada.

Mr. GRAYDON: The hon. member has not the actual figures?

Mr. MITCHELL: You have to make allowance for the fact that over forty per cent of our population is agricultural.

Mr. GILLIS: I said that less than seventeen per cent of our industrial workers who are eligible for membership in a trades union are in any labour organization. By and large the workers of Canada are engaged in a battle on the home front for the right to sit around a conference table with their employer. There are hundreds of valuable men engaged in the work of trades union organization to-day who could be doing an important job in the war effort were this work taken off their hands, were the government to decide that collective bargaining is the thing in Canada just as it is in Great Britain and in every other civilized country in the world. This is the only country in the civilized world that has not on its statute books trade union legislation.

But I did not get up this afternoon to go into that story again, because we have gone into it time and again. My purpose was to say that in every section of Canada there is in the minds of many people to-day a growing fear and a suspicion that instead of the Canadian people bending every effort towards making our maximum contribution to this war there are people in key positions behind the scenes who are pulling the thing back. Just stop and think for a moment how the industrial workers in this country have been treated during the past three years; and now after three years of war we are still talking about this question of the

right of the worker to sit around the conference table with his employer and help him win the war. That is all they want to do.

The conciliation machinery of the labour department has not been improved since the war began. It is not as good as it was when the war broke out. Your conciliation machinery has been cluttered up. The taking of a strike vote is provided for by the conciliation machinery when no strike is intended; in order to get a board of conciliation the workers of a plant have to take a strike vote and decide by a majority that they are going on strike—something they do not intend at all. You sow in the minds of the workers the seeds of an idea that a strike is to take place; for the Minister of Labour knows that a large percentage of the workers who take part in that ballot have not the least conception of what the department's regulations are.

Mr. MITCHELL: I would point out to my hon. friend that we have not had a strike over recognition in the last year.

Mr. GILLIS: Over recognition? What does the minister call the Montreal tramways strike?

Mr. MITCHELL: It was a jurisdictional strike.

Mr. GILLIS: No such thing. That may be the minister's interpretation; it is not mine.

Mr. MITCHELL: I think I know as much about that as the hon. member does.

Mr. GILLIS: Maybe the minister does and maybe he does not. At any rate there is a lot he has not said about it in this house and I am going to jog his memory this afternoon. There are things he omitted; if he knew them, he did not inform this house of them.

Mr. SLAGHT: My hon. friend knows that the Montreal strike was illegal.

Mr. GILLIS: I do not know any such thing.

Mr. SLAGHT: The hon. member has not looked to see.

Mr. GILLIS: I have looked. The hon. member does not appear to know very much about the laws of the Department of Labour, or he would not define the strike in that way.

Mr. FRASER (Northumberland, Ont.): You certainly indicate that you think you know.

Mr. GILLIS: I do. I do not "think" at all. This is my business. I do not make any pretence to know about your farming or your stockholders or coupon clippers. I do not bother about that. This is my business, and I know something about it.

Mr. McLARTY: If the hon. member will permit me—does he suggest that the strike was legal?

Mr. GILLIS: Yes; I say it was legal, and I will prove to the satisfaction of any fair-minded man in the chamber this afternoon, that it was; that the men in Montreal were forced into it.

I want to discuss the machinery as it functions. Take your stoppage in the basic industry of steel. Were the steel workers responsible for that? I say they were not. They utilized every piece of machinery provided by the Department of Labour. Not only that; away back in November, 1941, they started in on the job of getting a conciliation board to iron out their grievance. They followed it up week after week, month after month, and there was no redress. After conferences, and boards, and appeals to both regional and national boards, the whole matter finally culminated in a walk-out. It was not a strike. No official of the steel workers' union called it; it was a matter of the steel workers at the Sault, Trenton and Sydney becoming disgusted after two years' delay. Having endeavoured to talk to everyone who had authority to settle the matter, they ultimately said "what is the use?" and walked off the plant.

The reason these walk-offs are occurring is that they seem to be the only means at the disposal of the men in the mines and the plants to get their grievances listened to. No attention is paid to anything else, so that finally they walk out. I say this after much experience in negotiations. I am, just as strongly as the minister or anyone else, in favour of amending the laws, and living up to them religiously. You will find that ninety-nine per cent of the trade unionists across this country, particularly of the leadership, take this attitude. They want to obey the laws and they will fight to improve the laws. But the time comes when they have to go back to their men. Month after month they have met the people who have the authority to settle their grievances, but without effect, and the men become disgusted and say, "There is no solution along this line; the only way to get an answer from these people is by a walk-out." After two years' delay that is what happened in the steel industry. It occurred because of the slowness of the machinery, because of lack of attention to the men's legitimate grievances by both regional and national boards.

I am afraid now of what may yet happen. You set up a new board, an industrial court, with three legal minds on that board. One of the first things they have done is to disregard completely one of the main representations of the steel workers, namely to make the steel industry of Canada a national industry so that the national war labour board could deal with it and settle the whole question at one time. Instead, it has been thrown back to the regions. It will be examined in Nova Scotia and in Ontario section by section, with different people taking different positions on the same question, with no uniformity in the matter of wages. So far as machinery is concerned we are right back where we were before. The only thing that has happened so far as that industrial court is concerned is that they have provided for an appeal from a regional board to the national board. There is absolutely no improvement of machinery. The question is still unsettled after two years' negotiations. The matter started, of course, in April, 1941. At last, in August, 1942, a delegation was able to meet the war labour board. But the question is still unsettled. I think these fellows have been very patient and very reasonable.

Another point I would call to the attention of the Minister of Labour is that you cannot win this war with your mouth.

You are not going to win it in here, by arguing. I make no apologies for what I am saying, because if some attention is not paid to the matters which I am trying to bring to the attention of the government, I am just a little bit sceptical as to who is going to win this war. Personally, I want to win it; make no mistake about that; and I am not letting anyone, behind the scenes or otherwise, who is not particular about winning it pull any smoke screens so far as I am concerned. I am going to be quite frank in what I have to say.

I bring this to the attention of the Minister of Labour. The miners of Nova Scotia had a board under Mr. Justice McTague in March, 1941. The board handed down a decision to the effect that certain mechanical rates were to be levelled up to a prescribed wage. We are now in April, 1943, and the decision of that board has not been implemented yet; that money has not been paid. Mr. Justice McTague in his speech yesterday, as quoted by the hon. member for Vancouver East (Mr. MacInnis), says that decisions of the labour board will be enforced from now on. I hope they will be; and I hope that the rule is to work both ways. The miners of Nova Scotia have been awaiting new negotiations, pending the settlement of the award made by the board back in 1941. I know that the union officials have found it difficult to keep their men in line; because at the district convention where they lay down their policy they decided that until that matter was taken care of there should be no new negotiations. What happens in the miners' union is that on the first of April of each year, if there is not a signed agreement to take care of wages and conditions for the year following, internationally they down tools. They did not do it on the first of April; they are still trying to get this matter settled with the company on the basis of the award which was granted by the board in March, 1941.

A word with respect to the Montreal tramways. It is important that hon. members should understand these things. The press has not given a true picture; for some reason of which I am ignorant, it has distorted the facts. I cannot understand the attitude of any newspaper which, in the light of our present situation, will deliberately garble and twist the facts to confuse the public and make an already bad situation much worse.

As I understand that situation, there was a union functioning; it had been there—

Mr. MITCHELL: Since 1918.

Mr. GILLIS: —since 1918, yes. It had a very small percentage of the men employed in that particular industry. They had an agreement signed in 1940 which contained a clause covering participation in profits, and my information is that under that clause in the agreement the tramways company owed approximately a million and a half dollars to the employees. It was necessary to enter into negotiations. A large percentage of the men employed in that industry went into other work, and the union to which they belonged had become practically defunct.

I can understand why that should happen. One of the leading officials of the old organization who signed the agreement, which was to last for the duration of the war, was Mr. Trepanier. As the Minister of Labour pointed out, this agreement contained a clause providing that this committee would hold office for the duration of that agreement, or as long as the war lasted. Mr. Trepanier was one of the committee, but he was hired by the government to undertake conciliation work; and while a government employee, receiving a salary from the government, he still retained his position as one of the main negotiators for the organization.

Mr. MITCHELL: Let us get this clear, for I think my hon. friend will agree that his

statement might create a false impression. I do not think he is suggesting that Mr. Trepanier acted as negotiator while he was in the employ of the government.

Mr. GILLIS: He was a member of the committee.

Mr. MITCHELL: Let us get it straight, now.

Mr. GILLIS: I am putting the minister's own statement back on the record; it is not my statement. Speaking in this house on March 30, at page 1686 of *Hansard*, in reply to the leader of the opposition (Mr. Graydon) the Minister of Labour stated:

> The negotiating committee referred to in this agreement, consisting of Messrs. Elphege Beaudoin, Raoul Trepanier and Osias Neveu, will continue in office during the life of the agreement.

My French is not so good; I may not have pronounced those names correctly, but this was the clause put on the record by the minister.

Mr. MITCHELL: My hon. friend will excuse me, but I want to get this clear, for I am not going to have words put into my mouth to the effect that Trepanier still acted as negotiator for that organization while he was in the employ of the federal government.

Mr. GILLIS: I do not care what the minister wants put in his mouth; I am quoting his own words. I am not quarrelling with this at all; I am merely trying to show the position. This would arouse some antagonism, I think, if I were a member of that union; I know that is how it would work with the majority of the men operating those street cars. I want to make it clear that Mr. Trepanier is a member of the conciliation department of the government, and he is also set out in this clause of the agreement—

Mr. MITCHELL: Don't try to turn a corner like that; just take my word for it that since Trepanier has been in the employ of the federal government he has not been a negotiator with Montreal Tramways.

Mr. COLDWELL: He has the power to do so.

Mr. MITCHELL: No, he has not, and no one would think so who had any experience with these matters. You cannot turn a corner like that.

Mr. GILLIS: I am not turning a corner. What I have just read is a clause in the existing agreement which was put on the record by the Minister of Labour.

Mr. HOWE: Read the rest of it.

Mr. GILLIS: The minister merely quoted this clause from the agreement. If you will just let me finish what I have to say perhaps you will understand what I am trying to get at. I am taking this from the speech of the Minister of Labour. It is a clause from the agreement, which states that Mr. Trepanier is a member of the negotiating committee, which committee was to continue in office during the operation of the agreement.

Mr. HOWE: How about the provision for replacing anyone who drops out?

Mr. GILLIS: It does not say that in the agreement.

Mr. HOWE: Yes, it does.

Mr. GILLIS: The ballot, the thing that precipitated the whole trouble and caused the walkout, also was read into *Hansard* by the Minister of Labour, as follows:

> The national war labour board has just been changed. This change gives the negotiating committee the opportunity to make new attempts with regard to wages. Are you in favour of according the negotiating committee all the support it will need to undertake these attempts on your behalf?

If that ballot had been accepted and voted upon it would have meant that the negotiating committee, as set out in the agreement, would be the committee that would carry on further negotiations. The street railway men in Montreal objected to that ballot. On the 27th of the month the minority group made application to the management of the street railway to take a ballot; and you know it worked faster than any ballot I have ever seen, because they were ready to take the vote on the 29th, two days later, and it was in protest against taking that vote that these men walked off the job. The Minister of Labour set the matter out very clearly in *Hansard*; he used his office to try to offset that strike or walkout. He asked the men who were conducting that ballot to withdraw it, pending negotiations with the Department of Labour. It may be that this strike or walkout was illegal, in accordance with the interpretation that could be placed upon it by those of the legal profession, but personally I look at the justice of a case in determining its legality. These men, in order to safeguard democracy, the right of negotiation and the right of majority rule, walked off the job. The minority group who precipitated the trouble in the taking of the ballot challenged the Minister of Labour when he asked them, in a very reasonable way, to withhold further action pending negotiations. The net result is that the matter has been settled and these men are back at work. I say that the right side

won, because in any case the majority should rule. That is my conception of it, and that is the side that won in the Montreal trouble.

Mr. MITCHELL: That could have been proven just as easily by a board of conciliation, without a strike.

Mr. GILLIS: Yes, it could, and I say it never should have happened; but place the blame where it belongs. The small group who endeavoured to force that ballot on the large majority of the employees and against the wishes of the Department of Labour are the people who are in an illegal position, if there is any illegality attached to it.

What I am trying to point out to hon. members is the slowness of the machinery, the apparent lack of understanding on the part of many people who have to deal with the rank and file of the workers in ironing out these difficulties and arriving at a decision. Personally I cannot see any reason for it. I know that the great majority of the men and women of this country employed in industry, ninety-nine per cent of them, are fair and reasonable. It has been my experience that any time you are honest with them and tell them the truth about a thing, I do not care how bad it is, they will go all the way with you. When you are dishonest with them, when you lie to them, you run into difficulty and lose their confidence, and you find yourself in trouble all the time you remain in office.

The Minister of Munitions and Supply (Mr. Howe) is in his seat, and I should like to say a word to him with respect to the prosecution of the war effort. The crux of the whole war situation, in my opinion, is ships, and every available man and woman in Canada who can go into a shipyard and do anything in regard to the building of ships should be there. Before this debate closes I would like the Minister of Munitions and Supply to give this house some information with respect to the Angus shops. The situation there has been developing for some considerable time. By May 3 some 1,800 of the men employed in those shops will be out of work; there are some 200 idle now. These are skilled men, men who can take their place in many capacities in a shipbuilding yard—welders and men of various classifications. Two months ago they made representations to selective service with a view to putting the facilities of their organization at the disposal of selective service—and they have a good organization. Just a few days ago they were permitted to help selective service in the reallocation of their man-power.

There is no difficulty between the management and the employees in the Angus shops. There is complete cooperation. The union communicated with the shipbuilding yards to find out whether their men could be utilized in any of the yards, and the answer they received was: No, there will be nothing in shipbuilding until late in the fall.

I should like the Minister of Munitions and Supply to explain this; it has never been explained to my satisfaction. The Valentine tank was being produced in the Angus shops. According to a statement I heard in the house the Valentine was considered the best tank that was sent to Russia. It is good in snow; it is good in the sand; it has a wide tread; it has a diesel engine as against the other tanks that have gasoline engines. When a tank with a gasoline engine is hit once by a shell or a bullet it becomes hot and blows up, but you can batter that diesel engine until further orders and it does not blow up. According to my information the Valentine tank is the best machine of the war; it is the thing with which to lead infantry. I want to know why it was taken out of production in Canada and some 1,800 men who could be used in the war effort left idle.

Another thing I should like the minister to say something about is Dominion Engineering Works in Montreal. That plant is capable of turning out one thousand guns a month, and our information is that at the present time it is turning out around four hundred. There is no night shift. Why is there not another shift working there? Why is that plant not working at its maximum.

The Angus shop people tell us also that during the time they were operating they were capable of turning out, I think it was, six tanks a day, but under orders from somewhere all they were producing was three. They were told that was the schedule and it could not be stepped up beyond that. The Minister of Labour says that war is a practical thing; I know a little about it too. I am not a flag-waver, but there are not many in this house who have seen more war than I did; I will let it go at that. We have to fight this war. These matters must be answered. We have to make full use of the man-power of this country. I have not met anyone in any industry who is not really anxious to do a job. The shoe is on the other foot; they are frustrated; they claim they are being held back. You get that story in every section of industry. We should know something about it. It is one of the first things the Minister of Labour has to do, and as Minister of Labour he owes a direct responsibility to the working people of this country. We should know in no uncertain terms.

Those who are operating industry are being assisted. The government has been very generous to them in rebuilding and tooling plants and all that kind of thing. They are acquiring some wonderful machines, and they should be compelled immediately to do what is being done in Britain. According to a British white paper the trades union movement is considered one of the most essential factors in their war machine. I will give this to any one who wants to look at it. They would not be without it; they call the labour people in and consult them. They get a lot of work done in that way that you cannot hire dollar a year men to do, because the dollar a year men do not know that job in the way that men who live with it and grow up with it know it. They have not the contacts. If the Minister of Labour wants to do an efficient job—and I think he does—he should not permit anyone in this country to keep the machinery from him. If he had a collective bargaining organization in each plant, if production committees were in every plant and factory submitting reports about what is going on, you could plan ahead of time. You cannot buy that kind of organization. In the sections where it is operating they are doing that work themselves. But there is no coordination machinery; no one at the top who has power and authority is receiving these reports or doing anything about it.

I was in Sudbury two weeks ago. They are trying to form a union. There are over four thousand men in the organization. There are two hundred stewards. These fellows tell me they are paying about $1,000 a year in order to belong to that union. Discrimination, wages cut; and they are still there fighting a little company union set up and sponsored by International Nickel. I wish the Minister of Labour could have sat in on that stewards' meeting with me. There were four hundred stewards reporting directly to the head of the union from every section of that mine on production, on what they are doing, what they could do and how they could improve things. That machinery is lying idle, rusting; the men are frustrated, cannot do anything. The answer to the troubles and problems of the minister so far as I am concerned is the organization of labour, its complete cooperation in these production committees. If I were in his place that is the fight I would be carrying on; I would not be on the auction block as he is to-day. The machinery necessary for him to work with is being withheld from him by the big industrialists of this country who do not want organization. That was well demonstrated when Elliott Little began to talk to the manufacturers' association; he was not on the inside very long.

[Mr. Gillis.]

Mr. BROOKE CLAXTON (St. Lawrence-St. George): When I came into the house to-day I did not expect that this debate would come up. But as one of the members from Montreal, where the Montreal Tramways strike occurred, and as the member for the division where the company has its head office, I feel it my duty to say something on the subject.

I agree completely with the hon. member for Vancouver East (Mr. MacInnis) and with the hon. member for Cape Breton South (Mr. Gillis) who preceded me, as to the importance of the subject of labour relations in Canada at the present time. I regret, however, that beyond that I find it impossible to follow them in the rest of their remarks. They criticized Mr. Justice McTague, chairman of the national war labour board, for having made a speech before the Canadian club in Montreal yesterday. Mr. Justice McTague needs no words of commendation from me; everyone in Canada knows that there is no one who has a better reputation for being a true friend of labour, a true Canadian, or who is more trusted by labour than Mr. Justice McTague.

In the course of his speech he said:

> The board which I head is prepared at all times to give each side full opportunity to present its case and will deliver its judgments on the merits of the case as it sees them, without labouring for technical ways out of difficulties. As far as we can do it, we shall not stand for any flouting of our judgments or the wringing of further concessions because of the agitation of pressure groups.
>
> Demagogues, whether union organizers or politicians, must consider with care and caution the forces of mob rule which they may be letting loose in this country—letting loose not only on the country but on themselves as well. The wise union leader who has been adhering and is adhering to a non-strike policy must receive support and not discouragement. Neither he nor his union can survive in a world where illegal action is rewarded with concessions.

I think I can say that I have been sympathetic with the cause of Labour. I have worked for labour, attended labour meetings, in every way I can. On that account, because I have the true interest of labour at heart, I feel that in respect of this Montreal Tramways strike it is my duty to put before the house and the country my conviction, having some knowledge of the circumstances, that the strike was, as the Minister of Labour (Mr. Mitchell) said, illegal, unjustified and unwarranted. Because I take almost precisely the opposite view of that strike from that of the hon. member for Vancouver East and the hon. member for Cape Breton South,

and because I feel the matter is important, and because it is already having repercussions right through the country, I propose, if I may, to spend some minutes in discussing the facts surrounding the Montreal Tramways strike.

In the first place it should be remembered that in July, 1940, the Montreal Tramways Company negotiated an agreement with three representatives of the men, called the negotiating committee. Those representatives of the men had been selected by the men by secret ballot. The negotiating committee, working with the Montreal Tramways Company, worked out an agreement. That agreement, a long one, is public property, and is printed in the Quebec *Official Gazette* for September 21, 1940.

Before the agreement became law—because that is what happened—it was submitted to the men over a period of forty-eight hours, during which time copies were made available to them. Following that, another secret ballot was held, in which the men voted whether or not they would agree to the terms of the agreement. By an overwhelming majority they voted in favour of its adoption.

That agreement was then sent, as a collective labour agreement, to the minister of labour of Quebec who, in due course, published it in the Quebec *Official Gazette*, and gave notice that anyone who had any objection to make before it was declared to have the force of law should make such objection within the next thirty days. The *Gazette* reads:

Pursuant to the provisions of section 5 of the Collective Agreement Act, notice is hereby given by the honourable Edgar Rochette, Minister of Labour, that the Montreal Tramways Company has presented to him a request to the effect that the collective labour agreement entered into between:

On the one part:

The Montreal Tramways Company, hereinafter called the "company",

and, on the other part:

The association of the employees of the Montreal Tramways Company, hereinafter called the "negotiating committee", be rendered obligatory for the employer and the employees of the industry and the trades concerned according to the following conditions.

Then follow the paragraphs in the agreement, running to some 110 in number. As I have pointed out, the agreement then had the force of law, under the law of the province of Quebec, the Collective Labour Agreements Act, 4, Geo. VI, chapter 38. This was a collective labour agreement, having the force of law.

The agreement itself contained three provisions to which I shall refer the house. In the first place, after providing for wage rates for the various classes of labour, and after making provisions for holidays and the like, the agreement states this, in paragraph 107:

All conditions of this agreement, except those applicable to wages and holidays, shall remain in force for at least three years, or for the duration of the war, whichever period is longer.

The agreement was for three years or for the duration of the war.

Then, in paragraph 109, this was expressly stated:

The negotiating committee referred to in this agreement, consisting of Messrs. Elphege Beaudoin, Raoul Trepanier and Osias Neveu, will continue in office during the life of the agreement.

Later on in that paragraph provision was made for the replacement of any member of the negotiating committee who might cease to act. In accordance with that provision Raoul Trepanier, upon being appointed to the Department of Labour, was replaced by the action of the other two members, and ceased to act for the committee—contrary to the impression given by the hon. member for Cape Breton South.

Mr. GILLIS: Would the hon. member tell us by whom Mr. Trepanier was replaced? According to this clause in the agreement he was not replaced.

Mr. CLAXTON: The agreement was made in 1940, and paragraph 109 provides for the method of replacement, which was followed out in this instance. Who replaced him escapes my memory at the moment, but I can give my hon. friends the name immediately after the adjournment of this sitting. He was replaced. He was not acting at the time this matter in dispute arose.

In addition, the contract provided for a bonus, to which the hon. member for Cape Breton South referred. That was provided for in paragraph 110. The provision, which I shall summarize, is that 25 per cent of the gross income of the company over $15,000,000 in any year, ending June 30, shall be paid to the employees of the company who have been in its service for one year, and who are earning $2,500 or less. That paragraph was in full force and effect until the dominion government passed order in council 7440.

The negotiating committee for the employees of the Montreal Tramways Company made application to the Quebec regional war labour board for a declaration that this bonus, of 25 per cent of the gross profits over $15,000,000 as provided for under the agreement, should be paid to them. The

Quebec regional war labour board held a number of hearings. Briefs were filed and, ultimately, on June 2, 1942, the board gave a decision stating, if I may summarize it, that the provision with regard to the bonus could not operate in conflict with the wage-ceiling provisions; that the bonus had to be paid by the company only up to November 15, 1941; that it could be paid at the company's option up to January 1, 1942, and that it could not be paid after that date. In lieu of the bonus there was to be a cost-of-living bonus.

Pursuant to that order not only did the company pay what it had to pay in accordance with the decision, namely, the proportion of the bonus for the period up to November 15, 1941, but it went on and voluntarily paid what might be payable up to January 1, 1942. Then it had to stop because the regional war labour board, presumably acting in accordance with the authority conferred upon it by the government, had given the direction that this bonus was not payable, but that cost-of-living bonus was payable. Since then the company has been paying the cost-of-living bonus, which at the present time I think is $2.40 a week.

Mr. GILLIS: What union made the application for the bonus?

Mr. CLAXTON: I thank my hon. friend for making that interpolation. The application was made by the negotiating committee which, as everyone knows, was made up of three officers of the union, which I shall call the A.F. of L. union. This is the Amalgamated Association of Electric Railway and Motor Coach Employees, which is associated with the Trades and Labour Congress of Canada and also with the A.F. of L. For convenience, I shall call it the A.F. of L. union.

Mr. GILLIS: Mr. Speaker—

Mr. CLAXTON: If my hon. friend will not be so speedy I shall try to finish what I am saying. The application of the negotiating committee was supported by the Catholic Syndicate and by the Canadian Brotherhood.

Mr. GILLIS: I understand it was the Catholic union that made the application.

Mr. CLAXTON: My hon. friend may see the application order. I have the briefs here, and the application was made by the negotiating committee, which was the proper body to make it. That application was supported by the Canadian Brotherhood and by the Catholic Syndicate. At that time the matter was disposed of, but I am told that further applications were made to the Quebec regional war labour board and to the national war labour board, but without success. If those applications were made, and that is my information, they were presumably disposed of by those boards on the ground that the application could not be acceded to on account of the cost-of-living bonus order.

Mr. NOSEWORTHY: Is it not true that at the present time there is an application from the Catholic Syndicate before the regional board?

Mr. CLAXTON: I have no information of that.

Mr. NOSEWORTHY: I think that is correct.

Mr. CLAXTON: It may be. Those applications were made. Certainly one was rejected, and I think one or two more as well. This brings us to the beginning of January 1943, when the brotherhood began to correspond with the company and to represent to the company that it should replace the negotiating committee as the negotiating committee. It represented in correspondence which was made available to the press that it had the support of the majority of the men, and it urged that it should replace the negotiating committee as the negotiating committee. Further correspondence ensued, and then on March 2, 1943, the brotherhood, that is the union on the way in, made application for a board under the Industrial Disputes Investigation Act. The conclusion of that application was that they be recognized as the negotiating committee to represent the men.

Whether or not there was a strike vote before that application was made escapes my memory. There should have been a strike vote in order to justify it under the act, but my impression is that there was no vote taken at that time. In any event the application was made. The brotherhood recognized that the proper way to proceed was to make an application to the minister for a board under the act. It did so and a board was appointed. The board sat in Montreal on Wednesday, March 24, and heard the brotherhood, the A.F. of L. union and the company representatives, and then stated that a report would be made to the minister. That report could not have reached the minister before Thursday or Friday. When it did reach him I do not know, but presumably it must have reached him on Friday or Saturday. Then occurred the incident to which the hon. member for Cape Breton South referred. The A.F. of L. union asked that a ballot should be taken of all employees in order to obtain a vote of confidence. At that time the question was pro-

pounded in the form which has already been put on *Hansard* by the Minister of Labour. The A. F. of L. union or the negotiating committee asked the company if this ballot could be taken on the company's premises, and I think the company granted that permission on Saturday. That is the course of events up to the time when the word "strike" was first mentioned.

On Saturday afternoon the brotherhood, acting through its president, Mr. A. R. Mosher, said that if this ballot was proceeded with, there would be a strike on Monday. The matter reached the attention of the minister or his officers on Sunday, and the minister sent telegrams, which are already on record, to Mr. Mosher of the brotherhood; to Mr. Beaudoin, president of the A.F. of L. union, and to Mr. Blair, general manager of the company. In the telegrams to Beaudoin and Blair the minister urged that the ballot be called off and said that a board would be held to decide the matter of jurisdiction. In the telegram to Mr. Mosher he urged that the strike be called off and characterized it as being illegal, or used words to that effect. He also suggested that a board would be held to decide the matter of jurisdiction. As the Minister of Labour has said in the house, the formula selected by him and urged by him on the three parties was the right formula to end this dispute. Unfortunately all three parties replied in the negative or not at all to the telegrams. So that the strike began on Monday morning.

I have lived in Montreal all my life, and the faces of a great number of the striking motormen and conductors have been familiar to me for thirty-five or forty years. Many of them are in the category of friends. A great number of them have many gold stripes on their sleeves, each representing five years of service. I think it is fair to say that during the terrible conditions of this winter, despite tremendous congestion they rendered a fine service. When the strike occurred the men who were supporting the brotherhood were kept in the Atwater market, and of course their officers negotiated for them.

Montreal was almost totally unprepared for this strike, but from the beginning the people took it exceedingly well. They walked long distances to work. One of my staff walked over five miles to her work and this was characteristic of many of the population. There was a spirit of camaraderie. By late Monday afternoon many of the munitions plants had organized their own transportation services. All through, the spirit and organization of the people of Montreal was worthy of all admiration.

But the fact is that this strike interfered with the ordinary passage of a million passengers a day. A million passengers a day were inconvenienced and put to no end of trouble, some to distress. Of this number at least 100,000 were engaged in munitions work. One munition plant is reported not to have been able to do any work that day. Newspapers reported that some sixteen of the principal munitions plants in Montreal were working throughout the day at a capacity of from fifty to eighty or ninety per cent. There can be no doubt that the strike affected the production of munitions by those plants in Montreal.

On Tuesday, Mr. Goldenberg, sent by the minister, arrived in Montreal and that morning got in touch with the various interests. The next morning, Wednesday, he announced that a settlement had been arrived at. The settlement was virtually this, that the brotherhood was recognized as having the right to nominate the negotiating committee. In other words, precisely what the brotherhood had sought from the board appointed under the Industrial Disputes Investigation Act, precisely what had been under discussion before that board on the previous Wednesday, was obtained by this union by reason of this strike, which was stated by the minister to be illegal.

Therefore it seemed that if you wanted to obtain what you wanted, you should ask for a board, issue an ultimatum, have a strike declared illegal, hold up a million passengers, hold up 100,000 munition workers, cause distress and inconvenience, have the Minister of Labour declare the strike to be illegal, unjustified and unwarranted, and then on Wednesday get precisely what you wanted.

I take a serious view of this situation, equally serious with that of the members who spoke, but for directly opposite reasons. I believe that this strike and its termination has tended to shake the whole confidence of the public in the efficacy of our machinery for the peaceful settlement of disputes. I believe that it has tended to upset the very basis of our system of civilization, namely, respect for law. I believe that it has given the green light to those who want to show that they have the strength to strike and unwillingness to obey the law or comply with the machinery provided for peaceful settlement. It has tended, as Mr. Justice McTague said, to discourage the unions which have tried to comply with the law.

The hon. member for Cape Breton South was very fair in saying what the purpose

of this strike was. He said that the strike was to protest against the holding of a ballot. I submit, Mr. Speaker, to you, to this house and to the people of Canada that that is not sufficient justification for holding a strike in war time. There was machinery available to be used; the brotherhood was already using it, and it should in fairness, in decency, as well as from the point of view of legality, have allowed that machinery to work.

The hon. member for Cape Breton South brought up the question of the provocative ballot and the action of the company in allowing that to be held. I would admit for the purpose of argument that there was room for criticism in that action while the matter was under advisement. But even admitting that, even if that is well founded, then I say that it is no reason to hold a strike and tie up the traffic and transportation of the metropolis of Canada in war time.

We should look at this with all seriousness; we should recognize that a considerable number of unions have already begun to move along the lines indicated by this settlement. We should recognize that, and I think we should appeal to them, appeal to employers and to labour alike, to recognize exactly where this kind of warfare is going to get us. There are just as patriotic men and women in the ranks of organized labour as there are in the ranks of employers, and there are just as patriotic employers as there are patriotic men and women in the ranks of labour. We all have to recognize that we are fighting this war for our very lives.

I would divide labour disputes into those which directly or indirectly affect the war effort, and those which do not, and any union which takes upon itself the responsibility of interrupting the war effort must have a very sound justification for it, if any justification is permissible. But that does not mean that we should allow industries to disregard grievances. It does not mean that there should not be the best possible machinery to dispose of labour disputes. Of course there should be that, and my proposals are these.

This development does create in a sense a new situation, and we should see the consequences and see that the people see the consequences of it, that employers and employees see the consequences of it, and try to rebuild the foundation of confidence and trust and respect for law. It is in very large measure a matter of morale and of information.

[Mr. Claxton.]

Last night I was with a number of people engaged in the production of munitions, and I asked them what percentage of the men working with them really understood the basis, the justification, and the necessity, for the wage ceiling and the price ceiling. They told me that it would be hard to guess—perhaps one per cent, perhaps two per cent. I do not know if that is the number or not, but I do know there is room for great improvement in the information that is given to all classes in Canada on some of these rather difficult questions—why, for instance, it is necessary to have the wage ceiling; why it is necessary to have the price ceiling; how labour codes work, and so on. I believe that there is need for a continuing process of informing the public by and of discussions so everyone knows, so that nobody can plead ignorance, and so that there is no possible excuse for irresponsibility of any kind.

The second suggestion I would make is this. Mr. Justice McTague yesterday in his speech implied that even he had some difficulty in construing the labour orders as a whole. I have not a full list of them, but I must confess that they are becoming hard to understand and to work together. I will mention, if I may, a few of them, some of which may now have been repealed, but that just shows how difficult it is to follow them.

P.C. 3495, November, 1939, which extended the Industrial Disputes Investigation Act to industries engaged in war work;

P.C. 2685, of June 9, 1940, providing for collective bargaining;

P.C. 7440, of December, 1940, which provided for a voluntary cost-of-living bonus and extended the application of the Industrial Disputes Investigation Act;

P.C. 8253, November 15, 1941, which introduced the compulsory cost-of-living bonus and provided for the national and regional war labour boards; replaced by P.C. 5963;

P.C. 2442, of June, 1942, which appointed the industrial disputes inquiry commission which was amended by P.C. 4844, and 496;

P.C. 7307, of September 16, 1941, requiring a strike vote;

P.C. 629, of January 26, 1942, with regard to shipyards.

Then there is P.C. 689, and a number of others which I have not mentioned.

The time has come when it is desirable that all these laws should be worked together into a code and that that code should be passed on the floor of this house. These matters affect the people of Canada to such a degree that

they cannot be best dealt with by a series of orders in council. They should be the subject of legislation introduced and passed after discussion on the floor of this house.

The dispute arising in connection with the Montreal Tramways indicates that there is a positive gap in our labour legislation. I think the minister himself was conscious of that. On the Sunday he sent three telegrams putting forward constructive proposals, sensible proposals, proposals which he should have been able to make stick for a day or two at least. In order to implement the Industrial Disputes Investigation Act, which is probably the only federal legislation which gave jurisdiction to the dominion government in this matter, there should be a provision for stand-still orders while a matter is under consideration before a board.

Finally, there is a further matter, in which I see eye to eye with my hon. friends in the far corner of the house. I do not see how we can expect labour to have a true sense of partnership in the war unless they are given a full measure of participation in all the agencies and instruments that we appoint for the conduct of the war. I support, on this, the remarks which have been made at various times from all parts of the house. We must recognize that this must be a partnership. And we must reestablish the one basis of dealing between partners, which is faith in each other's honesty of purpose and willingness to abide by the rules as they are made from time to time.

My hon. friend in concluding his speech said he thought in the tramways strike the right side had won. I do not judge the tramways strike by that measure. What concerned me about the strike was that it tended to prevent the right side in the war from winning, and for that reason I thought it should be deplored.

If that decision—that strike and its settlement—is used as the starting point of a whole series of labour disputes, pushing here, pushing there, then they will go right through the price and wage ceiling and we shall see a situation which we have never seen before in Canada. If, on the other hand, we sit down now, look at the matter calmly, and take counsel with each other and think what is best in the interests of Canada, how best we can improve the machinery to secure the prompt administration of the rules we adopt to secure fair treatment for all, then this strike may be a warning to us. We have time to profit by that warning, and I have taken up the time of the house this afternoon to bring the seriousness of the challenge to the attention of the Canadian people.

Hon. C. D. HOWE (Minister of Munitions and Supply): I have been asked to say a few words in this debate, and I am very glad to do so.

The debate opened with criticism of Mr. Justice McTague, chairman of the war labour board, for having spoken recently on a labour matter in Montreal. I believe that on the same day, or on the preceding day, Mr. Cohen, another member of the war labour board, also spoke in Montreal. I have heard no criticism on the latter's speech, and I assume that Mr. Justice McTague and Mr. Cohen have equally the right to place their views before the public. Since they are entering upon a new service, it seems to me very proper that they should do so.

Of course the government had no knowledge of what either of these men would say in his speech; but I have read very carefully the report of Mr. Justice McTague's address, and I agree entirely with the statements he made on that occasion. Mr. Justice McTague has been appointed by the government to the chairmanship of a board of three who will be the supreme arbiters in labour disputes under the Minister of Labour (Mr. Mitchell), and it is the intention of the government to give wholehearted support to Mr. Justice McTague in carrying on the work of his office.

One thing he said, with which I entirely agree, is that the government had been all too patient. I think there has been a tendency on the part of one section of organized labour to place too much reliance on the action of the government in the steel strike as it may apply to future disputes. The government took action in the steel strike for a number of reasons. One was that it was reluctant to lose the production of the steel. That was one basic reason, and it arose particularly out of our being called upon at that time for a greatly increased output of escort vessels. Another reason was that the government realized that the steel dispute had been unsettled for a very long period, and it felt that the men had some cause for impatience in that regard. In any event the government did take action even though the men were out on an illegal strike. What is done is done, but I think there is no justification for a circular which came to my desk, as it happened, just before I came into the house. It is signed by R. J. Lamoureux, provincial director, U.S.A., C.I.O. I will read two paragraphs

All Sherbrooke steel workers are cordially invited to attend this organizing meeting of the United Steel Workers of America, C.I.O.

Come and hear how the union forced the Ottawa government to pay fifty-five cents per hour to labourers in basic steel plants in Canada.

I hardly think that if the government had thought they were being forced to that settlement, the settlement would have been made. The government intervened to straighten out a situation which seemed to require immediate attention. They did not do this because they were forced to do it; they did it because, even though it was an irregular procedure under the labour procedure of this country, they believed that special circumstances justified that action. Therefore I ask labour leaders throughout the country to use the existing machinery of government in settling disputes. We have never had such a complete system for the adjudication of labour disputes as we have to-day. In fact we have a labour court which will interpret the government regulations, not in a narrow spirit but, as Mr. Justice McTague said, in a spirit of equity and justice. There is no dispute in the field of labour that cannot be adjudicated by his board and the boards that operate in the several provinces. If labour attempts to short-cut local boards or the central board and tries to force the issue by an illegal strike, the weight of the government will be definitely in support of law and order, and the labour organizations will find that an illegal strike in an attempt to short-cut legal procedure will not help the situation.

Mr. GILLIS: Will it work the other way, too?

Mr. HOWE: Yes, quite. It has been suggested that a strike vote is necessary to bring an application before a regional war labour board. That is not the case, as my hon. friend knows. An employer can bring a dispute before a regional war labour board, or an organization of employees can do the same.

Mr. GILLIS: I said a conciliation board.

Mr. HOWE: Yes, but conciliation boards are hardly required in days when we have a judicial body capable of dealing with any sort of labour dispute.

Mr. GILLIS: The steel workers had to go through that.

Mr. HOWE: As the machinery is to-day, I am sure that a strike vote is not required.

Reference has been made to shops laying off men. All hon. members will realize that we have been in the war now for three and a half years, during which period we have made a huge volume of munitions. We still require a huge output, and each day that output is growing, just as the number of men and women employed in the munitions industry is growing. Nevertheless we have reached the point where the requirements for certain types of munitions have been filled. That will be more and more frequently the case as the months go by and our output continues to expand. My hon. friend mentioned the National Steel Car plant employees who were formerly engaged in making 4·5 shells. The situation there is that we have in this country more than seven months' output of 4·5 ammunition, and that ammunition is not moving forward. We are told that the total requirement has been met and is at present in store in Canada. Obviously, with that knowledge we cannot continue to make 4·5 ammunition. My hon. friend may ask why we do not take these machines out and put in other machines to make other types of ammunition. The reason is that future developments of the war may make the manufacture of more 4·5 ammunition necessary, and it has been considered wise to keep that machinery in place so that we can resume that type of production when required.

An hon. member asked about the situation at the Angus shops and why we do not continue to make Valentine tanks. I think that matter has been explained to hon. members. The Valentine is a very useful tank, but it has become outmoded in all countries except Russia. It is no longer a first-line weapon as far as other allied countries are concerned. There was a considerable production of the same type of tank in Britain, and in a survey of the situation it was found that, by continuing her normal production, Britain could supply more Valentine tanks than could be shipped to Russia under existing circumstances. The question of continuing Canadian production was gone into fully with the authorities in Great Britain. We were reluctant to give up the production, because it was well organized and had been proceeding smoothly for a long period. However, it was the combined judgment that Valentine tanks in the required number could be supplied to better advantage from Britain than from Canada. We also had to keep in mind that our expanded escort vessel programme required new capacity for the production of components. All factors having been taken into consideration, it was decided to turn over the Angus shops to the production of ship components.

In the matter of the transfer of employees by selective service, an unfortunate situation occurred. We inquired of the management how many men would be displaced by the change in production, and I think the first answer was that only 100 men would be displaced. Some two or three weeks later we were advised that this number had been very

greatly increased. Therefore there may have been some delay, arising out of that situation, in placing the men through selective service.

Mr. DOUGLAS (Weyburn): Would the minister explain to the house why fewer men are required in the manufacture of these ship components? Would they not be using the full capacity of the plant, or is the work of a kind that does not require the full capacity?

Mr. HOWE: It is a combination of both. We cannot start in immediately making all the ship components that we will make eventually. There must be gradual expansion of tooling, facilities, and employment. We are going to make all the ship components we can in that shop. However, it may take time to gather strength, and I could not answer the question as to whether, when we are up to full capacity, we shall need all the men who were employed on the tanks. Different types of work require different numbers of men.

Mr. COLDWELL: The thing that puzzles me is that last October we were told that the production of tanks would be discontinued in March and that then this shop would go into production of marine engines. Now we are told that it may be months before these men are completely reemployed. It seems to me there has been delay in planning this transfer from one type of work to the other, and I think that is the main criticism.

Mr. HOWE: I hardly think that is true. As a matter of fact we could not do very much until the tanks went out of the shop, and they went out only a few week ago. When the tanks went out, patterns for the new work, which had been prepared in other shops in the meantime in order to avoid delay, were moved in. In starting new production in a new shop you cannot start at full tempo; as the product comes nearer to completion, more men are required. However, we do need these men elsewhere and they will be transferred to other work.

My hon. friend spoke of shipyards. Perhaps he overlooked the fact that this is the most difficult time in shipyards, when the winter work is nearing completion and when no ship can be launched from the ways until the river frees itself from ice. It is probably the most difficult period of the year in which to expand employment in the shipyards along the St. Lawrence, but additional men are required in shipyards, particularly along the great lakes where there is a considerable shortage of experienced men. There is also a shortage of men for many types of work similar to that carried on in the Angus shops.

My hon. friend spoke of men making the statement that they could build six tanks a day in the Angus shops but that they were held down to three a day. I would remind hon. members that the Angus shops are only an assembly shop for tanks. I suppose less than five per cent of the components that go into the tank are manufactured in that plant.

Mr. MacNICOL: What per cent of the component parts are manufactured in Canada?

Mr. HOWE: I could not say offhand; perhaps about eighty per cent. If my memory is correct, the only imported component is the engine. There were a number of shops engaged in producing other components. We were asked to organize for a production of three tanks daily. We did that, starting back with every component shop, even the shop in the United States that manufactured the diesel engines. We organized completely for an output of three tanks a day. The fact that the Angus shops could have assembled six tanks a day, had they had the components, is not material, because we were organized for only three tanks a day. From the commencement of the production to the finish of the programme the average of three tanks a day, or eighteen a week, was held accurately. There were one or two delays due to components getting out of step, but the delays were always caught up and production maintained. An end-product shop cannot of itself step up production unless the whole line of shops behind it is stepped up in the same ratio. Usually the end shop, the assembly shop, has considerably more capacity than the component shops behind it.

My hon. friend spoke of the six-pounder gun made by Dominion Engineering. He said the shop could turn out one thousand guns a month, whereas it is turning out only four hundred. The reason is exactly the same as in the case of 4·5 shells. We were asked to cut down to four hundred guns a month, because we had caught up with the initial requirements for that type of gun. My hon. friend will realize that, when armies are being mobilized, there is great urgency to provide the initial equipment. After a time that is provided, every unit has the required number of guns, and then the production requirement depends upon the wastage, or in other words, upon how many guns are lost or destroyed in action. As action goes on, six-pounder guns will be required in certain numbers, but unless the action is very severe we shall not require a thousand guns a month from that plant, although in the initial stages it was tremendously important, in getting our armies armed, to have that large capacity.

I do not know that I need say anything further on the subject, but I would ask all hon.

members to do all they can to prevent labour disputes at this critical time. There are indications of the possibility of jurisdictional disputes in certain areas; that is a dispute between two rival labour unions. That is the most baffling type of dispute for employers or conciliation boards to deal with. The Montreal Tramways dispute is a sample; no demands had been made; the government was simply informed that in a few hours the men were going on strike. I hope that labour leaders will be particularly careful to avoid that type of dispute. If there is a question as to who is the bargaining organization for an industry, machinery is provided to obtain a just decision without a strike. That machinery should be and must be used.

I believe many of us think that because certain kinds of production are being interrupted, there is no longer urgency about war production as a whole. I should like to dispel that illusion. The requirement for ships was never so urgent as to-day; the requirements for aeroplanes were never more urgent; the requirement for radio devices and for a great number of types of equipment is just as urgent or more so to-day than it ever has been. The demand for raw materials of all kinds is as urgent or more urgent now than it ever has been. This is no time to relax, on the part of either management or labour.

Mr. BLACKMORE: Has anything been done by the minister's department or any other agency in Canada to enlist the men who are being laid off in a gun plant, say, and take care of them, keep them under supervision until they are reemployed? The reports I get are that these men are simply turned off, left to their own resources, not knowing where they are to be used. Is that impression correct?

Mr. HOWE: That is not a correct statement. Before men are laid off, a report is made to the selective service organization, giving the names of the men and all particulars about their present employment. Selective service has the men in hand. Unless it is an isolated community I think it is only a day or two before the men are assigned to other work. I assure hon. members that the last thing that any of us want is to lose track of those men. We want to make sure they are employed, and employed in essential work.

Mr. BLACKMORE: Is any provision made for giving the men an income while they are out of employment?

Mr. HOWE: The men of course have unemployment insurance. Every man is entitled to that.

Mr. BLACKMORE: It is very inadequate.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, apparently the recent tramways strike in Montreal is the motive power behind this debate. While I spent a day in Montreal during the strike, I do not intend to talk about it other than to say, without entering into any of the causes of the dispute, either for or against the company or for or against those who called the strike, that I hope that as a result of that strike some clauses may be inserted in the industrial disputes provisions, if such clauses do not already exist, which would have the effect of preventing a recurrence of the situation which developed in Montreal. I should hope that if such provisions do not already exist, they might be introduced so that a thorough investigation and survey of all causes of a dispute might be made before any definite strike action is taken.

I am convinced that every man and woman in the house are as anxious as men and women everywhere that nothing should interfere with our war effort in any part of the country. It must certainly be recognized that a strike cannot do other than interfere with that war effort. When I was in Montreal during the strike I heard many people remark, "Is it not too bad that quantities of war munitions are not being made to-day, and were not made yesterday, owing to the inability of men and women to get to their plants?" Then, there were those who did go who had to walk so far that perhaps they were not able to do as good a job as they otherwise would have done. So that without entering into any of the causes of the strike may I express the hope that the Minister of Labour (Mr. Mitchell) or the government will be able to find some way to ensure that such a situation does not recur.

I was amused when the Minister of Labour characterized as very bitter the remarks of the hon. member for Vancouver East (Mr. MacInnis). I do not believe the minister was in the house between 1930 and 1935.

Mr. MITCHELL: Certainly I was.

Mr. MacNICOL: Well, then he will remember that between 1930 and 1935 the hon. member for Vancouver East was much more bitter than he was to-day. Indeed I thought he was mild to-day, when compared with his former attitude. And I attribute his present state of mind to the fact that for the last eight years he has been sitting to the left of a sane opposition, one which at all times supports sound industrial and labour policies.

I do not yield to any man in this house or out of it in my strong feelings of warm sympathy for labour. I have been one of them all my life, or at least until I retired from active work, and I am proud of it. That respect began in my childhood, because I remember well around 1887 or 1888, when I was a very young lad, my father was one of the organizers in the town in which he lived of that organization then known as the knights of labour, the organization which I believe was the forerunner of labour organizations in Canada to-day. I am happy that my father had a part in organizing one of the first labour unions in this country.

My observation in big industry through the years has been that labour unions have done a great deal to improve conditions in factories, and in fact in all aspects of labour. I will not now recite, as I have before, the many improvements in the life of the working man in industry, which have been brought about by labour unions. I have always admired the sound, sane labour leader. He has been a constructor; he has never been a destructor. He has been a builder; he has never been one who pulled down. Much good has come from labour leaders, men like John Noble in Toronto, associated with the American Federation of Labor, and like John Kelly of Montreal. Then there is a man in the Department of Labour who has been a stout advocate for many years of labour rights. I refer to Bernard Rose, K.C., of Montreal, one who has spent many hours in trying to adjust labour disputes.

Mr. McIVOR: And Tom Moore?

Mr. MacNICOL: Yes, and Tom Moore. There is a long list of labour men. I had not intended to give names, because years have passed since I was in association with labour unions, and in that time many wonderful names have faded from my memory. I take my hat off to all sound labour leaders who have helped to build up labour in Canada.

On the other hand I cannot agree—well, I will not say that I cannot agree with the hon. member for Vancouver East, because as I said a few moments ago I have noticed a great improvement in him. I hope we shall not sit in opposition long enough for the hon. member to become 100 per cent right. Some day I expect we shall be on the other side of the house, and I hope when hon. friends who now sit opposite come over here they will also have a good influence on hon. members to my left.

My only criticism of him—perhaps I should say mild criticism—is that in his remarks he seems to class all employers in one and the same group. I have not heard him say much good for any manufacturers—although he may have said it without my hearing it. However, I know hundreds of worthy manufacturers. There may be some in the group who deserve the criticism my hon. friend would heap upon them. For those who deserve such criticism I have nothing to say. There are employees and employers who might well be criticized. But the great rank and file of employers and employees are sound, Christian and otherwise, are God-fearing and good men.

This afternoon in conversation with the hon. member for Huron-Perth (Mr. Golding), who has been a labouring man all his life, working first in a junior position in the factory in which he was employed for so many years, and serving later as foreman, had only the finest words to say for the company which employed him up and down those years. That is the kind of company with which in my lifetime I was associated—and I have known many such companies. They need no defence from me. Their good works are legion. On the other hand I have not known the type of employer about which the hon. member for Vancouver East has spoken. I hope when he rises again to speak, even if he criticizes some he will have a good word to say for at least four or five, or possibly a hundred or so others.

Mr. MacINNIS: May I say to the hon. member for Davenport that I did not include all.

Mr. MacNICOL: I am very glad to hear that. That is a great improvement, due I am sure to the efforts of His Majesty's loyal opposition. I suppose most hon. members receive copies of the pamphlet published by the Dominion Foundries and Steel Company of Hamilton. I know this company very well because it has been my pleasure to visit it on many occasions. It is a huge organization, and I believe it now employs around three thousand or more hands. It takes a lot of money to pay that many men and women every two weeks. In the issues of this publication they never cease lauding their employees. They show that they are trying to do all they can to make the lives of their employees happy and comfortable and contented. I wish every company did this. The company with which I was associated a few years ago did this in a measure, but it did not get as far as the particular company to which I refer. However, it was on its way. Dominion Foundries

and Steel Company of Hamilton is only one of many that I know of that are looking after their men.

The issue of this publication which I received this morning interested me very much. It contains a story about the fund for the employees of this company. It appears that the company makes a substantial contribution to this fund in addition to the contribution made by the employees. This fund was started five years ago when there were only 1,300 men and women employed. It might be noted that many of the operators in this company are women. The employees are of all races, and it is interesting to read their names. Within five years this fund has grown to well up to $2,000,000. I got a great kick, I might say, out of reading what some of the men say about this fund. I wish I could repeat the Yorkshire dialect that is given, but I cannot. I will send this publication to the *Hansard* reporter so that it can be copied as it appears here. I am sure this will be most interesting to workers throughout the country. There is a picture of two workers who are discussing the fund which, as I say, has now reached a total of about $2,000,000. This fund is administered by a committee made up of two men chosen by the employees, two chosen by the company, and a trustee. The benefits given to the employees by means of this fund are considerable. When I read of what is done for the men and women in this plant, I cannot help but hope that the same thing is going on all over the country. One man is named Sam Southern and the other is named William Greenwood. The first picture shows Sam Southern apparently looking at his book in which are recorded the amounts to his credit in the fund. The caption under this picture reads:

"It's a bit a'reet, lad," says Sam Southern, looking over his fund book, "Wont Missus be pleased when she sees me creedit in fund!"

That is in real Yorkshire dialect. The next picture shows the two of them looking at the fund book, and the caption reads:

"Eh, lad. What does think abaht this, Bill?" he remarks to William Greenwood, "Looks as 'ow fund's summat talk abaht."

Hon. members will have to translate that to get the real meaning. The third picture shows Sam enjoying a smoke, and he says:

"Yeh, lads, a working man gets square deal 'ere a'reet. Got a job I likes, and me and Missus doan't need worry abaht future."

By means of this fund the workers are guaranteed sustenance when they are unemployed. That is as it should be. No man who has worked for a company for any length of time should have the least fear of want. Conditions to-day are different from what they used to be, and perhaps that is what the hon. member for Vancouver East had in mind. I can remember a company—I shall not give its name—which I would be ready to denounce if I were the kind of person who denounces things. I do not generally do that because I like to look at things in a broad way. In this case one man had worked for this company for thirty-seven years, and he was told to go. Another one had been with it for thirty-two years, and he was let out because he was too old. I believe the third man had been with the company for twenty-nine years.

I take the stand that no man or woman who has worked for a company for any such length of time, or even for a shorter period of time, should be let out without the company being made to contribute to his care for the rest of his days. Legislation should be enacted to ensure that that is done. I met this one man who had been with the company for thirty odd years nine days after he had been let out. At that time he was talking incoherently; his heart was broken, and he died three weeks after. It was a terrible thing to treat a human being like that. I do not think the same thing could happen to-day.

There is another angle about which I should like to say a word, something that should not be allowed in this country. I know a man by the name of R. Stuart. This man was an excellent salesman; he knew his business, and he was well known. One company after another bid for his services. They then agreed among themselves that they would divide up any contracts obtained. As new contracts came along, I am informed that an officer of one company would meet with officers of the other companies and they would decide that contract A would go to company B, and contract C to company D, and so on. This star salesman refused to be a party to any such agreement. The result was that he was discharged, and all the companies agreed not to employ him. That was nothing short of boycotting, and such a thing should not be allowed in this country. No man should be prevented from earning a living if the opportunity is there. When things like that occur I agree to a certain extent with what is said by the hon. member for Vancouver East. However, such things do not happen very often. The standard of our business fabric has been raised up beyond what it was in times past.

There is something else about the Dofasco company fund which I think ought to be placed on *Hansard*. This circular states:

This Dofasco fund of ours is no longer in the experimental stage. Quoting Mr. C. W. Sherman, the fund trustee, in his annual letter to fund members—

The report concludes what it has to say about the fund by quoting Mr. C. W. Sherman, the fund trustee, as follows:

Starting without assets five years ago, about thirteen hundred members have accumulated $1,633,438.49!

That fund has since grown to close to $2,000,000. Then he goes on to put questions about the fund:

What is the fund? What does it do? How does it operate? These and many other questions come to us frequently. The spirit of the fund is contained in the preamble to the fund agreement, and we think should be read again and again by every fund member.

Here is the preamble:

Whereas the "employees' are desirous of contributing to a fund that will enable them to save and help provide for their future.

I quote further:

"What does our fund do?" you ask. It is an incentive for the worker to save, and we are confident that we will find the majority agreeing with us when we claim that Dofasco men have been taught to save who previous to joining the fund never saved a dollar in their lives, for the purpose of providing security for the future.

They go further than that. They give their men an opportunity to advance. To stand working at a machine, either a boring machine, a drill, a lathe, a shaper or some other machine, eight to ten or twelve hours a day and doing it day in and day out is pretty hard work. I have seen it times without number. This particular company, and I know many others which do the same thing, runs a night class in connection with its plant where bright young men and the older men who want to advance have an opportunity to learn many other branches of the work in the plant. They can learn to operate other machines and in that way advance themselves. There is plenty to eat in connection with the night school, and they occasionally put on some little amusements. So that altogether they are a very happy family.

Not far from the Dofasco plant there is another great plant, that of the Bertram company. Most men and women in this building know about the Bertram company. Its plant is of tremendous size. I believe it is the largest machine manufacturing shop in Canada and perhaps one of the largest in the British empire. The head of the firm is a wonderful man. I have met him many times. He worked his way up from the bottom to the top. I refer to Mr. Henry Bertram, who I believe is now president. He is well advanced in years, being over eighty years old. I have often been with him through that plant, and nothing delights that dear old man, if I may affectionately call him so, more than to go through the plant greeting the employees he knows so well. He will say, "Good morning, Bob—Good morning, Tom," and so on as he recognizes his old employees as he walks through the plant. His greatest pleasure is to tell you how long they have been with the company, and he will tell you that this one or that one has worked for so many years with the Bertram company. Many and many of them have worked for the company for fifty years or more. I remember one old employee, the late Geordie Turnbull, who had been with the company for sixty years. He worked there for some years after that. Geordie Turnbull just praised that company from morning till night. He was a great booster and lover of the company, and well he might be after having worked there for sixty years during which he rendered excellent service. He had a right to think well of the company, and the company had an equal right to and did think well of him.

In my own riding, not far from where I reside, there is a much smaller company, and it is only one of a number such. I believe there are more factories in the riding I represent than in any other riding in Canada. I know many of them well and go through them at every opportunity I get. This one plant I have in mind at the moment is a branch of a United States company, the C. A. Dunham company. It would delight anybody to go through that plant. In the forenoon all the employees knock off work for fifteen minutes to rest and have tea, and the same thing occurs in the afternoon. Those employees all get holidays with pay and are all insured, and I doubt very much whether you could dynamite a man or a woman away from that plant. That is only one of many. That is the way it should be. In this enlightened age men and women working in industrial plants should be treated in the most human way, because it is tiring and monotonous to stand up and work at a machine all day long. I have worked on a machine myself for nine and twelve hours a day and I know what it is like. When you have to work at a machine for ten or twelve hours a day, a fifteen minutes' rest together with a cup of tea and something to eat, in the forenoon and in the afternoon is most welcome. It helps to take away the monotony of the work, and the day seems shorter, too, if you have a chance to advance. I had a chance to advance, and I improved it and did advance. There are many other plants I could speak of in the same way.

In conclusion, Mr. Speaker, let me say that we are in the greatest war in the world's history, and this empire stands in greater jeopardy than ever before. At such a time every effort should be made by every one of us to prevent a possibility of strikes or lay-offs. Every effort should be made by every one of us to keep the wheels of industry operating to the limit. I might address a word to the Minister of Labour. If there are some obstinate employers who refuse to listen to sound advice, to an appeal to keep their employees working, it is up to the department to step in just as the department steps in when a strike is called by the working men. The stand I take is this. We are all together. We all sink or swim together. We cannot swim if some of us are interfering with the rest of us working. We cannot swim if those who are working are not receiving fair play. That is simply the golden rule, and I believe the golden rule is the one to be followed by labour leaders, by industrialists and by our working people, more than ever at this time when the empire's life is in jeopardy. If we all do unto others as we would have others do unto us, I believe strikes would be a thing of the past at least until after this war, and after the war some legislation should be brought in by the department that would ensure that before any strike is called, every avenue for preventing the strike shall be first explored with the object that men and women who want to work, and who should have work, shall be given the opportunity to earn the most they can under the fairest conditions, so that they can take care as best they can of their wives and families and lay something by for their old age.

Mr. T. L. CHURCH (Broadview): I have had as long an association with labour as any other member of this house. I have been a consistent supporter of labour all my life. I believe in certain principles which we should follow in this, the greatest war the world has ever seen. The first principle is that the country should come first. The second is that the safety of the state and the promotion of peace in industry should come second. The war should be our primary interest, not secondary.

During the last war in the city of Toronto we had a number of large strikes. There was one in the police department and the street department, one in the post office department, several in industry, and there were several street railway strikes. I have always found the average labour man to be, on the whole, a sane and sensible citizen. We in the House of Commons are supposed to be together for the war, and not to use the war to promote our own political theories or policies.

On this, the forty-ninth day of the session, the war seeems to be in the background altogether, although the situation is most grave. Mr. Churchill has referred to it; Mr. Eden spoke of it in this chamber the other day; and to-day Mr. Knox, secretary of the United States navy, referred at Washington to the gravity of the submarine menace in the Atlantic. Up to the present our allies have never been able to get inside the German defences on the continent. Mr. Churchill has aptly described the situation up to now as "the end of the beginning" of the war; and nobody knows what will be the outcome.

Yet, unless we win the war, there can be no collective security. To-day there are no labour unions in Germany, Italy or Japan.

We are seriously handicapped through lack of shipping. When you travel by railway to-day, along any right of way, what do you see? Big, heavy packing cases, and crates and boxes of munitions and supplies. Many of them have been on the ground all winter and are damaged through exposure, but we have neither the rolling stock to advance them to the seaboard nor the ships to move them overseas to help our allies.

As I said, there are no labour unions in the axis countries. In considering our labour difficulties it may be useful to recall the position of labour in Great Britain before the war started. At that time the Labour party in the old country was divided into five or six groups. First, there was the Lansbury group, which would not fight for anything. Then there was the group led by Sir Stafford Cripps, who announced that they would fight for socialism and nothing else. Speaking at Bristol, he said:

> I think we ought to warn the government that in no circumstances will we go to war. There is only one way we can make that threat effective, and that is to call a general strike.

Mr. Attlee, another labour leader, was attached to the League of Nation's group, who were ready to fight for collective security, but not for Britain and the empire.

The coming of the war united the labour party in the old country, and they voted by a majority of three and a half million votes at the Norwich conference in favour of a total war effort, without strikes. I wish we could pattern ourselves on that example. These people are right beside the war and they know what is happening. Mr. Eden reminded us the other day that the British House of Commons are not meeting in their old chamber; they are assembled in another place because of the bombing of Westminster.

I believe we should model our labour-capital relations in time of war on the old country. Remember that there are demagogues on both sides; they do not all belong to one group. In the old country the safety of the state comes first, and they are comparatively free from strikes.

In Ontario, before the advent of public ownership, there were many strikes in the light, power and transportation industries, including the street-car systems, but under public ownership labour has had a better deal, shorter hours, improved conditions and higher pay, and in every way the system has been an immense success. Since the war began we have embarked upon what may be called public ownership of certain industrial plants, making them into crown plants. While it is true that in some places there has been a good deal of absenteeism, and in some instances improper labour conditions, yet the work done by labour in general industry, and particularly in munitions and supply, is one of the most glorious records of which Canada can boast. I hope that by no act of this house shall we cause unrest or work up a case for a general strike; and remember that these things have been said, not only in Montreal during the past month, but in other cities, suggesting a threat to summon a general strike. Well, are we in the war, or are we not? We shall have to decide that question. If strikes in Canada are not legal, why are we dealing with people who have been guilty of non-legal proceedings? Mr. Justice McTague, chairman of the national war labour board, to whom reference has been made to-day, has as much right to talk as Mr. Donald Gordon had in Toronto yesterday about certain beef and other controls, and what should be done over the head of parliament while in session, and announce policies. I might say the same with reference to Mr. Grierson and a number of other gentlemen who are in charge of controls and sub-controls. They do not hesitate to announce, while parliament is sitting, important policies for the country; they are declared over our heads, whether we like it or not, by government boards of all kinds.

In the old country there was a debate a few months ago about the effect of strikes, absenteeism and certain other factors on the war effort of Great Britain. Some of the remarks which were then made are, I believe, quite relevant to the situation which developed in the island of Montreal the other day and to a situation which, unless regulated, may on May day, only three weeks ahead, assume national importance from coast to coast. I propose to read a few paragraphs from the speech of a very able friend of labour, who himself rose from the ranks to become the head of a large business. I refer to Mr. Austin Hopkinson, the member for Mossley. He touches on the views of the fighting services. I may say that I have received many letters from our soldiers who are now in England and north Africa: they wonder what is the matter with us over here, and whether they are going to get adequate supplies and help; they refer to what their parents have told them about the packages of freight along the right of way of the railways, and about strikes and contemplated strikes. Mr. Hopkinson, speaking on November 19, 1942, said, with reference to the future of Britain's young men now in the services, what they will face when they come home:

> From the purely economic point of view, what is being prepared for them after the war? I venture to say that one of the things which arouses more disquiet in their minds than anything is that there is a strong movement in this country towards having the life of every man and woman planned out by some superior authority, and there is no doubt they regard that with the utmost distaste. Again, there is a section of the community which we call "big business." Big business has nothing to do with legitimate commerce and industry, nothing whatever; it is a purely parasitic growth, living upon the lifeblood of industry and of the workers. It is obvious that big business, in collusion with the labour boss of the syndicalist type, is preparing a brave new world for these young men when they come home. Many hon. members will have seen a manifesto by big business recently. What did it mean? It meant that great monopolistic bodies will be set up in each industry, vested with statutory powers whereby they may crush every form of independent industry by making one great monopoly. By collusion with the labour boss they would always have a majority on the council for each industry and, by their statutory powers they could enforce their will upon everybody else. If I may misquote a familiar Latin quotation: "Solitudinem faciunt, pacem appellant." That means, that these people would make a monopoly and call it peace.
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> That is not the first time we have had to fight against this sort of thing. Many hon. members will remember the "peace in industry" stunt of the late Lord Melchett some years ago, which was exactly the same thing as is being prepared in this country to-day. The idea was to set up large councils for each industry on which the big monopolistic firms would always have a majority and, if they could work with the labour boss, as they intended to, would be able to crash out any chance for any of these young men who are now fighting for us abroad to make their own way in life and to contribute in due course their enterprise, energy and brains to the production of the common wealth of the nation. When I started in business forty years ago it was comparatively easy for a young man who had guts and enterprise to set up for himself, even without money, as I set up for myself, and make a success of an industrial concern. To do that is now becoming more and more difficult. If we allow big business and

the labour boss between them to close up all the openings for enterprise and brains and energy, we shall betray all these young men in the lowest possible fashion.

That was his view of what would happen in the old land after the war as a result of surrendering somewhat to some of these socialist agencies. Let us get together and settle labour disputes until the war is won.

In conclusion, Mr. Speaker, while labour has accomplished many good things, I believe we should have some new future national policy for labour. We should not have two unions in war time fighting for mastery in Canada. They cannot both succeed. Sensible labour organizations and trade unions have been a blessing to every country, but we in this House of Commons should beware that by any action of ours we make it more difficult for the average business man, municipalities and others to transact their affairs. Hon. members to the left claim to be the only labour party in Canada, but of course that is not so. The record of the Conservative party in Ontario and in the dominion shows a great many things done for labour. Hon. gentlemen of the party opposite sometimes have done a great deal for labour in the past, and during the last thirty or forty years Canada has given leadership and has been a pioneer in many labour matters. We have had splendid labour leaders, and I hope nothing will happen to spoil the magnificent record of labour up to the present time, through the fomenting of strife rather than "peace in industry" until the war is won. In these days the war effort should be paramount, because we do not know where we are to-day or where we shall be next summer, so that it behooves us as members of this house to do our best to encourage and promote peace in industry throughout the land.

Mr. A. G. SLAGHT (Parry Sound): Mr. Speaker I have addressed this house seldom during this session; but the subject which cropped up unexpectedly, as far as I was concerned, early this afternoon, is one to which I think I can make some modest contribution in order that the record may be kept straight, especially in regard to Mr. Justice McTague. In the past my district of Parry Sound has been famous for its fishing and hunting, as a sportsman's paradise. Some eight years ago it became famous in the matter of production, unequalled in Canada, in the Dionne quintuplets. It may not be generally known by hon. members that in my great district is one of the most efficient and most necessary war industries in Canada, the plant of D.I.L., situated at Nobel, which manufactures cordite and TNT for Britain and Canada, and which employs more than 4,000 workmen. Before I put straight the record by giving this house some of the things Mr. Justice McTague said which, either wittingly or unwittingly, were concealed by the two hon. gentlemen across the way who attacked him, I wish to say that at that great Nobel plant the most splendid conditions prevail as between management and labour. They have gone hand in hand to the regional war labour board for adjustment of the wage scale. Some ten days ago the management and labour went hand in hand before the board again, in order to secure approval, as is now necessary, of the desire of the industry to permit workmen to have holidays with pay. The most splendid conditions have prevailed there.

I should now like to say a word about Mr. Justice McTague whose voice is of necessity silent when he is attacked in this house. As hon. members perhaps will recall, he was appointed to the bench in my province by a former administration, not a Liberal administration. He received advancement from the trial bench to our court of appeal at the hands of the present administration, and there he rapidly established a reputation as a great and distinguished jurist. For the last two years he has served this country while still giving part of his time to his judicial duties as a member of the court of appeal, working early and late, night and day. He has rendered magnificent service as chairman of a board under the Minister of Munitions and Supply (Mr. Howe), dealing with difficult problems of depreciation and taxation, and in that connection also he has won a splendid reputation for fairness and integrity. Just recently he was selected as chairman of the very important national war labour board.

My hon. friends who attacked him in the early part of this debate selected one or two hand-picked sentences on which they endeavoured to condemn this great jurist in the minds of the members of this house and the people of this country. I thought the day had long gone by when that type of guerilla warfare was regarded either as parliamentary or as the right thing to do, even in peace time. I wish also to recall the fact that when Mr. Justice McTague was appointed to this new post a few weeks ago, the better element in organized labour from coast to coast in Canada, and I say that advisedly, were loud in their expressions of satisfaction, indeed their praise of Mr. Justice McTague as a man and as the new chairman of that board, and incidentally they praised the government for having made this appointment. I know of no

responsible labour organization or man in Canada who voiced a single word of protest in regard to this appointment.

Mr. MARTIN: The hon. member for Vancouver East (Mr. MacInnis) approved also.

Mr. SLAGHT: I was not aware of that. But now, after Mr. Justice McTague has given up in part his judicial position; after he has come to this new and difficult task, without reward of any kind except the reward that men get when they serve their country faithfully, we find that an attempt is made to sow the seeds of suspicion and to bring that noted jurist into disrepute, I suppose to serve some sort of purpose in the time to come. I deplore that. I wish to read a few extracts from the address delivered by this great jurist before a non-political club, the Canadian club of Montreal, composed, as was indicated, probably much more of those who would be employers of labour rather than employees. I point out to my hon. friends that this address could well be taken as a sane charter of tolerance, cooperation and give-and-take as between industry and labour, which might be blazoned across Canada, placed in the hands of every right-thinking union in this country and in the offices of every industry, because it is a magnificent charter. Let me trouble you, Mr. Speaker, with only a very few extracts from it which my hon. friends were careful not to give the house. That gentleman said in opening his address:

> Your president when he invited me to speak here suggested I speak on the functions of the board which I now head, the national war labour board.

He then expounded the functions of that board. Surely, when a new board is about to deal with such vital matters, it is a splendid thing that before a non-partisan non-political club such as the Montreal Canadian club he should give an exposition of his conception of his duty as chairman of that board for the better understanding of people of all types in this country.

Mr. Justice McTague among other things—my friend the hon. member for St. Lawrence-St. George (Mr. Claxton) quoted one of them—said:

> Generally speaking, the policy of the national war labour board is to construe liberally the order in council where the wage-earner in the low brackets is affected. As to the wage-earner in the higher brackets, generaly speaking we feel he must share in the sacrifice imposed upon us all by war and the government's economic policy.

Do hon. gentlemen quarrel with that as an enunciation of the privileges and duties of labour in this country during this war? Surely not.

Then in another place he said—I cannot quote the entire address:

> I believe in the principle of collective bargaining. As labour knows, I have never wavered from that position for years. Furthermore I believe that labour is entitled to have as bargaining agent the union of its own choice.

Do hon. gentlemen quarrel with that? Of course they do not.

Then he said:

> It is my view that industry's day of being paternalistic and deciding by direct or indirect means just what type of union it will deal with has long gone by. . . .

Is that the language of a man who is there to serve industry only, or is it the language of a man who wants to see both industry and labour in this country united in the great effort in which we are engaged?

He said further:

> Industry must do its share to see that the worker gets a fair deal under the law.

And again—and this is the point that seemed to get under the skin of the hon. member for Vancouver East (Mr. MacInnis) and the hon. member for Cape Breton South (Mr. Gillis), who undertook to chastise this jurist and picked out, if you please, this particular language—

Mr. GILLIS: Will the hon. member allow me to put him right? During the course of my remarks I did not quote Mr. Justice McTague in any way, shape or form. The only mention I made of him was that I thought he picked an inopportune time for that statement.

Mr. SLAGHT: Well, my hon. friend is now trying to crawl under the barn, if that is a parliamentary expression. But I do not think he will succeed.

Mr. GILLIS: I am just trying to correct the hon. member.

Mr. SLAGHT: I accept my hon. friend's statement of what he said. But could anyone who listened to his speech think for a moment that he was not trying to sow discord in the minds of the labour men of this country with regard to the chairman of the national war labour board? My hon. friend undertook to criticize the statement and the fact that the chairman should speak at all.

Mr. GILLIS: No.

Mr. SLAGHT: Well, I leave that to the judgment of the house. I could point out some

statements of the hon. member from a public platform in Hamilton, but they have already been put on *Hansard,* so that I shall not repeat them. I leave it to the judgment of the house whether the chairman of the board in that statement was not doing a greater service to Canada than the hon. member who went to Hamilton and in a forum there used the words which the Minister of Labour (Mr. Mitchell) put on *Hansard* a short time ago.

Mr. GILLIS: The Minister of Labour did not put it on record.

Mr. MITCHELL: The hon. member for York-Sunbury (Mr. Hanson).

Mr. SLAGHT: I would have thought that there was very little greater burden in denying his language—if he had dared deny it—as put on *Hansard,* whether it came from one hon. member or another. And as far as I read the record it has not been denied.

Mr. GILLIS: I have no intention of denying it, and under the proper item I shall reiterate and explain it to the satisfaction of the hon. member for York-Sunbury.

Mr. SLAGHT: The hon. member who has just interrupted me undertook to tell us that his loyalty and patriotism were as high as those of any member of this house. I accept that statement unreservedly, no one would suggest the contrary. But he has different methods of evincing his patriotism and loyalty to the empire. I was almost minded to read the sentences he uttered the other day, but if he wants to explain it himself later it is certainly fresh in the memory of hon. members. I do not wish to stir up any antagonism.

An hon. MEMBER: Let it go into the record.

Mr. SLAGHT: Well, it is in the record. The hon. member for Cape Breton South berated the press. He said that the press are always garbling things, getting things wrong. He was not complaining in regard to his own speech but about the report of some strike, I think. The chairman of the board is all wrong as far as he is concerned; the press of Canada, or a portion of it, is also all wrong. Only because I am asked to do so I will put on record what is reported in the Hamilton *Spectator* as the language said to have been used by the hon. member at a meeting in the auditorium labour temple on Sunday afternoon:

> Churchill, said the speaker, hated Hitler and will fight him to the last ditch. "That's the most I'll say for him," he continued. "The people will have to get rid of the Churchills to attain their ideals."

[Mr. Slaght.]

That is the language of the hon. gentleman who wants to castigate the chairman of the national war labour board for his splendid speech in Montreal yesterday.

Now a few words more from that address, although Mr. Justice McTague needs no justification from me. I have read the sentence:

> Demagogues, whether union organizers or politicians, must consider with care and caution the forces of mob rule which they may be letting loose in this country—letting loose not only on the country, but on themselves as well.

In concluding his speech, Mr. Justice McTague apparently had a foresight that was almost uncanny, because he said:

> In closing, Mr. President, may I emphasize that I speak from a completely non-partisan viewpoint . . . I speak in open criticism of no one. However, if anyone feels that the cap fits, he is welcome to wear it.

He should have said, If any two feel that the cap fits they are both welcome to put it on. And they put it on this afternoon in this house.

Mr. Justice McTague also said on that occasion:

> I have always believed in the solid qualities of the average workingman. In this time of war as an individual I think it generally correct to say he meets his obligations as he sees them. When he goes off the track, it is almost always the result of agitational and opportunistic ambitions of leaders who place immediate personal and organizational ends ahead of the one big job which we must keep engaged in, if we are to maintain a way of life a deadly and ruthless enemy fights to obliterate.

Is that language of which any jurist should be ashamed?

It is important that labour should not be recklessly or needlessly disturbed in this very hour. The Minister of Munitions and Supply (Mr. Howe) sounded a warning to the house, one which I make bold in my modest way to emphasize. He said in effect that the present hour is one of grave peril. And those of us who have followed the history of U-boat sinkings in March, the complete records for which have not yet been given, are shocked and alarmed at the enormous quantity and tonnage of shipping the enemy has been able to destroy, chiefly in the Atlantic, in the month just closed. The aeroplanes we are producing—some of them I believe in Montreal—and the ships we are producing in Canadian shipyards are essential to combat that menace.

The hon. member for Cape Breton South is an advocate of ship production, and for that he deserves great credit. I do not wish him to think that I rise in the house to make any sort of attack upon him. On the contrary I believe he and the hon. member for Vancouver East have made some excellent contributions

to our discussions in the house. I am not at all intolerant of them. But I do ask them—I do not warn them—to try to join with the saner labour leaders in the country, so as to put down dissension and the entertaining of suspicious ideas about men in places where they are serving without reward. Let us all cooperate, no matter to which party we may give adherence. Let us cooperate to build up, rather than to tear down, and to make our Canadian effort which, as Mr. Churchill has said, is already so magnificent, and one which is surpassed by none of the allied nations, even bigger and greater and better by endeavouring to have industry and labour unite, instead of trying to tear them asunder.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, I have listened attentively to the remarks of the hon. member for Parry Sound (Mr. Slaght) and have been particularly interested in his review of the situation in his own constituency. I was particularly interested in his statement regarding the productivity of that constituency, and especially his reference to the quintuplets. I noted particularly that when he referred to them he was pointing to his left, and I gained the impression that he might be referring either to the Minister of Pensions and National Health (Mr. Mackenzie) or to the Prime Minister (Mr. Mackenzie King), in an endeavour to give them some advice. I thought his reference was a happy one.

The hon. member for Parry Sound at the outset of his remarks said that no one in the house had sponsored the cause of Mr. Justice McTague, and that he thought he was in duty bound to offer a defence, in view of the fact that the judge was not here to speak for himself. I believe Mr. Justice McTague was ably defended this evening by the hon. member for Parry Sound. It is an astonishing fact that when anyone does say anything against a member of the bar there are always a great number of supporters in the house, men with high capabilities, who can and do meet such criticism. I do not know of a more clannish organization than that composed of men connected with the law.

I was interested in the remarks this afternoon of the Minister of Munitions and Suppy (Mr. Howe) with regard to labour conditions. I believe it is the desire of every hon. member, as indeed it should be, that there should be no strikes. Certainly that is my utmost hope. It is very disturbing to myself and, I believe, to hon. members generally when we see disruption in our production programme. But there is no use in hon. members laying the blame on the war labour board particularly, or on industry, or on labour. It is my opinion that nearly all strikes are caused by government policy. Wherever one goes he finds that the root of the trouble is labour conditions, partly due to government policy, or to wage conditions which are definitely due to government policy. I suggest that if the government would go a little further and look into some of these conditions they might avoid a lot of trouble in the future, because certainly some of the conditions under which labour is forced to work, especially the rates of pay received by some of the lower paid workers, give cause for complaint. It seems to me the only way in which they can get relief from these distressing circumstances is either through advocating or possibly going on a strike. I believe the government would be well advised to look into these matters beforehand, to see if solutions cannot be found before strikes actually take place.

When the Minister of Munitions and Supply was speaking this afternoon with reference to the great number of men laid off at the Angus shops he referred to the construction of the Valentine tank, and stated—and I believe I interpret his remarks correctly—that the tank was outmoded, and that it was now going out of production. Away back last summer, when the committee was discussing this matter I pointed out that at that time the Valentine tank was considered outmoded, but hon. members on that occasion took great exception to my statement, and praised the tank. My information at that time has proved to be well founded.

The minister referred to the building of ships. The hon. member for Parry Sound has just indicated how urgently ships are needed, in view of the high rate of sinkings. I agree with him 100 per cent. But one of the things which alarms labour as well as industry is the fact that we are not producing as many ships as we could produce—and I say that advisedly. Hon. members who have spoken this afternoon have been very much concerned about shipbuilding. It will be recalled that not long ago the hon. member for New Westminster (Mr. Reid), when speaking in the house, pointed out that the Star shipyards in Vancouver had only two out of eight berths occupied. He predicted that before long even those two would be closed, through lack of work. Those are conditions which greatly concern hon. members.

I remember reading not long ago, I believe in the Vancouver *Sun*, that around two or three hundred men were being laid off from Vancouver shipyards, and the newspaper pointed out that they were being laid off because they had become so proficient in their

jobs, and were working so expertly that they could now turn out ships with less labour in the same time. Anyone who is at all conversant with the situation there knows that statement was not true. That is not the reason why men were being laid off. I shall not discuss in detail what the reason was. It is sufficient for hon. members to know that not only in the Angus shops at Montreal or in the shipyards at Vancouver are men being laid off, but they are being laid off throughout the country. The result is that our war effort is not being carried on to the extent it ought to be. Let me refer again to some of the places that are having to face this problem. I have spoken a number of times in regard to the lay-off of men in Calgary. I have visited these plants personally and I know the concern of labour there. I also know the concern of the management. I may say that I have never visited a plant in Canada where industry was not as much concerned with increased production as anyone else and where labour was not just as much concerned as industry. In almost every instance both parties were concerned because they were not putting out as much as they thought they could put out.

When I brought up the question of the lay-offs in Calgary the minister told us that one reason was the necessity of retooling, and he pointed out that the Calgary Ogden shops had the largest order in their history. I should like to quote from a letter which I received since the minister made that statement. It is from a man in a rather important position in the Ogden shops, and he has this to say with regard to the tooling-up of that plant:

> Now we know the reasons given for tooling up by Mr. Howe don't dovetail with practical experience and the majority of the men are fed up, anxious and probably very scared because we have had further lay-offs after the one you spoke of.

He then goes on to explain that the men are much concerned over the tremendous number that are being laid off in production plants throughout the country. The minister told us that these men would all be put back to work. I do not for a moment doubt his sincerity. On many occasions I have said that I think he is doing a good job, but I think he is trying to do more than he should have to do. Another man who holds an extremely important position in the Ogden shops wrote to me after the discussion in the house, and in part he said:

> I do feel that unless strong representations are made for a continuation of contracts we will be faced with the problem of further staff reduction.

That is an alarming state of affairs at a time when we are supposed to be in the midst of a war. The hon. member for Parry Sound pointed out the great need for ships as a result of the number of sinkings that have occurred; yet we find that in Vancouver and all over the country men are being laid off. This curtails production. I am alarmed at this condition of affairs. I do not think we shall settle our strike problems or our production problems until this problem is overcome. These men are greatly concerned over the fact that in Calgary, Montreal, Vancouver and other places there are hundreds of men being laid off. This affects the morale of the particular locality as well as the morale of the whole country. This, along with the low wages paid, especially to those in the lower categories, is bound to create disturbance, is bound to cause strikes. Until we overcome this condition our position will not improve. It is all very well to blame the war labour board or someone else, but that is not the real, fundamental cause. The real, fundamental cause is government administration and government policy. I appeal to the minister to look into these matters and correct them before further trouble comes upon us.

Mr. J. W. NOSEWORTHY (York South): Mr. Speaker, I shall not speak at length, but some statements which have been made in this debate cannot go unchallenged. I should like to refer to the remarks of the hon. member for Parry Sound (Mr. Slaght). When any member of this house sets himself up on a pedestal and implies that other members are demagogues, little attention need be paid to what he says. I did not hear him, but I understand that the hon. member made reference to his own riding. I visited the industries in his riding last summer, and I saw the shacks in which the men working in those industries are living. I wish to say that those shacks add no credit either to the hon. member for Parry Sound or to the government to which he belongs.

The hon. member for St. Lawrence-St. George (Mr. Claxton) had some things to say. I gathered from his remarks that he considered the hon. member for Cape Breton South (Mr. Gillis) did not look upon the American Federation of Labor as a constituted or regular union. I wonder whether he knows that the hon. member for Cape Breton South has paid dues into that union for over twenty years. I think he can appreciate that union as well as the hon. member for St. Lawrence-St. George.

Mr. MITCHELL: Not recently.

Mr. NOSEWORTHY: A criticism has been heard in the press and in this house of the

settlement that was made of the strike in Montreal. I wish to congratulate the Minister of Labour (Mr. Mitchell) and the man whom he sent to Montreal to settle that strike. I think they did a good job. I am confident that the people of Montreal were as anxious as anyone to have that strike settled in as short a time as possible. In dealing with the strike he recognized that the majority should rule, the principle by which we represent our constituents in this house.

One thing I am a little worried about is the fact that every time a labour dispute is discussed in the country, in the press or in the house, the blame is always laid at the door of labour. I have yet to see the press of this country by and large support labour in any single dispute that has come up between labour and employers. I regret to say that there have been few occasions when a labour dispute has been brought to the attention of this house when the Minister of Labour has taken the side of labour openly on the floor of this house.

Mr. MITCHELL: Will my hon. friend wait just a minute? I do not want an inquest to be held without the corpse being present. I should like my hon. friend to enumerate the occasions when I have not stood up for labour in this house. Let us have them on the record.

Mr. NOSEWORTHY: I am not charging the minister with not supporting labour in the negotiations, but I will say this, that I can recall a number of occasions on which the minister has intimated here that labour was at fault.

Mr. MITCHELL: You are just wriggling. Let us have the cases.

Mr. NOSEWORTHY: I cannot recall instances where he has stood up and said that the employer was at fault.

Mr. MITCHELL: You are just playing both ends against the middle.

Mr. NOSEWORTHY: The minister has every opportunity to show when he has said that the employer was at fault in a labour dispute. I am confident that no one recognizes better than the minister does the importance of labour's cooperation in our war effort. The greatest single factor in our war effort in this country is the cooperation of labour in our industries. Yet we find labour constantly criticized whenever trouble arises. The hon. member for St. Lawrence-St. George referred to the fact that there was legal machinery set up and that in that instance labour should have taken advantage of that machinery. I can recall instances, Mr. Speaker, where labour has appeared before government boards, where government boards have given a decision in favour of labour and where the employers have refused to follow the decision of the board, and the government has taken no action against them. I recall the case of Kirkland Lake. That is the one classic example of that.

I received in my mail a few days ago a letter from a working man who was fired without seven days' notice. The department's own selective service officer or employment officer gave judgment against the employer, and informed the employer that the man was entitled by law to seven days' notice or seven days' pay. That man has not yet been able to collect the seven days' pay from the employer; yet neither the government, nor any agency of the government, comes to the assistance of that man. He is told that he must sue the employer.

Mr. MITCHELL: My hon. friend is discussing a particular case. I do not know the facts of the case, but if that employer is not complying with the law and my hon. friend will give me the facts we will see to it that he does.

Mr. NOSEWORTHY: I have corresponded with the ministers' department about this case and have taken it up with the Toronto officer, and I have been informed that he has no jurisdiction over the employer and that if the employee wants to collect the seven days' pay he must sue the employer through the courts for the amount. There are many instances where the employer has not been willing to abide by the decision of a government board. Let us in all fairness to labour recognize that that is a fact.

Mr. HOWE: May I remind my hon. friend that we have taken much more drastic action against employers who have violated government regulations than we have against employees.

Mr. NOSEWORTHY: Those facts should be made more generally known to the public.

Mr. HOWE: Tell the people about them. You know them as well as I know them.

Mr. NOSEWORTHY: I doubt if many labour organizations to-day know of many instances where that has happened.

Mr. CRUICKSHANK: Why do you not tell them?

Mr. GARDINER: It is right down in your part of the country.

Mr. NOSEWORTHY: What we are suffering from to-day is the result of many, many years of opposition on the part of employers

to labour organizations. It is unfortunate that when we went into this war, labour, which is so important, was found so completely unorganized as it was at the beginning of the war. That state of affairs must be laid at the door of the opposition which labour organizers have met with on the part of employers during the past year, and I have no doubt that the Minister of Labour has had his share of experience in that particular line. Consequently, labour to-day feels that unless it can organize itself while the war is on, it will find itself, when the war is over, in exactly the same position in which it found itself in 1918; and because labour was not organized at the beginning of this war, because labour feels that it must organize now, or it will have no chance when the war is over, you have all these efforts being made across this country to organize labour.

Reference has been made to the large numbers of men that are being laid off. We accept the minister's statement that when it is necessary for an industry to change over from one production line to another there comes a period when it is impossible to keep all the men employed. Notwithstanding the minister's statement, labour all across this country is convinced that more could be done by way of careful planning and organization to see to it that when one job was finished another job was ready for the men to step into. That is the feeling of labour everywhere in Canada, that someone has fallen down on the job of planning and organizing the productive enterprise of this country when it becomes necessary every once in a while for a factory to lay off anywhere from 100 to 1,000 or 1,500 men.

There is another general complaint against production in this country. Wherever I meet industrial workers; whenever I speak at a meeting, I still find that a group of workers in our war factories will come to me at the end and make this complaint; I never visit a factory but I get this complaint, and I am confident that every member of this house is receiving letters day by day complaining of the fact that in many of our factories workers are kept idle because there is nothing for them to do. I am going to read a letter that I received this week from an employee in Massey-Harris at Weston. I read this letter because it is typical of scores of complaints that I find wherever I go among industrial workers in this country. This writer says:

> I have been working as a skilled mechanic in this plant for over a year and getting more disgusted every week. I have seen skilled mechanics wait for days for materials, and if we complain we are told, "You are getting paid —why worry?" There seems to be no co-operation between the management and the engineers, or they certainly lack the ability to push production as they should.

[Mr. Noseworthy.]

Then he goes on to say:

> We seem to be held back at every turn. No matter where you go in the plant you will find men utterly fed up. We have worked for weeks on jigs, to find that the jigs themselves were wrong and all our work in vain. This is a very common occurrence. There seems to be no system whatsoever.

Mr. CRUICKSHANK: Will the hon. member permit a question?

Mr. NOSEWORTHY: Yes.

Mr. CRUICKSHANK: I am curious about this. As I understood the hon. member, one of the workers said he was told, "You are getting paid—why worry?" Who asked him that? The employer, or one of the union?

Mr. NOSEWORTHY: The writer of the letter does not state, but I have heard—

Mr. CRUICKSHANK: Never mind what the hon. member heard. Who said it?

Mr. NOSEWORTHY: My correspondent does not tell me, but apparently it was somebody in authority in the factory.

Mr. CRUICKSHANK: Well, Mr. Speaker, if you will again permit a question, will the hon. member ask him who said it?

Mr. NOSEWORTHY: Yes; and I will go this far. Any number of workers have told me that the same thing has happened again and again.

Mr. GOLDING: Mr. Speaker, on a point of order, I think the rules of this house compel the hon. member to lay that letter on the table.

Mr. MacINNIS: Oh, no, they do not.

Mr. GILLIS: The hon. member is wrong this time.

Mr. GOLDING: No; I am not wrong.

Mr. NOSEWORTHY: This letter—

Mr. GOLDING: Mr. Speaker, I rose to a point of order. I should like to have your ruling.

Mr. NOSEWORTHY: If the minister wants the name of the correspondent he is welcome to it.

Mr. SPEAKER: The hon. member who raised the point of order said that the hon. member for York South (Mr. Noseworthy), having quoted the letter, must place the letter on the table for the records of the house. Has the hon. gentleman any objection to doing that?

Mr. NOSEWORTHY: In the interests of the working man who wrote the letter, I doubt if I should take that responsibility.

Mr. MITCHELL: Then the hon. member had no right to quote it.

Mr. NOSEWORTHY: The working man's job would not be worth anything.

Mr. SPEAKER: If the hon. member will identify himself with the terms of the letter, state that he has knowledge of the circumstances, and take upon himself the responsibility for what is in the letter, he need not lay it on the table.

Mr. NOSEWORTHY: Mr. Speaker, I will take the responsibility for what is written in the letter.

One of the things which is worrying labour in this country is these frequent lay-offs, as well as the fact that men are forced to waste so much time in the factories.

Mr. GOLDING: Mr. Speaker, in regard to your ruling, may I point out that the ruling which was given in the case of the hon. member for North Battleford (Mrs. Nielsen) was that she had to lay on the table the letter she read. The Prime Minister (Mr. Mackenzie King) raised that point.

Mr. SPEAKER: As I recall the question which was raised during the speech of the hon. member for North Battleford, she had quoted a letter in the house, and the question was whether she would take responsibility for the contents of the letter. Ultimately the hon. member placed the letter on the table. The ruling then given was that if an hon. member quotes from a letter and does not wish to give the name of the writer, but is willing to vouch on his own personal responsibility for the truth and accuracy of the contents, he is entitled to read it without laying it on the table.

Mr. RALSTON: That must be on the principle that my hon. friend cannot read from a letter, endeavouring to get the benefit of the credibility of it or the weight or responsibility of whoever writes it, and then add to it his own undertaking with regard to it. If that is the rule, it seems to me that all my hon. friend can do is to make his own statement as to the facts, not quote from a letter. I have always understood the rule to be that when one quoted from documents one had to lay them on the table of the house.

Mr. SPEAKER: I think there is no doubt with regard to the rule. I have already stated it. If an hon. member is quoting a private letter he can be asked to lay it on the table of the house, and he must do so unless he is willing to accept responsibility for the contents of the letter and the accuracy of it. If he is not willing to take that responsibility it should be laid upon the table of the house.

Mr. RALSTON: Then I do not think he should quote it as a letter.

Mr. HOWE: How does he know whether it is accurate?

Mr. MITCHELL: Yes; how does the hon. member know that that is true?

Some hon. MEMBERS: Order.

Mr. SPEAKER: I have already ruled. If the hon. member wishes to appeal from the ruling he may do so.

Mr. NOSEWORTHY: I gave you, Mr. Speaker, the assurance some time ago that I was personally prepared to accept responsibility for the statements in that letter.

Mr. MARTIN: And that you have knowledge?

Mr. NOSEWORTHY: The question which workers across this country are asking is as follows. Many of them are asking whether the cost-plus system by which so many of these contracts are given is not the explanation of so much idle time in the factories. They are asking that in all sincerity.

Mr. HOWE: May I ask my hon. friend one question. Did he ever make a speech when he did not tell them that that was the reason? I think he is quoting himself on the public platform. If he knows some workers who are disturbed about the situation, I know of many who have listened to him in that sense and have reported accordingly.

Mr. NOSEWORTHY: And quite frankly, I fail to see how that type of contract can do anything but give those results.

Mr. HOWE: My question to the hon. member is, is it not a fact that that is his usual line on the platform?

Mr. NOSEWORTHY: No, it is not.

Mr. HOWE: Oh, absolutely.

Mr. NOSEWORTHY: That question is raised at every public meeting I address.

Mr. HOWE: Quite—by yourself. That was what I said.

Mr. NOSEWORTHY: I did not have to raise it. Workers in all our industries are asking that question everywhere. It is one that the government should face. They want to know if we have reached a point in our war production where we have completed more than we are able to ship overseas. They are disturbed by these acres of boxes which are to be seen along our railway sidings.

Mr. HOWE: Is it not better to have an oversupply than to be short?

Mr. NOSEWORTHY: Is that why there are so many lay-offs in our industries? The workers want to know if we are utilizing to the fullest capacity the shipbuilding resources of this country.

Mr. MITCHELL: Does my hon. friend not know why all these boxes are lying on the railroad tracks? If he does not, he is about the only man in this dominion who does not.

Mr. NOSEWORTHY: I know of only one reason why they are there.

Mr. MITCHELL: And the reason? Give us the reason. Does the hon. member know one good reason?

Mr. NOSEWORTHY: The only explanation I can give is that we lack the shipping facilities.

Mr. MITCHELL: Of course. Why does my hon. friend not tell the working people that when he addresses them?

Mr. HOWE: He blames the government.

Mr. NOSEWORTHY: Our people want to know this: Why do we permit firms in this country to secure contracts for things which we cannot possibly ship overseas? Why are not more of our men employed in building ships to convey these materials overseas, rather than in our factories producing commodities which cannot be carried overseas?

Mr. MITCHELL: My hon. friend knows as well as I do that there is a limit to the shipbuilding that can be carried on in this country. I am just giving him some information that he might give these working people when he is talking to them, instead of raising doubt in their minds. I wish to say to him that when the history of this war is written the shipbuilding programme of this country will stand out in bold relief as compared with the efforts of any other nation. Just tell them that.

Mr. NOSEWORTHY: I think the Minister of Labour will find it very difficult to convince any audience of shipbuilders that we are utilizing our shipbuilding facilities to the maximum at the present time. He will find it very difficult to convince any group of people who are actually working in our shipyards.

Mr. MITCHELL: Of course if you have been there first, disturbing them, I appreciate that it might be difficult.

Mr. NOSEWORTHY: On Saturday I spent three or four hours visiting the Victory aircraft plant at Malton, which is now under government ownership and supervision. That plant has done a remarkably good job considering the mess it was in until the government took it over. I am prepared to congratulate the Minister of Munitions and Supply upon the step he took in that instance and upon the job that plant is doing. I find, however, that they will be delayed considerably beyond the scheduled time before their Lancasters come off the production line. I do not think the fault lies with the management; I do not think it lies with the plant. They will be delayed in the first place on account of their inability to obtain materials from subcontractors, and in the second place on account of a shortage of toolmakers in that plant. While there, I discovered that a considerable number of the employees only last week had received their call for military service. The manager had on his desk a number of these notices and was considering whether or not he should ask for postponements. The shortage of toolmakers in these plants to-day is at least in part the result of government policy in throwing the responsibility for asking for postponement back upon the individual in the first instance.

Mr. MITCHELL: Let us get this straight. I should like my hon. friend to tell me of a toolmaker who has been called up for military service. Come on, now; let us get it on the record. You are not on a soap box now; you are in the House of Commons.

Mr. NOSEWORTHY: Last September or October I went into a small factory in Toronto where some twelve or fifteen machinists had been working. When I was there the last two were being called up. We have seen toolmakers come here to Ottawa—

Mr. MITCHELL: My hon. friend was talking about Victory aircraft. Let us get back on the track.

Mr. NOSEWORTHY: It is still true, is it not, that every man within certain age limits is called for military service, regardless of his occupation, and that the onus in the first instance rests upon him to ask for postponement? In the plant at Malton I saw where the manager was applying for postponement in connection with men who had been given three and four years training in that plant, men who could not be replaced without taking another three or four years to train men to fill their places. They are still being called, and the individual must first ask or agree with the management to ask for postponement before postponement is granted.

Mr. MITCHELL: I just wish to tell my hon. friend that if I wanted any advice on industrial practices or in connection with trades, I do not think I would go to him. I would limit my request for advice to matters

connected with school teaching. I do not think that was a fair statement for my hon. friend to make.

Mr. NOSEWORTHY: I submit this is partly why the production of this particular machine will be delayed about six or eight weeks beyond the scheduled time.

Mr. HOWE: Let us just examine that. My information is that this machine will come out on schedule. What is the schedule may I ask?

Mr. NOSEWORTHY: The minister does not need to ask me that.

Mr. HOWE: I should like to know if the hon. member knows.

Mr. NOSEWORTHY: I presume the minister knows when that machine was supposed to come into production.

Mr. HOWE: I do indeed, and my information is that it will come in two or three weeks before that.

Mr. NOSEWORTHY: In conclusion, Mr. Speaker, I wish to say just this. Let us be fair to labour; let us realize that it is not always to blame in labour disputes. Let us realize that even government machinery for handling disputes might be capable of improvement, regardless of how highly it is regarded by the Minister of Labour. Certainly that is the opinion of labour people all over this country, and I fail to see why the minister or ministers in charge should take the position that they are always right, that their machinery works to perfection, and why they should resent any criticism or any suggestions for the improvement of that machinery.

Mr. MITCHELL: Who has ever said it worked to perfection?

Mr. NOSEWORTHY: I would say that every time the minister has spoken in support or defence of his machinery he has certainly given me the impression that he thought it was just about perfect.

Mr. MITCHELL: That is not saying much.

Mr. SPEAKER: In connection with the letter to which reference was made a short time ago, I would refer the house to *Beauchesne*, third edition, paragraph 278, and also to the second edition, paragraph 316:

It has been admitted that a document which has been cited ought to be laid upon the table of the house, if it can be done without injury to the public interest. The same rule, however, cannot be held to apply to private letters or memoranda. On the 18th May, 1865, the attorney general—

This is from *May*, 13th edition, at page 329.

—on being asked by Mr. Ferrard if he would lay upon the table a written statement and a letter to which he had referred on a previous day, in assuming a question relative to the Leeds bankruptcy court, replied that he had made a statement to the house upon his own responsibility, and that the documents he had referred to being private, he could not lay them upon the table. Lord Robert Cecil contended that the papers, having been cited, should be produced; but the Speaker declared that this rule applied to public documents only.

The ruling I gave was that if the hon. member would accept responsibility for the contents of the letter and so stated, then he was entitled to refrain from putting the letter on the table, as being a private letter. But if it was a matter of public interest the position of course would have been different.

Mr. S. H. KNOWLES (Winnipeg North Centre): I shall not take a great deal of time, but on behalf of the people of the district from which I come I feel that I should express the uncertainty that obtains in that part of the country over the employment situation. I shall deal specifically with the situation in the one plant concerning which I have spoken here on former occasions. I refer to the cordite plant operated by Defence Industries Limited at Transcona, where, according to the answer placed on *Hansard* on March 29 last, as reported at page 1617, there were 4,485 employees in May, 1942, and where at the present time, ten months later, there are only 3,089, or a drop of 1,400. The last occasion of a lay-off was in the middle of March, and on March 19, on the orders of the day, I asked certain questions about this proposed lay-off. In reply the Minister of Munitions and Supply (Mr. Howe) said, among other things:

This sharp curtailment is due to a sudden cutting off of export demand.

However, on January 9 of this year a notice was posted in the plant concerning a lay-off which was taking place at that time, a lay-off of 175. Another lay-off of 325 is taking place at the present time. This notice posted in January stated:

We would like to point out that our production schedules are governed by the needs of the armed forces. We have accumulated heavy stocks against their requirements and until such time as their demands increase the plant cannot be operated beyond the proposed level of production.

There was another statement in the notice to the effect that it was hoped that peak production would be resumed in the spring.

At that time I sent a copy of the notice with a covering letter to the Minister of Munitions and Supply, and he replied under date of January 14, saying in part:

The facts as stated in the notice are substantially correct, except that there is no information at this time on which to give any assurance that peak operations will be resumed in the spring.

I do not need to read at any greater length at this point. I think what I have in mind is fairly clear; at least it was clear to those employed in the plant in January as it was in earlier months that the possibility of further lay-offs was ever with them. So that, when the minister made the statement that the curtailment on March 19 was due to a sudden cutting off of export demand, the workers wondered how to fit that in with the minister's words of a few months earlier substantiating the lessening demand for this product.

The result of all this is that the workers in that plant, who are drawn from all over greater Winnipeg, are uneasy as to the future of employment in that plant, uneasy as to their opportunity to make a full contribution to production for the war effort.

I have in my hand a letter from which I wish to quote; and, bearing in mind the ruling just made by Mr. Speaker, if it is desired to have this letter laid on the table I shall be glad to do so. It is addressed to me from Mr. J. Paterson, president of the employees' union in that plant. It is dated March 20 of this year. He says in part:

> The facts of the case are very simple: 325 to 350 men are being laid off starting to-day. The layoff will take place over a period of a month throughout most departments of the plant. The plant management simply claims that orders for cordite have been reduced and therefore men must be laid off.

But in the next paragraphs one discovers what is of still deeper concern to these men. He says:

> There is a rumour that the plant may be closed down entirely. This rumour is borne out by a few indications which at least point to additional layoffs in the near future.
>
> The workers would like to know what the policy with relation to the plant is going to be. The present uncertainty and insecurity is certainly not making for improvement in morale.

Following receipt of that letter, I placed certain additional questions on the order paper with respect to that plant, one of which questions was:

> Is it intended to continue the operation of the above plant for the duration of the war?

The reply by the Minister of Munitions and Supply, as reported on page 1617 of *Hansard*, was as follows:

> This plant will be operated as long as the need for its product continues.

I am not making the extravagant statement that I am receiving scores or hundreds of letters concerning this matter, but an average of at least half a dozen a week have come to me from workers in the plant along the same line, whether it is going to be continued, or whether it may be closed down at any time, and whether there is not some possibility of a definite statement being made as to future plans for this plant.

Mr. HOWE: I think my hon. friend is as capable as I am of telling the workers the amount of cordite that is likely to be used on the fighting fronts in the next six months. The purpose of that plant—and there is another in Quebec and another in Ontario—is to furnish the requirements of explosives from Canada. We are doing that very nicely. If the requirements go up, the production in the plants will go up; if the requirements go down, production in the plants will go down. Everything depends upon the amount of powder expended on the fighting fronts. I suggest that my hon. friend give the workers his own interpretation of how much that will be.

Mr. KNOWLES: That explanation has been given by the plant management in the notices posted from time to time concerning lay-offs, and by the minister in letters that have gone to various people in the city of Winnipeg, the mayor and council there, and also to the employees through their union. There are two comments I wish to make on that. The first is that that does not solve the problem of the unemployment in which these men find themselves when they are discharged from the plant. The other is that some of us feel that the time has come to look into the possibility of other kinds of industrial production on the prairies. I have in mind, for one thing, rubber, which in certain parts of the world is to-day being made from alcohol derived from wheat. I have plastics also in mind. The minister (Mr. Howe) who has just taken his seat referred earlier to-day to the necessity for materials going into the manufacture of radio equipment. Modern science has shown that certain materials can be made from products of the farm. They are made in a way which only a short time ago would have seemed fantastic; but the fact remains that those products are being made at the present time, particularly in the Soviet union.

Some of us have a vivid recollection of the considerable publicity which attached to disclosures a short time ago in the United States in connection with activities of the oil trusts, as related to the production of synthetic rubber. Subsequently we noted the issuing of the Baruch report, and we recall that when that report came out the original idea that petroleum was the best base from which to produce synthetic rubber was exploded, and it was shown that alcohol such as can be distilled from products of the farm is a better base for

that product. I hope that in this country we are not in danger of being in the grip of the oil trusts. If it is possible, as I believe it has been demonstrated in other parts of the world, to establish rubber manufacturing plants right in the midst of agricultural areas, now is the time to do it, when rubber is one of the great needs in the war. As I indicated earlier, the same holds true with respect to plastics and materials of one kind and another which might be used in the manufacture of radio equipment.

From another question I placed on the order paper I had hoped that we might discover whether some study had been made as to the possibility of converting part of the plant at Transcona, or building other equipment nearby, right now, while the war is on, for the production of these other things so vitally needed in the waging of the war.

We quite realize the plausibility of the answers the ministers give when we raise these matters of unemployment, and we accept in all sincerity their suggestion that we as members of parliament should try to give explanations to the workers. But in a moment or two I wish to say something about the retort made a short time ago to the hon. member (Mr. Noseworthy) who preceded me. As a matter of fact the workers, on account of their concern to play their full part in production for the war effort, a concern which is real and genuine, do not feel that unemployment should be tolerated, particularly by workers who have had any kind of experience in war-time industry. That is not good enough. It is not good enough to give the explanation that retooling is required. It is not good enough to talk about overproduction in one line, and taking time to get ready for something else. If the enemy were right at our gates we would not be wasting time in that way. We would be using all our scientific brains, all the intelligence and resources we have to see to it that our man-power is fully utilized in the production of the things we need. I assert definitely that in my view when the workers of this country complain about unemployment, complain about labour policy and complain about general labour conditions, because they are interested in a more complete production than is now being obtained, their motives are genuine. Full production is their concern, and the kind of answers given do not satisfy them. They are still anxious to have an opportunity to play their full part.

During the course of this debate, which was opened this afternoon by the hon. member for Vancouver East (Mr. MacInnis), a good deal has been said about labour relations. I should like to add a few words on that phase of the matter. When this subject is discussed one discovers that each person who speaks is in a sense on the side of labour. One hon. member vies with another in declaring his friendship for labour, and his sympathy with its aims and objects. The hon. member for Dauphin (Mr. Ward) in his remarks the other evening criticized me for speaking of the common people. His suggestion was that the workers and farmers of Canada should be called the aristocrats of the dominion. I agree with the spirit of that suggestion. But I would point out that it is not what we call workers and farmers that counts, but rather the way in which we treat them, what we do for them and the opportunities we give them to play their full part in the life of our country. My suggestion is that these expressions of sympathy with and friendship for labour, when they have coupled with them continual criticism and lack of understanding of what labour is trying to do, are not good enough. I do not know how many times, even in to-day's debate, the term "sane labour leaders" has been used. To some of us that suggests that these friends of labour are anxious that the leaders of labour be the kind of men who will keep labour in line. To my mind there seems to be a woeful lack of understanding on the part of hon. members respecting the deep aims and objects of the labour movement, and the striving of working people for a place in the life and economy of the country.

I realize that in this time of war, when labour is becoming a little more important than it was in the depression of the thirties, some people are amazed at the show of strength labour seems to make. We hear people who profess to be friends of labour say that it is too bad to see labour doing the kind of things it is now doing, when we are engaged in a war. It was pointed out earlier to-day that the extent to which labour is organized in Canada is extremely small, with the result that labour's power in what we must admit is a conflict between labour and capital is unequal to that of the other side. When labour first begins to be recognized, and to feel its strength and its power to a greater extent than was previously the case, its first hope is that it will be recognized on equal terms and that it will be treated as a partner in the great effort in which we are now engaged.

Digressing for a moment, I would point out that particularly since the outbreak of the war I have been in close touch with the trade union movement in the part of the country from which I come. I can say that right at the start there was an expression by leaders of the trades union movement, and delegates

to the various councils which represent trade unionists, of a desire to play their part as equal participants in the struggle upon which we were entering. I have seen this early enthusiasm, this early desire and hope that there would be an opportunity for this participation dwindle off into disillusionment as a result of the rebuffs of one kind and another that have come. It is on account of experiences of that kind that one finds labour getting to the place where they feel they must fight every inch of the way. It is not that labour wants to do that, because labour, for example, does not want to strike. The working people do not want to lose the pay that is their loss when they are on strike. It is the necessity of showing their strength that forces them to take the action which has been taken on occasion.

These conflicts do occur at times. We must be realistic and admit that the interests of labour and management diverge at times. The tragedy to me is the fact that in a place such as this parliament of Canada there is not more of an attempt made to understand what labour is trying to do, more of an attempt made to appreciate the aims and objectives of the working people of this country, more of an attempt made to see the things that they really want and to see them in their best light. On the other hand, we have explanations given of strikes and other things that have taken place. The explanations I have heard to date have been that labour has done things that were not justified. Maybe at times things were not fully justified, but we do not live in a world in which things are absolutely right or absolutely wrong; we live in a world where we must learn the interests of each other, where we must learn to get along with each other. One of the first things that should be done by this house so far as labour relations are concerned is to try to understand what labour is seeking in the struggle in which it is engaged at the present time.

As I see it, there are two basic things in which the working people are primarily interested just now. First, they ask that they be permitted to play a full part in the production of the commodities necessary for the war effort, that their ideas as to the ways in which improvements can be made should be considered, that their ideas as to efficiency should have more effect on plans, and that their belief that all workers should be kept at their tasks should be put into effect. When the hon. member for York South (Mr. Noseworthy) was speaking a few minutes ago the Minister of Munitions and Supply (Mr. Howe) suggested that the things he was saying on behalf of labour were simply his own remarks which he would make on a public platform.

I shall have to speak for myself and not for the previous speaker, but I can say to the Minister of Munitions and Supply that it was not on the public platform; it was not in the form of questions asked at the end of our public meetings; it was in my office in connection with the work in which I was engaged before I came here; it was in my home; it was on the street; it was at gatherings of trade unionists, that this concern was expressed to me. Frankly, I have hesitated to use the stories I have heard about inefficiency and waste and failure to use men to the full. I have wondered whether the stories were exaggerated, and I wondered whether it might be regarded as not in the public interest to repeat such statements. The point I wish to make is that these complaints do not originate with us on the public platform; they originate with the workers who come to us.

If this debate is reported in full in the press and the workers see how we are rebuffed by the Minister of Munitions and Supply, in their minds they are likely to say, "What is the use in talking about inefficiency; we are just wasting our time. When anything is suggested we are given the usual answer that everything is all right, and that is the end of it." So far as I recall I have never made these statements at a public meeting. They have been made to me by workers time and time again. These people want to have some say in the management of our industrial process. They want to know that their ideas and their experience are being used. They feel that if this is done, industry will produce infinitely more than it is producing at the present time. That is the first concern of the workers of this country. It is a concern that they express, by no means with their tongues in their cheeks. They are showing genuine concern over the lack of full and all-out production, and they are being disillusioned when this is not achieved.

I believe the hon. member for Vancouver East (Mr. MacInnis) expressed the other concern of labour when he opened the debate this afternoon. That concern is for some measure of security after this war is over. The letter from which I read when I started my remarks indicates that this concern is felt by the workers in the cordite plant at Transcona, and it is felt by workers up and down this country. They want to know what will happen to them the day after the war ends. Labour feels that the time has come when it should

be given a real say in the planning and the managing and the conduct of the industry and economy of this country. So far as labour is concerned they feel that this is only an extension of the basic principle of democracy. They are not asking just for the right to send representatives to the various parliaments and legislatures of this land; they are asking for the right to have a say in the control of the things that affect their daily lives.

I shall not take up time to-night to discuss another parallel matter, but the fact is that the farmers of this country feel that they, too, have a right to take part in the conduct of the things that affect them in their daily lives. And so they have. Some day soon I shall have something to say about the necessity of the getting together of industry and agriculture on the prairies from which I come, in order to take advantage of the advances that modern science has made, such as the producing of rubber and plastics from agricultural products. Some of us feel that these things must be looked into immediately before there is further exploitation and the advantages of science gathered in by the few instead of being made available to the many.

I know there is the idea that the people in overalls, the people who punch a clock and work eight or nine hours and get pretty dirty and tired, then punch the clock again and go home perhaps too worn out to read much that is in the newspapers, are not the folks to run the life of this country, but that the people to run the life of this country are the big business men, the people who can come to Ottawa and make representations to the government as to what needs to be done for the industries they represent. After all, however, this country is founded on the principle and philosophy of democracy. We are waging a war at the present time with the whole idea of preserving democracy, and, as I see it, democracy in Canada means that the eleven-and-a-half or twelve million of us who are here, all of us, should have a say in the things that affect our daily lives all the way through. That will call for every bit of political democracy that we have at the present time, and far more. It will call for an increasing influence on the part of the farmers themselves through their cooperative organizations, and it will call for an increasing influence on the part of the workers in the things that affect their daily lives in and through a strong trades union movement recognized as a basic part of the life of this country.

I was pleased to hear the concluding remarks—naturally I took exception to some of his earlier statements—of the hon. member for St. Lawrence-St. George (Mr. Claxton) this afternoon, when he asserted that the time had come to overhaul our labour legislation and the various orders in council affecting labour and to bring down a definite labour code that could be easily and fully understood. In my view that is a war-time necessity. It is what we should have now while the war is on, for the sake of more efficient production, for the sake of a better morale on the part of the workers, for the sake of security and some hope in the years that lie ahead after the war. In order to achieve all that we should have right now a labour code, one that would not just pay lip-service to collective bargaining as P.C. 2685 does, but would actually make collective bargaining the law, recognized as a part of the democratic set-up of this country.

In closing, it is my earnest hope that somehow we can get away, in this house at least, from the bickering back and forth between one camp and the other so far as labour matters are concerned, that we can rather think in terms of the working people and the farmers of this country as the real Canadians, the people whom we are here to serve. It is our job to try to understand them, and, in my view, if we seek to understand the aims and objects of the working people of this country, particularly as they relate to trade unionism and collective bargaining with full participation in the war effort, we shall find that their aims and objects are to a very large extent the aims and objects of the present war, and they deserve our support.

Mr. G. E. WOOD (Brant): Mr. Speaker, it was not my intention to take part in this debate, but I feel impelled to do so after listening to the hon. member for York South (Mr. Noseworthy) and the hon. member (Mr. Knowles) who followed him.

I regret that a certain school of thought in this house see fit to put themselves forward as the champions of the working man. In the first place I should like an honest-to-goodness definition of who are the working men and the labour men in this country. Is it only those who join a union and are prepared to pay an assessment to some labour leader who derives a good fat living for himself from the payrolls of the working class? I think the farmer is just as much a labour man as any man who works in a factory. I am also prepared to say that the manager of a factory, who seeks to find a market for the products perhaps of union labour, is just as much a labour man as the worker in the factory. I believe that if we are to have unity in this country it is not right to segregate one small particular element of society. We must all go forward abreast together.

The hon. member for Winnipeg North Centre (Mr. Knowles) at the conclusion of his address made a very slight reference to the farmer, and that is the only time I have heard the farmer's name mentioned in this debate. Let me tell hon. gentlemen that the code of the Cooperative Commonwealth Federation, if applied, would have a great effect upon agriculture because, if labour has an insatiable appetite and seeks only its own personal desires, that is bound to have an effect upon the price of the goods the farmer has to buy. In the post-war period, if labour will be reasonable, the greatest market labour can have for its products will be in the purchasing power of the farmer. Furthermore, what will happen in the post-war period will depend and is depending to a large extent upon the policies of this government to which some people strongly object, namely, the price control and labour freezing policies. It is the very same control that freezes labour and imposes price control which gives us increased purchasing power from the money we have to spend as consumers. As the Minister of Finance (Mr. Ilsley) pointed out a little while ago, everybody is favourable to price control except that little part of it which affects himself. We want to receive all the benefits, but we do not want to take our share of the responsibility. That reminds me of a fifth freedom. The Atlantic charter speaks of the four freedoms. But there is another freedom which our hon. friends of the Cooperative Commonwealth Federation would like to include as a fifth, namely freedom from responsibility. But you cannot have success without each and every man in his own particular station doing the thing he is best qualified to do, and I am doubtful whether the man in overalls is the best man to guide and direct the destiny of any industrial concerns.

The hon. member for York South made mention of his visit to Massey-Harris and was giving us his opinion of how it should be managed. That is the sort of thing I object to from the Cooperative Commonwealth Federation group, because the fact of the matter is that if you will look over their records you will find that very few of them have had any experience in business or agriculture or many of the other things they discuss. We had in Europe a great paper-hanger, and he was excellent as a paper-hanger. It would have been a great deal better if he had stayed a paper-hanger.

Mr. MacNICOL: Or if he had hanged himself.

Mr. WOOD: It would have been a great deal better than for him to have become the fuehrer of Germany, and if our friends across there in the Cooperative Commonwealth Federation have special ability in teaching school or in guiding the spiritual life of this nation, I feel they would be much better employed in that calling than in endeavouring to guide the economy and industry of this country.

Mr. NOSEWORTHY: Just to keep the record straight, in the first place I never said I visited Massey-Harris. In the second place I never attempted to show how it should be run. I visited Malton, and I congratulated the Minister of Munitions and Supply (Mr. Howe) upon the way in which that plant was being run.

Mr. WOOD: I am sure the hon. member would have a difficult task in trying to convince the people of Canada that the management of Massey-Harris was not efficient.

The hon. member spoke a good deal about the morale of the workers. I have come to this conclusion, that if the morale in our factories is as low as he says it is, it is largely because a certain group of agitators goes around and tries to pick up all the foul things of life and display them as examples of what is going on, when in fact they represent only a very small proportion of society in this country. There are people who cannot fulfil their particular place in society, but that applies not only to working men but to farmers, and I have known of even some ministers of the gospel who did not make a very good job of their calling. Do not let us confine this to one particular class.

Mr. DOUGLAS (Weyburn): I hope the hon. member is a good farmer.

Mr. WOOD: The hon. member for York South has taken a rather high and lofty plane. Let me quote from a newspaper report of a speech made by him at Toronto on September 28:

> J. W. Noseworthy, Cooperative Commonwealth Federation member of parliament for York South, told a party meeting in Eglinton riding last night that low morale in factories and in the armed forces is the "most serious defect" in Canada's war effort.

I am prepared to say that the group to which he belongs is doing everything possible to see that that morale is not elevated, by the very means to which I have referred this evening. He has a good deal of sympathy for labour. So have I; I do not yield to anyone in a desire to serve labour. But let me tell him that ninety-five per cent of the people of the dominion come within the definition of "labour," and that he has no monopoly of the claim to serve the working people of this

country. Moreover, it might be as well, if he wishes to be fair, that he should display some sympathy for those in the rest of society who are doing their best to see that labour is provided with a market for its product, which in many instances is confined to the capacity of labour. In this connection I might point out that the hon. member for Davenport (Mr. MacNicol) made this afternoon a splended contribution to this debate.

I believe also that the hon. member for St. Lawrence-St. George (Mr. Claxton) offered some suggestions which are far more worthy of this house and will do more to uphold the dignity of parliament and the nation than an effort to seize on little irregularities which have a tendency more or less to discourage people. The hon. member for Davenport spoke of the Dominion Foundries and Steel at Hamilton. I could mention several other important establishments in my own city of Brantford which are doing important work for the war effort. There are, of course difficulties; I believe labour can do a great deal to help solve those difficulties. Sometimes the executives need sympathy. I will quote again from a newspaper report of an address by the hon. member for York South, made at Picton on November 19. He said:

If you read the list of "dollar-a-year" men now on government boards you will discover that the list reads like a directory of directors. There is scarcely a large monopolistic enterprise in this country that has not a key man in a key position on some government board.

When this war ends big business in this country will be in the saddle and thereby have a stranglehold on our economic life such as never happened in this country before. Some of these "dollar-a-year" men at Ottawa wield far greater power than cabinet ministers or parliament itself. In fact, all the most vital regulations brought into effect since the war began have originated from the various control boards approved by the cabinet and proclaimed as orders in council without the knowledge of parliament. . . .

I ask you, Mr. Speaker, if that kind of language is helpful? Hon. members in that particular corner are supposed to represent the intelligentsia of this house, but I am convinced that by their works they have not shown consistency to the principles for which they stand, as far as elevating the standard of life in this country is concerned.

I wish to draw attention to another newspaper item which appeared around the New Year and which rather amused me. I have noticed that the Cooperative Commonwealth Federation claim to be the champions of the underdog and the farmer; they put themselves on the high and lofty plane of serving humanity. But I happened to pick up a Toronto paper one day just prior to the elections in that city. One column contains the slate of Cooperative Commonwealth Federation candidates, and its choice for ward two for alderman is "ex-Alderman William Dennison". Mr. Dennison's card is at the top of the page. It reads as follows:

(Advertisement)
In Ward Two
It was Ex-Alderman Wm.
Dennison
Who stopped a milk price increase in 1941
Make him your alderman for 1943.

What chance has the farmer who follows a route with his milk cart?

It is interesting to follow in practice the code of ethics of our hon. friends from the time I have known them in this house. They are very anxious now to win the war. But I can well remember the time when they rose in their places in this chamber and lashed out against any military preparations. The member of that group and, possibly, the present leader of the Progressive Conservative party in Toronto were perhaps the two biggest factors in retarding the progress of any preparedness by this country for war.

Time is going on, and I have no opportunity of drawing attention to some other matters which were in my mind. But I could not sit still and listen without protest to this tirade of abuse of the Canadian people. If we are to have any solid respect for our country, the first requisite is a good respect for ourselves. No doubt there are many things in our country which are not good; but I take the view that, like a scandal which may happen in a family, sometimes the less said about it the better. I suggest the applicability of that policy to my hon. friends if they are sincere in the desire to make Canada the country it ought to be. It must be said that, so far, in the conduct of this war and in respect of what we have accomplished, we do not need to accept very much advice from any hon. members on the other side of the chamber, except the group immediately opposite my end.

Mr. NOSEWORTHY: It might be better if you did.

Mr. WOOD: Let us feel that we all have a part to play. We want labour to have a job and a good living; but in our desire to secure these things which we think we should have, let us beware lest we cut our own throats. After all, Canada is an exporting country. We must be in a position to compete with other nations. If this war in which we are engaged is being fought for

humanity, and if the trade of this world is to be shared with others who have a lower standard of living, I am inclined to think we may have to concede to others some of the good things we have, if our object is to have permanent peace.

Motion (Mr. Ilsley) agreed to, and the house went into committee of ways and means, Mr. Bradette in the chair.

WAYS AND MEANS

CUSTOMS TARIFF AMENDMENT

The CHAIRMAN: Shall resolution 2 carry?

Mr. MacNICOL: When the committee rose, we had been asked to consider some amendment, and I believe I said at the time that I could not support the passing of any amendment which I had not the chance to read. I have not seen it yet.

Mr. ILSLEY: I put it on *Hansard* last night.

Mr. GRAYDON: Would the minister tell us if any considerable quantity of the goods and articles mentioned in the amendment comes from the United States or other countries into Canada?

Mr. GIBSON: This amendment has been put in at my request. From time to time estates have been wound up in the United States under which legacies have been left to Canadians. Recently, owing to the high taxation, in some cases people in the United States have been breaking up their homes and making gifts of furniture and other articles, which normally would have been left by will, to their relatives in this country. There have been a considerable number of these cases in the past year, and rather than that duty should be charged in such cases, where the goods would not be taxable if they had been left by will, this amendment has been brought in.

Mr. GRAYDON: As far as the mechanics of the matter are concerned, how does the minister distinguish whether a gift is made in anticipation of death, to use the phraseology of the amendment?

Mr. GIBSON: It is more or less a case of whether the goods are going to relatives of an elderly person in the United States or some other country. It is hard to say that it is in anticipation of death; usually it is family furniture or silverware, and articles of that type.

[Mr. Wood.]

Mr. GRAYDON: The minister has also inserted the matter of personal effects. Does that go very far, or is that a limited matter? It might cover a wide field.

Mr. GIBSON: Perhaps it might be an old automobile that a parent in the United States is giving to a child in Canada. It is chiefly furniture, in cases where families have broken up their homes in the United States. Perhaps a parent has decided to close up his house and move into a flat. The furniture is disposed of by dividing it among the various relatives who live in this country; it is sent up here instead of being sold in the United States.

Mr. STIRLING: Does the minister take any sort of affidavit from people who bring in these goods?

Mr. GIBSON: They have to be declared. Each case is dealt with on its own merits. There have not been a great many cases, but those which have come up have been difficult to deal with. We have had no way of letting them in up to the present time, whereas we would have been able to let them in if they had been left by a will. That is why this amendment has been brought in. Care is always taken to see that the government is not defrauded in entries of that sort.

Mr. JACKMAN: Are we originating this provision, or is it a reciprocal arrangement?

Mr. GIBSON: No; we are originating it here.

Mr. JACKMAN: I think it is entirely commendable.

The CHAIRMAN: I am sorry, but last night at the time of adjournment I had not put the amendment to the committee. I will have to do that now:

That schedule A to the customs tariff, as amended by resolution No. 1 of March 2, 1943, be further amended by striking thereout tariff item 704 and by inserting in lieu thereof the following item, enumerations and rates of duty:

704. Apparel, wearing and other personal and household effects, not merchandise, of British subjects dying abroad, but domiciled in Canada; books, pictures, family plate or furniture, personal effects and heirlooms left by bequest to any resident of Canada, or acquired by any resident of Canada as a result of the death of any person resident abroad, or as a gift in anticipation of the death of any such person; all such goods or articles when given as a free gift by anyone resident abroad to a resident of Canada; the minister to be the sole judge as to whether any goods or any article imported is to be classified as entitled to the benefit of this item or not: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Amendment agreed to.

Resolution as amended agreed to.

2. Resolved, that schedule A to the customs tariff, as amended, be further amended by deleting from the Customs Tariff Amendment Act, 1939, as amended by chapter twenty-nine of the statutes of 1940, chapter thirteen of the statutes of 1941 and chapter twenty-three of the statutes of 1942, the following enumerations of goods and rates of additional duties of customs:

Whisky, brandy, rum, gin and all other goods specified in customs tariff items 156, 156a, and 156b, $5 per gallon of the strength of proof

and by substituting therefor the following enumerations of goods and rates of additional duties of customs:

Whisky, brandy, rum, gin and all other goods specified in customs tariff items 156 and 156b, $7 per gallon of the strength of proof.

Resolution agreed to.

3. Resolved, that any enactment founded upon the foregoing resolutions shall be deemed to have come into force on the third day of March, one thousand nine hundred and forty-three, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

Resolution agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

INCOME WAR TAX ACT

The house in committee of ways and means, Mr. Bradette in the chair.

Resolved, that it is expedient to amend the Income War Tax Act and to provide:

1. That in respect of the taxation year 1942 the income tax liability, of taxpayers other than corporations, under subsection 1 of section 9 of the Income War Tax Act, in respect of earned income and in respect of investment income up to $3,000 shall be one-half of the amount calculated according to the schedules therein specified;

Mr. MacNICOL: There seems to be a good deal of uncertainty as to the exact meaning of this paragraph; I am not sure that I understand it myself, but I am sure the minister will be able to give a clear answer.

It now reads:

That in respect of the taxation year 1942 the income tax liability, of taxpayers other than corporations, under subsection 1 of section 9 of the Income War Tax Act—

Here is the part on which I am mixed up.

—in respect of earned income and in respect of investment income up to $3,000. . . .

Does the $3,000 mean the combination of the two, or does it mean the earned income by itself plus $3,000 of unearned income or investment income?

Mr. ILSLEY: The latter is the correct meaning.

Mr. GRAYDON: May I suggest to you with great deference, Mr. Chairman, that in connection with these resolutions which are to be dealt with by the committee, you read them in full. Otherwise members of the committee have not a very good opportunity to deal with them before someone asks that they be carried. They are not very long, and I think it would help the committee if that were done.

Mr. ILSLEY: Can we carry this?

Mr. GRAYDON: Well, I should think not.

Mr. ILSLEY: I was afraid not. This is very important. This resolution provides for relief from overhanging income tax debt through forgoing one-half of the tax liability for 1942 on all earned income, and investment income up to $3,000. It enables the individual to get on a current basis and to pay the tax as it accrues.

Prior to the budget those advocating the adoption of the pay-as-you-earn system had emphasized the tax difficulties facing the person who, for example, joined the armed forces, lost his job or retired from active life to live on a pension. These difficulties will be wiped out by the provisions of this resolution. I feel that I should call attention to this point because, since the budget, while there has been a certain amount of criticism of the income tax provisions both in this house and in the press, there seems to have been little if any recognition of the very far-reaching benefits which flow from this tax-forgiveness provision.

Mr. MacNICOL: No one could believe it.

Mr. ILSLEY: It has been said that the adoption of the pay-as-you-earn system in the form proposed has been used as a method of putting additional burdens on the taxpayers of Canada without raising tax rates, and it has been argued that there should have been a forgiveness of two-thirds rather than one-half of the tax liability. The fact of the matter is that there was no one percentage which would fit all cases. It is true there were only four months of deductions in 1942 of the liability under normal and scheduled tax. But what most people overlook is the fact that the national defence tax was deducted for the full eight months prior to last September, and that national defence tax collected at the source also was in satisfaction of 1942 tax liability. The result of these two sets of deductions is that some taxpayers by December 31, 1942, would have had more than half their 1942 tax already paid in the form of deductions. To forgive a higher percentage than 50 per cent would have meant credits or refunds to this group comprising hundreds of thousands of persons, and the effect would have been in

many cases to lower their tax for 1943 as compared with 1942. It is true that above certain levels of income, and depending upon other factors, the 50 per cent forgiveness will mean that there will be a remaining tax liability for 1942 to be paid during the current year along with the current tax for 1943. In these cases an additional burden will have been imposed as a result of the change over to the pay-as-you-earn system. However, in recognizing this additional burden, one should at the same time point out the advantage to all taxpayers of being on a current basis.

It might be well if I give some examples of the amount of 1942 taxes still to be paid after the 50 per cent forgiveness. For example, a single person earning $2,000 will have $27 to make up in respect of 1942, if he had full savings offsets; he would have $59 to make up if he had no offsets. A married man with no dependents who earns $2,000 in 1942 will have only $2 to make up if he had complete offsets; he will have $43 to make up if he had no offsets. A married man with two dependents who earned $2,000 in 1942 will have overpaid his tax by $5 if he had complete offsets, while if he had no offsets he would still have $17 to pay after the 50 per cent forgiveness.

Mr. GRAYDON: If he has paid $5 more than his 1942 tax, does he get a credit on 1943?

Mr. ILSLEY: He is, I think, entitled to a refund. The committee will readily see that if, for example, two-thirds of the tax for 1942 had been forgiven there would have been substantial refunds in all the cases I have mentioned where there were full savings offsets.

As a general rule, the lower income groups were more nearly paid up on 1942 tax by December 31 than were the higher income groups. But I should like to dispel the idea that even so the cash required to be put up in 1943 will be much greater than the cash that had to be put up in 1942 by the salaried class.

For purposes of illustration I shall take a married person with two dependents and shall assume that on the level of income of which I am speaking there will be complete offsets against savings requirements. In the case of such persons receiving a salary of $5,000 the additional cash to be found in 1943 amounts to $143, or about $12 a month. The $10,000 man would only have to put up $67 more in 1943 than he did in 1942. In the case of the $20,000 man the additional tax to be found in 1943 is only $316. I suggest that those who feel that they are being penalized under the requirements for 1943 should carefully examine these comparisons I have made and reexamine their position as compared with what it was in 1942.

That I think will be sufficient to open the discussion on the matter. I do not know that it is altogether creditable for the government to be arguing that they have not imposed greater burdens or very much greater burdens. We need to get as much money as we can, and I think the fact that we shall this year collect from the people of Canada, if our estimates are accurate, $443,000,000 more than we did in the fiscal year just closed is about right. I think it is about in keeping with what we should expect the people to do. We are raising our total expenditures very considerably; the total expenditures for government purposes will be $5,500,000,000 according to our estimates, and we ought, it seems to me, to raise about fifty per cent of that by taxation. And that we aim to do this year, including the refundable tax. I would feel better if we could raise fifty per cent outside of the refundable tax, but I am doubtful whether we should raise our taxes much higher than they are.

Mr. GRAYDON: I think one mistake the minister made in connection with this from a public relations point of view is that when the budget was brought down it should have been made clearer that some sections of our taxpayers would be obliged to pay in 1943 a higher tax than they had to pay in 1942. My personal exxperience in talking to various people from time to time, not large taxpayers but the average run of the mill taxpayer, was that he took from the general spirit of the budget speech that he would have something less to pay, or at least no more to pay in 1943 than he did in 1942. It may be that in the technical analysis of the whole situation it may be clarified in the minds of a good many. Nevertheless there were a great many people who felt that there was some forgiveness of an immediate cash character, and finally when the matter was more fully explained they found that they had to reorient their thought in that respect. I am not for a moment arguing in favour of lower taxation with the situation of such an urgent character; but on the other hand if you lead the thought of the public into channels where they think there has been some revision downward, it becomes more difficult for them to reorient their position when they find out the whole situation. I know the minister was pressed for time, and I know that on a budget speech every point cannot be covered exactly and every reaction of the public cannot be anticipated. But if the minister had to do it again I feel sure he would make clearer to the public exactly what

the situation was with respect to the 1943 impost. That is one of the criticisms I have heard, and I am passing it on to the minister. It is perhaps too late to do anything about it now, but I think he ought to know the reaction that occurred in some classes.

Mr. ILSLEY: The reaction to the budget of a year ago was that it was very hard. That was the immediate reaction. Then the impression was changed somewhat with the passing of the months; that is, people found it was not as hard as they thought.

Mr. GRAYDON: Is the minister sure about that?

Mr. ILSLEY: I am perfectly sure about that.

Mr. FRASER (Peterborough West): Hard, but they got used to it.

Mr. ILSLEY: No. I follow these things closely, and I know the public reaction very well. This year the reverse was the case; the immediate reaction was that quite a lot had been handed to the public, and then on examination it was found that not so much was handed to the public after all.

Mr. JACKMAN: It was not an election budget after all.

Mr. ILSLEY: Of course it was not.

Mr. GRAYDON: Does the minister mean what he says on that?

Mr. ILSLEY: I certainly do.

Mr. GRAYDON: The minister is much more frank about it than the Prime Minister is.

Mr. ILSLEY: I do not know any reason why I should not say it. But what I wish to say is that the budget speech of last year was strictly accurate in every way, and so was the budget speech of this year. If anyone will read last year's budget speech or this year's budget speech he will find no misplaced emphasis. He will find nothing misleading and nothing inaccurate, either in general or in particular, in either of the speeches.

But the manner in which they strike the public is something one cannot gauge in advance. It depends largely upon how they are reported, and depends upon the conception those who write them up may have. It depends also upon intangible factors which cannot be gauged. I am not to blame for any misapprehensions about either last year's or this year's budget.

Mr. GRAYDON: I thought my criticism was pretty mild.

Mr. ILSLEY: Yes; it was mild, and I was going to acknowledge that it was mild.

Mr. GRAYDON: I meant that it should be, and hoped it would not occur again.

Mr. ILSLEY: I just wished to make a little speech on the most interesting of all subjects, namely public reaction.

Resolution stands.

Progress reported.

CUSTOMS TARIFF

Hon. J. L. ILSLEY (Minister of Finance) moved for leave to introduce Bill No. 60, to amend the customs tariff.

Motion agreed to and bill read the first time.

On motion of Mr. Ralston the house adjourned at 11.05 p.m.

Wednesday, April 7, 1943

The house met at three o'clock.

DOMINION ELECTIONS ACT

AMENDMENT TO REMOVE DISQUALIFICATION OF INMATES OF INSTITUTIONS FOR THE POOR

Mr. ROBERT FAIR (Battle River) moved for leave to introduce Bill No. 65, to amend the Dominion Elections Act, 1938.

Some hon. MEMBERS: Explain.

Mr. FAIR: This amendment is designed to remove the disqualification imposed on inmates of institutions for the poor where such persons are disqualified from voting at a provincial election. The removal of this disqualification will enable all such worthy persons to vote and also remove the existing anomaly of such persons being qualified to vote in some provinces and disqualified in other provinces.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 61, for the relief of Kathleen Ena Ball Royer.—Mr. Abbott.

Bill No. 62, for the relief of Margaret Heddrick Lieth Gauld.—Mr. Claxton.

Bill No. 63, for the relief of Elizabeth Alexandra Ida Robb Lewis.—Mr. Emmerson.

Bill No. 64, for the relief of Joseph Aloysius Lavigueur.—Mr. Casselman (Grenville-Dundas).

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WARTIME HOUSING LIMITED—NEW GLASGOW, N.S., RESTAURANT

Mr. BLACK (Cumberland):

1. What are the prices charged for meals at the restaurant built by Wartime Housing Limited in New Glasgow, Nova Scotia?
2. How many meals were served to lodgers in the staff houses in February, 1943, and at what prices?
3. How many meals were served to other persons in February, 1943, and at what prices?
4. Does this restaurant pay taxes or licence fees to the town of New Glasgow? If so, how much per year?
5. Is this restaurant subsidized by the government or by war industries? If so, how much per year?
6. What is the deficit for January and February, 1943, and the estimated deficit for 1943, and by whom is it payable?

Mr. HOWE:

1. Occupants of staff houses are charged $8.50 per week for room and board. Single meals are charged at 40 cents per meal and 30 cents per meal to staff employees.

2. Occupants of staff houses were served 1,749 meals in February, 1943.

3. (a) 494 meals were served to other than occupants of the staff houses in February, 1943. These included meals to employees in the cafeteria, workmen engaged in completing the installation, and guests of the occupants of the staff houses; (b) See answer to 1.

4. An agreement is now being negotiated with the town of New Glasgow covering service charges to be paid to the municipality for services rendered to Wartime Housing Limited.

5. No.

6. $555.83 was the restaurant deficit for January and February, 1943. We do not anticipate a deficit for the year 1943.

CANADIAN ARMY—OFFICERS AND MEN ON HEADQUARTERS STAFFS

Mr. TUSTIN:

1. Is there any age limit beyond which officers are not sent overseas with or to join our army overseas?
2. If so, what is the limit?
3. Are officers or men medically fit under 30 years of age employed on the headquarters staff, (a) in Ottawa, (b) overseas?
4. If so, how many?

Mr. RALSTON:

1. Yes.

2. (a) Reinforcement officers, Canadian armoured corps, Royal Canadian artillery and infantry must be:—major under 43 years of age; captain under 38 years of age; lieut. under 33 years of age.

Reinforcement officers, other arms and services must be; major under 43 years of age; captain under 40 years of age; lieut. under 36 years of age.

(b) Officers and other ranks, other than reinforcements, are subject to review before proceeding overseas and only in special circumstances are they dispatched if they have passed the review age for their rank in their respective arm or service as follows: Canadian armoured corps, Royal Canadian artillery and infantry:—Lieut.-colonel 48 years; major 43 years; captain 38 years; lieut. 33 years.

Other arms and services:—Lieut.-colonel 48 years; major 43 years; captain 40 years; lieut. 36 years.

3. (a) Yes. (b) Yes.

4. (a) Ottawa, officers 114, other ranks 501—as at 27 Mar. 43; (b) overseas, officers 39, other ranks 125—as at 30 Mar. 43. Note: The figures for overseas headquarters do not include the officers and other ranks employed at army, corps and other headquarters in the field.

Most of the younger officers and men serving at headquarters are junior staff officers, technicians, and specialists appointed for a temporary tour of duty. In this way, these officers and men acquire experience in staff duties and methods before being posted to field formations and units.

INDUSTRIAL ALCOHOL

Mr. BENCE:

1. Approximately what amount of industrial alcohol will be used in Canada in 1943?
2. Will any industrial alcohol be imported into Canada in 1943?
3. Will any industrial alcohol be exported from Canada in 1943?
4. Was any of the industrial alcohol produced in Canada in 1942 purchased by the federal government or any of its agencies?
5. If so, how much was so purchased and what price per gallon was paid therefor?

Mr. HOWE:

1. Approximately 7,500,000 gallons.
2. No.
3. Yes.
4. Yes.
5. Approximately 2,000,000 gallons. The bulk of this alcohol was made from molasses imported by the government in 1941 for government projects. This was turned over to distillers for conversion into alcohol at a cost of 22 cents per gallon of alcohol, which price represented actual cost and a small profit for

conversion only. The molasses was secured through the sugar board of the United Kingdom to produce alcohol for use in plants working on United Kingdom orders.

LABOUR REPRESENTATION ON WAR BOARDS

Mr. BENCE:

1. What boards have been set up by the government since the beginning of the war?
2. On which of these boards is there a representative of labour?
3. Who are such representatives, what boards are they on and what are their labour affiliations?

Mr. BENCE: In view of the fact that most of the information requested in this question is contained in a return handed down the other day, I would ask that the question be dropped.

Question dropped.

NO. 1 RATION BOOKS

Mr. DIEFENBAKER:

1. How many No. 1 ration books were issued?
2. What was the cost?
3. How many of these books were distributed prior to the issue of ration book No. 2?
4. Were any of these books undistributed or left over when ration book No. 2 was issued?
5. If so, how many, and what was done with them?

Mr. ILSLEY:

1. The number of No. 1 ration books issued was approximately 11,870,000.

2. Cost of issuing No. 1 ration books exclusive of postage, $180,050.

3. See answer to No. 1.

4. There were 13,000,000 No. 1 ration books printed of which approximately 11,870,000 were issued.

5. Approximately 1,130,000. These extra ration books were necessary in order to provide for claims for defective books, lost books, books destroyed and mutilated, new applications and books issued to men in the armed forces in Canada who were placed on "permanent subsistence lists."

The undistributed No. 1 ration books were destroyed by fire in the presence of authorized officers of the wartime prices and trade board as there are too many hazards involved to release ration documents into the ordinary salvage channels.

CANADIAN FORCES—AGREEMENT WITH THE UNITED STATES RESPECTING NATIONALITY OF RECRUITS

Mr. POULIOT:

1. Is there an understanding, an arrangement or an agreement of any kind between the government of the United States and the dominion government regarding the nationality of trainees or recruits, or conscripts, under twenty-one years of age, who were born in United States of British parents, or who were born in Canada of American parents?
2. If so, what is it?
3. In both above mentioned cases, at what age do the parties concerned have a right of option for their citizenship and in virtue of what authority?

Mr. MACKENZIE KING:

1. No.
2. Answered by No. 1.
3. (a) Under section 17 of the Naturalization Act such option may occur at the age of 21. (b) It is understood that somewhat similar provisions exist under the United States Nationality Act of 1940 with respect to persons in a corresponding position under United States law. However, the age after which a person can divest himself of United States citizenship in such cases is 18.

WARTIME HOUSING LIMITED—STORAGE OF MATERIALS IN TORONTO

Mr. NICHOLSON:

1. Are supplies of plumbing, heating, electrical and other building materials, being stored by Wartime Housing Limited at 111 Stevenson avenue, Toronto?
2. If so, what is the total value of supplies on hand?

Mr. HOWE:

1. Yes.
2. $47,560.53.

*GASOLINE RATIONING—INDUSTRIAL WORKERS WHO ASSIST FARMERS

Mrs. NIELSEN:

What action is the government taking towards allowing special gas rations for organized groups of industrial workers who are pledging to give their evenings and weekends to assisting farmers in the surrounding country for spring planting?

Mr. HOWE: No action has been taken but the matter is being studied.

UNITED NATIONS MUTUAL AID—ADMINISTRATION STAFF

Mr. GILLIS:

1. Is Karl C. Fraser, formerly of Nova Scotia, employed by the administration of Canada's billion dollar mutual aid (Canadian lend-lease) programme?
2. If so, in what capacity?
3. What are his qualifications for this post?
4. What salary and other remuneration does he receive?
5. What are the chief duties of the officials placed in charge of this programme?
6. What authority is given to them in drafting recommendations with regard to applications for lend-lease from our allies?

Mr. HOWE: Answered by the minister, page 1830, *Hansard*, column 1, April 5, 1943.

QUESTIONS PASSED AS ORDERS FOR RETURNS

H. M. C. S. "CHIPPAWA"

Mr. TUSTIN:

What are the full particulars of the contracts let in connection with the total of $34,723 for alterations to existing buildings in connection with H.M.C.S. *Chippawa*, Winnipeg, Manitoba, set forth in sessional paper No. 221, 1943?

Mr. MACDONALD (Kingston City): Return tabled.

Mr. KNOWLES: May I ask the minister to explain why the answer to the question has been made an order for return instead of being put on *Hansard*?

Mr. MACDONALD (Kingston City): The reason for making the answer in the form of a return is that it would be quite lengthy. It involves a great deal of detail, and some of the items mentioned concern very small amounts. In such cases it is the common practice to have the answer tabled in the form of an order for return.

MILITARY SERVICE—APPLICATION OF CATEGORIES

Mr. HANSELL:

1. What are the various categories in which men called for military service are placed?

2. Do these same categories apply to those who enlist voluntarily?

3. Which of these categories are inducted into the services and which are permitted to return home?

Mr. RALSTON: Return tabled.

CHIEF ARMY RECRUITING OFFICER

Mr. FRASER (Peterborough West):

1. Who is the chief army recruiting officer in Ottawa?

2. Does his authority extend beyond the city? If so, to what districts?

3. What is his military rank and what are the pay and allowances for this rank?

Mr. RALSTON: Return tabled.

RECIPROCAL TRADE RELATIONS—EXPORTS

Mr. DORION:

1. During the twelve months preceding September 1, 1939, with what countries did Canada maintain reciprocal trade relations, and what was the total exports from the dominion to each of these countries during the above period?

2. During the twelve months preceding March 1, 1943, what were the countries with which Canada maintained reciprocal trade relations and what was the value of exports from Canada to each country during the above period?

[Mr. Howe.]

CANADIAN ARMY—FURLOUGH AND EMBARKATION LEAVE

Mr. CASTLEDEN:

1. Are men who have enlisted in the army being granted a furlough after six months?

2. Is any travelling time allowed on such leaves?

3. What restrictions are placed against men being granted embarkation leave or six months service furlough?

4. Are the regulations and restrictions governing embarkation leave and six months service furloughs uniform in each of the three branches of the armed services?

Mr. RALSTON: This question refers to all three services and should be made an order for return.

CANADIAN FORCES—ALLOWANCES

Mr. LAFLAMME:

1. Has an order been issued or a regulation passed permitting a member of the armed forces to secure an allowance for a woman he is supporting in addition to his wife?

2. If so, what is the text of the order or rule, and when was it first put in force?

Mr. RALSTON: Return tabled.

R.C.A.F. ELEMENTARY FLYING TRAINING SCHOOLS

Mr. DIEFENBAKER:

1. How many elementary flying training schools are in operation in Canada?

2. Where are they located?

3. Are any of the said schools owned or operated by the government or the Royal Canadian Air Force?

4. What is the capitalization of each of said companies?

5. When did each of the said schools commence operation?

6. Who is the manager, assistant manager, and secretary-treasurer, and/or treasurer, in each of the said schools, and what salary does each receive?

7. How much did each of the said companies receive as the management fee, and what expenditures of said fee have been made for each lunar month since commencement of operations to date?

8. How much did each of said companies receive for every 24-week period since commencement of operations for operation and maintenance, and what was the disbursement for each said period under this head?

9. What percentage of the proceeds on hand of "operation and maintenance" does the operating company receive at the termination of contract?

10. What were the profits before payment of taxes made by each of the said companies in each 24-week period since commencement of operations, (a) when consideration is given to

the company's share of the savings under operation and maintenance; (b) when no consideration is given?

11. What profit per flying hour is provided in the agreement between the government and each of the said companies, (a) now; (b) at the commencement of operations; and what reductions have been made thereof, and when?

12. (a) Which of said companies are turning back all profits made to the government; (b) which of said companies pay a dividend to the shareholders; (c) to whom are the profits made by each of the other companies payable at the termination of the contract or the conclusion of the war?

CANADIAN FORCES—RAILWAY RATES—MEALS WHILE TRAVELLING

Mr. CHURCH:

1. Does the curtailment of special weekend tickets on railways apply to soldiers on leave?

2. What are the present fare rates on Canadian railways for soldiers of all classes on leave?

3. What reduction for meals has been made to soldiers travelling on railways within Canada or at railway lunch counters?

CANADIAN FORCES—RELIGIOUS AFFILIATIONS

Mr. CHURCH:

What are the number of officers and men in the active service forces of the army, navy and air force, with their religious affiliations as set out on their attestation papers down to the end of 1942?

Mr. RALSTON: I do not think the service departments have this information on the documents. A somewhat similar question was asked last year and we had a survey made of a certain proportion of the troops and worked the thing out on a percentage from that. I will endeavour to give the information subject to that reservation, and ask that the question be made an order for return.

Mr. CHURCH: I see no reason why the information should not be given just as it is in Great Britain. The attestation papers give this information to the end of 1941 now, and it is in the public interest that the information should be furnished.

Mr. RALSTON: If we have the information on the enlistment papers it will be given. It means going over the attestation papers of probably six hundred thousand men, and I question whether the information is of sufficient importance to take the time of officers away from other jobs. But if the information would be satisfactory on a percentage basis we could give that.

INTERNMENTS—RELEASE TO ATTEND UNIVERSITIES

Mr. CHURCH:

1. Were some two hundred and thirty alien refugees released from internment to attend Canadian universities?

2. If so, on what terms, for how long and what will become of them when the universities close?

3. Who authorized this?

4. Will they be returned to internment?

5. Did the British government ask university training for these persons?

6. If not, who did?

7. Was any conference held with Canadian universities on the subject?

8. Are these students under any public observation or regulations?

9. Is their mail censored?

WARTIME PRICES AND TRADE BOARD—TORONTO PROSECUTIONS

Mr. CHURCH:

1. Who are the enforcement officers, legal and otherwise, of the wartime prices and trade board at Toronto?

2. What are their names, salaries and other emoluments, and how many are returned soldiers?

3. Has the government taken action to fix maximum fines in the Toronto police court for minor technical or other breaches of this board's regulations?

4. How many prosecutions were made by provinces during 1942 and to the end of February, 1943?

5. Are municipal or provincial gaols used to house those convicted, and how many by provinces have been imprisoned?

6. Is time allowed to pay these fines?

MOTIONS FOR PAPERS

CANTEENS

Mr. MARSHALL:

For a statement showing the financial position at December 31, 1942, of (a) canteens operated by the auxiliary services organizations (army), (b) canteens operated by units and formations (army), (c) canteens operated by the auxiliary services organizations (navy), (d) canteens operated by the air force, (e) overseas canteens (N.A.A.F.I.).

Mr. RALSTON: Mr. Speaker, after consultation with the hon. member and with the departmental officers I find that we can give a statement showing a combined summary of the financial position as at December 31, 1942, (a) canteens operated by auxiliary services organizations (army), and (b) canteens operated by units and formations (army). With regard to (e) the department has no financial statement showing the position up to December 31, 1942, and it would take some time to get it even if it were obtainable for production. I suggest that the resolution be passed calling for a combined summary of the financial position which I have mentioned, and that we drop clause (e) until we see whether this statement can be obtained for production.

Mr. POWER: The information in reply to (d) can be produced.

Mr. MARSHALL: That will be satisfactory.

CANADIAN BROADCASTING CORPORATION—
D. G. MCKINSTRY AND H. M. O'NEILL

Mr. MAYBANK:

For a copy of all letters, agreements, telegrams and any other documents in the possession of the Canadian Broadcasting Corporation relating to the services of Mr. D. G. McKinstry, chief architect, and Mr. H. M. O'Neill, assistant broadcasting engineer, with the Free French forces of General Charles de Gaulle, including those letters, telegrams and other documents relating to the dismissal of Mr. H. M. O'Neill from the Canadian Broadcasting Corporation following his services with such forces.

Mr. MAYBANK: Mr. Speaker, after conferring with the minister I ask that this motion be dropped.

Motion dropped.

SALE AND DELIVERY OF MILK IN SAINT JOHN, N.B.

Mr. HAZEN:

For a copy of all telegrams, letters, correspondence, memoranda and other documents exchanged between the federal government and New Brunswick dairy products commission from January 1, 1942, to date, in connection with the sale and/or delivery of milk in Saint John, N.B.

CIVIL AIR TRANSPORT

STATEMENT WITH RESPECT TO POLICY AS TO DOMESTIC AND INTERNATIONAL AVIATION

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, on Friday last, subsequent to the statement of the Prime Minister on the government's policy on domestic and international aviation, I asked him if he would indicate when he expected the negotiations between the various nations on this subject to begin, and also if he would indicate whether or not there had been any preliminary discussions on the subject between the united nations and others who might be involved. At that time the Prime Minister answered that he was not in a position to indicate when negotiations would be formally commenced between the united nations, but with regard to the point raised as to preliminary discussions, he asked that my question stand as a notice, so that more exact information might be given at another time. I should like to ask the Prime Minister if he is now in a position to inform the house of the nature and extent of the preliminary discussions, if any, which did take place prior to his making the announcement to which I have referred, and also if there have been since any formal or informal communications or discussions between any other nation and Canada with respect to the subjects dealt with in his announcement, and if so, the nature of such communications.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, my hon. friend will see from the statement I have in my hand that I had intended to answer his question to-day. I would answer it in this way.

Some aspects of the problems of international air transport after the war have already been the subject of informal discussions with the other governments most directly concerned. The general problem raises broad questions of principle which affect all the united nations, and it may be expected that in due course we shall be exchanging views with them.

In the statement I have just made there is reference to informal discussions with other governments.

On a previous occasion in this house, on March 10, a question was asked as to whether talks had taken place between Canada and the United States concerning post-war civil aviation. I replied:

In the frequent discussions which take place between officers of the Canadian Legation in Washington and officers of the State Department on questions of common concern, reference has been made to the problems of post-war civil aviation.

I might add that in a statement made on March 11 in the British House of Commons by the Secretary of State for Air, Sir Archibald Sinclair said:

None of the arrangements we have made during the war with regard to air transport in any part of the world precludes us from working out new plans. Our exploration work is, in fact, in hand and we are now in preliminary consultation with the dominions and with India. Consultations with other members of the united nations will follow.

The consultation there referred to was two or three meetings that were called of the high commissioners in London at which certain matters of air transportation were communicated by the British government to our high commissioners for their information and transmitted by them to their respective governments. That covers I think all that I am in a position to say on the matter at the present time.

Mr. GRAYDON: May I supplement my question to the Prime Minister by asking one further question, and if this is not an appropriate question to ask he will no doubt take

the necessary action. I would ask him if the questions I have raised were the subject of discussion between the Prime Minister and Mr. Eden when he was here.

Mr. MACKENZIE KING: Well, very informally, I would say.

GASOLINE

RATION REGULATIONS—ALLOTMENTS FOR MARKET GARDENERS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister of Munitions and Supply. He need not appear surprised that I have not given him notice of this question, because it is following up a previous question I directed to him on March 24, in which I asked:

Perhaps in view of the fact that I have not given him notice he might treat the question as notice.

I said at that time:

I have had some correspondence from people operating small farms, and from market gardeners, who indicate that in their applications for gasoline rationing this year those who are using their cars for delivery purposes and in connection with their businesses are apparently being treated as ordinary car owners.

I then asked the minister if he would—

. . . consult with the oil controller and perhaps make some regulation which would relieve the situation so far as these people are concerned.

The Minister of Munitions and Supply was good enough to suggest that he would consult with the oil controller and give me the information on another occasion. Since that time I have had further communications from market gardeners with respect to coupons for gasoline for the cars they are using in connection with their business in various places. Is the minister in a position to-day to indicate what the oil controller had to say in connection with it?

Hon. C. D. HOWE (Minister of Munitions and Supply): Mr. Speaker, the policy of the oil controller this year differs from the policy last year in that people are not rationed by classifications. A doctor is not rationed in an amount equivalent to that of every other doctor, and a market gardener is not rationed proportionately with every other market gardener. Each application is judged on the basis of need, and when proof of need is given the attempt is made to provide relief proportionately as applied to all other car users. I think, if these users will take their cases to the oil controller, they will receive consideration from him.

Mr. GRAYDON: I have in mind one particular case which has been already refused, and I think it is one which should be reconsidered and reviewed. I would like to give the case to the minister so that he may, perhaps, deal with it.

Mr. HOWE: I may say that never since the beginning of oil control have I reversed a finding of the oil controller, and I have no intention of doing that. I should be very glad if my hon. friend would present the case to the oil controller.

Mr. GRAYDON: I was not asking the minister to reverse any decisions. I only asked if he would himself review the situation and see if there was an opportunity of doing something in this instance.

MR. JOHN BRACKEN

REFERENCE TO NEWS ITEM IN PRESS OF APRIL 6

On the orders of the day:

Mr. W. H. GOLDING (Huron-Perth): Mr. Speaker, I desire to draw the attention of the Minister of National Defence to a news item carried in the press which draws attention to an outstanding incident of conspicuous bravery involving a great contribution to our war effort. This news item refers to a gentleman who recently, in the face of great danger, watered some calves, drank some milk, tasted some sap, and, more remarkable still, actually milked a cow.

Some hon. MEMBERS: Order.

Mr. GOLDING: Such bravery surely deserves recognition. I therefore give the name of this hero.

Mr. SPEAKER: Order.

Mr. GOLDING: —which is, John Bracken.

MILITARY SERVICE

TEMPORARY PERMITS TO FARM WORKERS FOR EMPLOYMENT IN INDUSTRY

On the orders of the day:

Mr. H. A. MacKENZIE (Lambton-Kent): Mr. Speaker, in view of the shortage of farm labour I would like to direct a question to the Minister of Labour. What steps have been taken to see that farm workers who have been employed in industry or construction work under permits during the past few months are being directed back to the farms for spring work?

Hon. HUMPHREY MITCHELL (Minister of Labour): Men who are in essential industry are granted postponement from military service because they are essential to agriculture. During the non-active farming season they are given temporary permits to accept employment in industry, primary or otherwise, which permits expire when the seasonal farm work starts.

A number of farmers are working on temporary permits in many industries in Canada. The managers of employment and selective service offices across Canada have been notified that men at present in industry are to be reassigned to farms just as soon as the farm work opens up.

My hon. friend, who probably knows more about farming than I do, will understand that the farming season opens at different times in different parts of the dominion; and we felt that it was the best thing to do to leave farmers in this temporary employment until farming conditions opened up for the spring season. If the temporary permits authorizing them to engage in employment other than farming expire prior to the date the farm work opens up, managers in all districts have been authorized to arrange continuation of the temporary employment for as long a period as is consistent with the farming needs, and, in individual cases, when the employment is in the national interest. May I say it is very necessary that farmers notify the nearest employment office of their requirements for men or women in order that the employment offices may plan the placement work intelligently.

Mr. LOCKHART: I have a further question which has a direct bearing on the statement just made by the Minister of Labour. I understood the minister to say in effect that those who were urgently in need of help on the farm were to apply to the national selective service board, and that their applications would receive immediate attention. I will give the minister complete information in writing. Are the national selective service boards in a position to divert labour from industry to meet this most urgent situation which I will bring to the minister's attention? They have already said they cannot do so, that they have no authority.

Mr. MITCHELL: My hon. friend will remember that I spoke of men who came from the farm into industry during the winter season. Of course they will have to return to the farm for the summer. They had permits for the winter. My hon. friend can rest assured that these people will go back to the farms.

Mr. LOCKHART: One further question. Advice has been given in this instance that men might be obtained from certain camps, men who object to doing military service. Will the minister explain the method of payment in that case? Are these men to be paid the regular wages, or is the money to be paid to the government, the men to receive what the government has set as the wages allowed to men who will not perform military service? There is a conflict in that respect.

Mr. MITCHELL: There need not be any conflict. We are not going to let anyone compete unfairly with the going rate of wages in the district. What is contemplated under the order in council is that the maximum amount that can be paid to these people is $25 a month and board. Anything additional will be paid to the Red Cross. If the going rate is $40 a month and board, the man gets $25 and the balance is paid to the Red Cross.

Mr. SHAW: Is there not a regulation which provides that a farmer who obtains a permit for temporary employment in industry may be kept there if his services are essential to industry?

Mr. MITCHELL: I am not quite clear as to my hon. friend's question. Which industry?

Mr. SHAW: A farmer has obtained a permit to take temporary employment in a war industry; according to the regulations can he not secure a further permit to remain in the war industry if it can be shown that his services are essential to that industry?

Mr. MITCHELL: I do not want to give too definite an answer. The exception does not prove the rule. But I do not think the services of any farmer who left the farm, say this winter, to go into industry, would have become so essential to that industry as to warrant his being kept there. He should go back to the farm.

Mr. SHAW: The minister says he should go back. What I should like to know is whether or not he will be compelled to go back.

Mr. MITCHELL: I say he will go back in that case. But the exception does not prove the rule.

INQUIRY OF THE MINISTRY

PROCEDURE IN QUESTIONS ON THE ORDERS OF THE DAY

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I wish to direct a question to the Minister of Finance or the Minister of Agriculture. I am in receipt of a telegram from certain independent meat packers and processors in Vancouver in which the charge is made that orders issued by the wartime prices and trade board and by the bacon board favour eastern packers as against western packers. A charge of this nature is serious and should, I think, be replied to without delay.

Mr. SPEAKER: The hon. gentleman will understand that this question is clearly of the kind which should not be asked on the orders of the day.

Mr. MacINNIS: If this is a question not to be asked in the house, what sort of question can be asked? I have listened—

Mr. MITCHELL: Order. Mr. Speaker has given his ruling.

Mr. MacINNIS: I want to raise a point of order.

Some hon. MEMBERS: Order.

Mr. MacINNIS: Well, I rise to a question of privilege.

Mr. MACKENZIE KING: Mr. Speaker is standing.

Mr. SPEAKER: I have listened to the question asked by the hon. member, and I am satisfied that the minister should not be asked to reply at this moment to a question of that kind. The order paper is there, and notice can be given of such a question, which will certainly require some consultation with the officers of the department.

Mr. MacINNIS: On a point of privilege, Mr. Speaker, I cannot see how this question can be put on the order paper. Besides that, the last time I tried to raise a question in this house I was not allowed to do so.

Mr. SPEAKER: I might point out to the hon. member that if a question cannot be placed on the order paper it would hardly be relevant to ask it on the orders of the day.

Mr. COLDWELL: I wonder if we might have a ruling on what questions may be raised and what may not be raised on the orders of the day. Telegrams have been read in this house during the last week by a number of hon. members in other parts of the house, but the hon. member for Vancouver East (Mr. MacInnis) has been stopped twice in trying to read telegrams. I should like to have a statement as to what this ruling is, and let it apply to everyone in the house.

Mr. SPEAKER: I made a ruling very recently with regard to questions on the orders of the day. I thought I made it plain then that questions involving matters which were not of immediate urgency, or not so immediate that they could not be placed upon the order paper, should not be asked on the orders of the day. I tried to explain this very carefully, and without any desire to limit such questions as are of immediate urgency. But I find that questions are asked and, as soon as they are answered, supplementary questions are then put. Hon. members realize, I am sure, the position of the chair with regard to questions of this kind. When questions involving matters which do not require an immediate reply are placed on the order paper, with the notice required, an opportunity is given to obtain the necessary information. I think this is clear to hon. members, and I hope they will observe the ruling I gave.

PRIVILEGE—MR. FOURNIER

REFERENCE TO PRESS REPORT AS TO PURCHASE OF RUGS BY DEPARTMENT OF PUBLIC WORKS

On the orders of the day:

Hon. ALPHONSE FOURNIER (Minister of Public Works): Mr. Speaker, I rise to a question of privilege. In one of the editorials in yesterday's issue of the Montreal *Gazette* appears this paragraph:

> For example, there was the incident which led to Colonel John Thompson's resignation as director of office economies. Two rugs worth $500 each had been bought for the Department of Public Works. The purchases ought to have been submitted for Colonel Thompson's approval, and they were not so submitted. Colonel Thompson resigned.

I wish to say this, Mr. Speaker: With the exception of the last sentence, "Colonel Thompson resigned", the remainder of the paragraph is not in accordance with the facts. There have been no rugs purchased by the Department of Public Works, for which $500 was paid, from October 7, when I was sworn in as minister, to this date. I wish right now, so that there may be no misunderstanding, to give a list of the rugs which were purchased since that date.

Some hon. MEMBERS: Order.

Mr. FOURNIER (Hull): I think that is in order.

Mr. SPEAKER: I do not wish to interrupt the minister, but I cannot think that is a statement which should be made by him now, or that can be covered as a question of privilege.

Mr. FOURNIER (Hull): This matter has been brought up in the house, Mr. Speaker, and discussed in the press. I wish to say—

Mr. SPEAKER: Order.

Mr. FOURNIER (Hull): I was charged with being afraid to mention it.

Some hon. MEMBERS: Order.

Mr. SPEAKER: I must point out to the minister that at present a committee of the house is dealing with these matters, and the minister's question of privilege should really be placed before that committee.

FARM DEBT

INQUIRY WITH RESPECT TO DEBT ADJUSTMENT LEGISLATION

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, in connection with the necessity for early action concerning debt adjustment legislation, I would ask the Minister of Justice whether or not a decision has been made with respect to debt adjustment, and whether legislation will be introduced before the Easter recess.

Hon. L. S. ST. LAURENT (Minister of Justice): This matter has been raised in the house before, and I said then I was not in a position to make a statement. I need not say that the matter has been receiving very earnest consideration.

At this time, however, I can say that in February, 1943, the privy council held the Alberta debt adjustment act to be ultra vires because it was in relation to bankruptcy and insolvency, mainly for the reasons that the statute was designed to compel compositions and prevented enforcement of claims so that there could be no "debt owing" within the meaning of the Bankruptcy Act. As all hon. members know, on the other hand it had been held that the Farmers' Creditors Arrangement Act is valid legislation within the jurisdiction of the federal parliament, but it is clear that this jurisdiction is confined to parliament's right to legislate in respect to bankruptcy and insolvency.

A bill to amend this act is being prepared to make it a more effective instrument and to extend its application to Manitoba as well as Saskatchewan and Alberta, but it is not probable that this bill can be introduced, and it certainly could not be enacted, before the Easter recess.

While the jurisdiction of parliament is ordinarily limited to bankruptcy and insolvency, it is felt that as a war measure provision might be made to maintain, for the duration of the war, the production of foodstuffs, and to that end keep on the land in the western provinces every farmer who is an efficient food producer. It is therefore intended to enact by order in council a provision somewhat similar in purpose and effect to the provision contained in section 15 of the Saskatchewan statute, "The Limitation of Civil Rights Act."

It may be noted that this provision was first enacted in Saskatchewan in 1939, and is designed to enable the court in an action for the recovery of land (foreclosure, sale, specific performance, rescission of agreement or possession of land), to make an order for the temporary relief of the debtor.

Subsection 1 of section 15 aforesaid provides as follows:

15. (1) In an action:

(a) By a mortgagee, or his personal representatives or assigns, for foreclosure of the equity of redemption, or for sale or possession of the mortgaged premises or for the recovery of any moneys payable under the mortgage;

(b) by a vendor of land, or his personal representatives or assigns, for specific performance or cancellation of an agreement for sale of land, or for sale or possession of land sold under agreement of sale;

The court or judge may, after making such inquiries as are deemed necessary concerning the income and assets of the parties and all other matters which may appear relevant, grant or refuse to grant any order, stay the action, postpone payment of any moneys due, prescribe terms and conditions to which any order shall be subject, vary or extend any order from time to time, and give any direction as to costs; and in disposing of any application the court or judge shall have and exercise discretion in each case and shall act upon its or his own view of the proper order to be made having regard to all the facts and notwithstanding any order or ruling heretofore made at any time in any other action.

CANADIAN FORCES

TELEGRAPH AND TELEPHONE COMMUNICATION SERVICES

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, while listening to the news broadcast over the radio a few nights ago I heard some information of public interest which has not yet been conveyed to the house. It had to do with a new crown company for the amalgamation of telegraph and telephone lines. Will the Minister of Munitions and Supply give the House of Commons at least the same information as was given to the public over the radio?

Hon. C. D. HOWE (Minister of Munitions and Supply): The purpose of the crown company mentioned is to undertake the building of certain communications lines required by the armed services. I shall be glad to lay on the table an order in council covering the situation.

INTERNATIONAL CURRENCY

STABILIZATION OF POST-WAR CURRENCIES ON A BASIS OF GOLD

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Yesterday the hon. member for Lethbridge (Mr. Blackmore) asked a question about a plan for the international stabilization of world currencies after the war, which had been referred to by the secretary of the treasury of the United States. This plan has been communicated to the Canadian government and to the governments of other countries as a basis for discussion rather than as an expression of the official views of the government of the United States. It is now under examination by officials in Ottawa. A plan which has very similar objects in view has also been prepared by officials of the United Kingdom government. It too is under examination by our officials.

I might suggest that if the hon. member so desires I would have the two plans printed, in so far as they have been published by the governments of the United States and Great Britain respectively, and tabled. If after hon. members have studied them it should be desired to have a discussion upon them in the house, a time might be conveniently arranged for that purpose.

Mr. BLACKMORE: I should like very much to have the Prime Minister do that very thing. I believe a full discussion should be had with regard to it.

Mr. COLDWELL: May I ask if the statement in the press to-day is correct, that the deputy minister of finance is in Washington to discuss this proposal with Mr. Morgenthau?

Mr. ILSLEY: No, that is incorrect. Doctor Clark went on other business.

WAYS AND MEANS

ADDRESS OF B. K. SANDWELL BEFORE LEAGUE OF NATIONS SOCIETY IN OTTAWA

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of ways and means.

Mr. NORMAN JAQUES (Wetaskiwin): A report appeared in the press last week which I should like to bring to the notice of the house. This report appeared in the Ottawa *Citizen* of April 1 last.

New "authority" to guide affairs seen by Sandwell.

A "supranational authority" with power to settle questions of immigration, natural resources, treatment of minorities, repudiation of debts, finance and other questions was predicted by B. K. Sandwell of Toronto in an address before the Ottawa branch of the League of Nations Society last evening in the railway committee room of the senate.

To bring about Canada's acceptance of the new "authority" however, Mr. Sandwell said it would be necessary to bring all the people to a diminution of their loyalty of the crown by substituting a new loyalty to an "authority wider than Canada, than the British commonwealth of nations, and the United States or all the democracies together . . ."

Mr. Sandwell said—

. . . it is up to such organizations as the league to endeavour to develop among Canadians "the will to sacrifice a substantial part of their national rights" for this new "authority".

I should like to ask the government, or perhaps the Minister of Justice (Mr. St. Laurent) whether it does not constitute sedition, especially perhaps at this time, for a man to make statements to the effect that Canadians, British subjects, must renounce their loyalty to the crown, as to which every hon. member of this house has taken his oath before taking his seat in the house.

Mr. SPEAKER: There is so much conversation in the house that it is impossible for me to hear the hon. member.

Mr. DUPUIS: In what paper did the report appear?

Mr. JAQUES: In the Ottawa *Citizen* of April 1, the day Mr. Eden spoke in this house, on which occasion I think the Prime Minister

charged Mr. Eden to take back to His Majesty an assurance of the united loyalty of the people of Canada. The *Citizen* reports a meeting held on that same day in this very building, at which it was openly advocated that Canadians should renounce their loyalty to the crown in favour of a wider authority, wider than Canada, wider than the British commonwealth, wider than the United States or than all democracies. If that is not sedition I should like to know what it is.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I imagine the question is one to which the Minister of Justice would prefer to reply rather than that I should attempt to do so. No doubt the Minister of Justice will take note of what my hon. friend has said and give such answer, if any, to him as he may deem advisable after seeing what the hon. member has said. However I would say that I understand it is a general rule that the government does not of itself inform the house on matters of law. It is not part of the duty of the ministry, or of the Minister of Justice in particular, to advise as to whether a particular matter constitutes sedition. That is something that the courts would decide. It would not be for the government to express an opinion in advance.

Mr. E. G. HANSELL (Macleod): Referring to the matter on which the hon. member for Wetaskiwin (Mr. Jaques) has just spoken, may I say that it is not merely a matter of asking the Minister of Justice to give an interpretation of the law as to what constitutes sedition. I think the hon. member might have gone further, had his voice permitted, and brought to the attention of the Minister of Justice and of this house the fact that there are dangerous forces at work, sometimes not appearing in the open, that would attempt to destroy the sovereignty of the British crown. I am surprised that the traditional Conservative party in Canada have not been alive to this situation. Perhaps they have become so "progressive" they have forgotten that sometimes the traditional aspect of Conservatism has some value. It does seem strange to me, Mr. Speaker, that on the very day Mr. Eden was speaking to us in this house, the very day that the Prime Minister of Canada should send by Mr. Eden to Their Majesties the felicitations of Canada, within this very building, in a certain committee room, there should appear before the hon. gentlemen who usually sit in another place a speaker who would give an address such as is recorded in the press dispatch appearing in the Ottawa *Citizen* of April 1.

[Mr. Jaques.]

Mr. GRAYDON: If I may just ask my hon. friend a friendly question, on account of the noise in the chamber I was unable to follow the remarks of the hon. member for Wetaskiwin (Mr. Jaques), and now that the hon. member for Macleod (Mr. Hansell) has made some sort of reference to the Progressive Conservative party I should like to know what he is referring to.

Mr. HANSELL: I shall be glad to read part of the article which should elucidate the matter. It appears on page 8 of the Evening *Citizen* of April 1, under the heading, "New 'Authority' to Guide Affairs Seen by Sandwell." The particular part to which the hon. member for Wetaskiwin and many of us take exception is this:

> A "supranational authority" with power to settle questions of immigration, natural resources, treatment of minorities, repudiation of debts, finance and other questions was predicted by B. K. Sandwell . . .

And further:

> . . . it would be necessary to bring all the people to a diminution of their loyalty to the crown by substituting a new loyalty to an "authority wider than Canada, than the British commonwealth of nations and the United States or all the democracies together and might even become wide enough to enfold the whole human race."

And further:

> "Even while the world is being administered by these four nations—

I suppose he means the united nations.

> —the peoples of Canada, Australia and other countries will be preparing for a more constituted structure of affairs," Mr. Sandwell declared, saying that it was up to such organizations as the league—

He was speaking to the League of Nations Society.

> —to endeavour to develop among Canadians "the will to sacrifice a substantial part of their national rights" for this new "authority."

One thing the Canadian forces are fighting for is the traditional principles for which the British commonwealth of nations has always stood. One thing for which we are fighting is the preservation of the sovereignty of the British crown. Let it go on the record now—the Conservative party can put itself on record also if it wishes—that there is one thing for which social crediters stand. You can call them funny money men, if you like; you can call them crackpots, if you like, but there is one thing for which they stand, and that is the sovereignty of the crown of England. We become tremendously alarmed when we recognize that there are forces working for the destruction of the crown. I am not so much concerned with or alarmed at Mr. Sandwell

saying this. I have never met this gentleman, but in my view he is voicing the same opinions that have been expressed by much greater authorities than he, and it is time this house became alive to and alarmed at the situation which exists. If we win this war, as we will, but lose in the peace the authority now vested in the crown, then we shall have fought this war in vain.

Mr. VINCENT DUPUIS (Chambly-Rouville): I should like very much to express my views on the subject discussed by my hon. friend. I hope hon. members of the Conservative party will not be scandalized if I attempt to interpret what Mr. Sandwell said, because I think he spoke on a high plane over and above human contingencies.

Mr. GRAYDON: To what body was he speaking when the alleged remarks were made?

Mr. DUPUIS: I think he spoke of the general tendencies in the world toward improving humanity.

Mr. GRAYDON: To what body was he speaking at the time?

Mr. DUPUIS: My hon. friend the leader of the Progressive Conservative party may ask the hon. gentleman on the other side.

Mr. GRAYDON: I was just asking my hon. friend what body Mr. Sandwell was addressing at the time. I was only asking for information.

Mr. MARTIN: The Social Credit caucus.

Mr. DUPUIS: The hon. member for Essex East suggests that it must have been the Social Credit caucus, as a matter of fact he was addressing a meeting of the League of Nations. What I want to say is this, that I think Mr. Sandwell spoke in an abstract way.

Mr. HANSELL: Mr. Speaker—

Mr. DUPUIS: My hon. friend might be good enough to let me give my interpretation of these remarks, because I listened to him very quietly. For myself, when I am so strong to fight the actual war; when I give my energy and what influence I possess to encourage the citizens of this country to fight this war, it is not only because I love my country; it is not only because I have the greatest admiration for the British people in this struggle and for the crown, but also because over and above all these things I love humanity. If we understand the importance of Christianity and humanity I think we must realize that humanity has no boundary, humanity has no nationality; it covers the whole earth, it is above the nation, above the empire and above the crown. I think it was in that spirit that Mr. Sandwell spoke. So far as I am concerned I am not scandalized at all by what he said, and I thought it proper for a humble member of this house who comes from the east to give as best he could an interpretation of what was said by that good writer who is editor of *Saturday Night*.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, I think there is one point raised by the hon. gentleman who has just taken his seat (Mr. Dupuis) which ought to be contradicted right away. There is a misapprehension, not only on his part but on the part of others, that Mr. Sandwell was speaking for the Social Credit group. That is not correct.

Mr. DUPUIS: I will withdraw it.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, may I first thank the hon. member for Macleod (Mr. Hansell) for paying which seemed to me to be a compliment to the Progressive Conservative party. He said that he expected that this party would say a word of commendation and also express its loyalty to all the things that go to make up the great British empire to which we belong. If he has anticipated our reply on that, I know that what I say at the moment will not disappoint him. I think we can be pardoned for not having seen the article in the *Citizen*. This is the first intimation I have had that there was such a news item; as yet I have not seen it. I think we are in pretty good company. My hon. friend says that the article appeared on April 1 and to-day is April 7. I repeat that we seem to be in good company, not only in not having made these observations sooner but also in having similar views with respect to loyalty to the great British commonwealth of nations.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I am a member of the Ottawa branch of the League of Nations Society. I did not happen to be present on Thursday evening when Mr. Sandwell spoke, but I should like to say that I know of no society whose members are more loyal to Canada than the members of the League of Nations Society in Canada.

Mr. GRAYDON: Was it the League of Nations Society to whom he spoke?

Mr. COLDWELL: Yes. As my hon. friend the member for Chambly-Rouville said a few moments ago, one can be loyal to the wider interests of humanity without being disloyal either to his community or to the nation in which he lives. I would go beyond that and say that those who have a wider loyalty to humanity are often the most loyal to their own country and their own community. My hon. friend beside me keeps muttering, "to

the gold standard." I want to say to him that I have no more confidence in the gold standard than he has, but as nations move forward in the days to come it is certain that if we are to preserve law and order in the world, if we are to escape these recurrent wars, then every nation must abide by an international code of law and no nation can usurp the rights of other people by making war against the world. Somehow or other we must do as nations what we have done in our communities. I must obey the law that has been made by the community in which I live, and the hope is that as nations we shall obey the law that we all help to make. As organized peoples we must have the power to enforce those laws.

Let us not for one moment think that when a man rises to discuss the possibility of a great world organization, whether he calls it supranational or not, he is disloyal. The intense nationalism which has afflicted the world and which has shown itself in the self-sufficiency of nations since the last war has in no small measure contributed to the bringing on of this war. We should examine every proposal that looks to the advance of people in the direction of law and order. I would say of Mr. Sandwell that he is not in bad company when he discusses the possibility of a supranational organization for the preservation of peace.

Mr. JACQUES: Gold standard.

Mr. COLDWELL: I am afraid my hon. friend has the gold standard on his brain. I was saying that in this respect Mr. Sandwell is not in bad company. I noticed that Viscount Cecil was preaching this when the present war broke out. Who can say that he has been disloyal, either to the people or to the British crown? I notice that Mr. Churchill stood for collective security. A man who spoke here a week ago to-morrow, Mr. Anthony Eden, has throughout his public career stood for collective security and the organization of nations to prevent war. I could mention also Mr. Herbert Morrison, Sir Stafford Cripps, and others who are members of the British war cabinet, men of all sorts and conditions who stand for collective security as opposed to world anarchy.

I do not want to prolong the discussion. I simply wanted to say that as a member of the League of Nations Society in Canada, as a member of the national executive, I am proud to be associated with that group of men and women who are intensely loyal to Canada and to the sovereign of Canada.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, the years from 1918 to the outbreak of this war were the most disastrous in the history of civilization. My hon. friends to my left and others believed that we could depend on peace pacts, on Kellogg notes and Locarno notes and all that sort of thing for our defence. The result was that Britain threw away the greatest army, the greatest navy and the greatest air force the world had ever seen. It was these pacifists and internationalists that got us into this war. Now they are up to their old game even though this war has not been won. The only collective security the world ever had was Great Britain and the British fleet. That is the only league of nations that was ever a success—the British empire and all it stands for down the ages.

There have been these leagues before. They had them in the days of the Romans, but there was always the same result. The pacifists almost caused the destruction of civilization in this war. They are still up to their old tricks. The writer of the article referred to was one of those who went up and down this country saying that we did not need any army, any navy or any air force; that we could depend on the league and collective security. That was a thing of the past; we were to depend on collective security. There is no such thing, and there can be no collective security unless the war is won. These hon. gentlemen who bring this matter before us to-day have been wrong before. They were wrong for the twenty years between the two great wars. They would disband our army, navy and air force. Ramsay MacDonald went up and down the country preaching pacifism. He was under observation during the last war. If he had had his way, we would have lost it. Right in the city of Ottawa to-day there is an exhibition being put on by the navy league; if similar leagues to oppose pacifism had been more active in the twenty years before this war we would not have had this second world war. Is it any wonder that we have a five billion dollar budget?

The League of Nations was the biggest farce and humbug the world ever saw. The pacifists and the league saw Germany arming from 1935 onwards, and they supported disarmament. What was the policy of these people in the old country who were supporting the league? They allowed Germany to rearm, and their pacifist policy caused this war. This dominion has spent nearly five million dollars of the taxpayers' money on a useless league of sham and humbug, because that is all it ever was. The pacifists blindfolded the people of the old country and led the politicians there to disarm. The

United States, which proposed the league, was led by the pacifists and isolationists in that country to fade out of the league and leave Britain to go it all by itself. Russia and the United States came into the war when they were attacked. The result was that Britain entered the war alone, not because she was attacked, but because of an honourable pledge given to Poland. Look at the way Poland is suffering to-day. I referred in this house not long ago to the fact that one million Poles, men, women and helpless children, as a result of this league farce and the work they carried on, had been snatched from their homes and their work and taken to the abattoir to be treated by the Germans just as if they were a lot of animals and put to death. While the league was talking disarmament and writing notes, Germany went on rearming, and we were told that there would be no more war, that we could depend on pacifism, the Monroe doctrine, internationalism and all that kind of thing, and now the old game is being played over again. They are getting ready for a third world war. Just link yourselves up with the pacifists again and you will have another world war, and children who are babies to-day will be called out twenty years hence to fight in another world war because of this dream of a new world that is held by the pacifists. That has been tried before and failed.

I am opposed, Mr. Speaker, to holding up the business of the house by bringing before it academic matters of this kind when the Minister of Finance wishes to go into committee of ways and means. Evidently we shall have to change the rules of the house if we are to make any progress at all. Are we going to sit here day after day listening to academic discussions while our young men in Libya and Tunisia are fighting battles for $1.30 a day? We sit here day after day listening to academic discussions on domestic matters which hold up supply and prevent us from voting money for the men of our armed forces. If that continues they are going to insist on a showdown with the pacifists and internationalists when they come back home.

I can tell you this, that the people of this country are in no mood to spend another dollar on a farce like the League of Nations. The money that was voted and spent on the league was wasted and eventually led to this second war. They talk of collective social security and would secure peace by legislation. But we know how the German people have acted for the last two thousand years. The world had the same trouble with them in the days of the Romans, and there was a league then. Read Gibbons "Decline and Fall of the Roman Empire" on doles and circuses, and Bryce's "History of the Holy Roman Empire", to see who it was that made the wars and bled the people of the world for centuries past.

Talk of freedom from fear! There can be no freedom from fear until Britain regains command of the seas. This war might go on for four or five or six years more. That is what it looks like—a seven years' war—while we sit here talking about a league that never had any right to exist. Britain has lost the command of the seas, and until she and the allies regain that command we can do nothing to invade the continent. It seems to me that we have had nothing but politics in this house for the last two years, the plebiscite last year, and all that kind of thing, and the same thing is going on this year. Our time is taken up with academic and political questions instead of being devoted to the war. This proposal of pacificism will not amount to a snap of the finger in defeating Hitler and the axis powers. We are as close to defeat now as we were when the war broke out. Germany to-day occupies practically the whole of Europe, and is in command of the coastline from Norway right down to Gibraltar.

Read what Mr. Knox said yesterday in the United States on the Atlantic problem. I venture to say that the isolationist party in the United States after this war will follow the policy of Woodrow Wilson and have nothing to do with the league or with foreign wars. These gentlemen were wrong before. They were wrong twenty years before this war, they are wrong again to-day. We have not got inside the German defences on the continent yet. The spring campaign is to open up soon, and here we are sitting in this house talking about matters of this kind. I say in all seriousness that this is no time to be talking of pacifist societies, and of everything but the war. They and the pacifist press and people who supported them have had their day. In the old country the government was advised by military experts during the years of peace to keep the army and navy and air force strong, but they would not do it. Then came the battle of Britain, and Britain was barely saved. After Dunkirk, if it had not been for the British fleet and the mother country, we would have had the Germans out on this continent and Washington and Ottawa would have had to seek peace long ago from the axis powers.

I am not responsible, Mr. Speaker, for the addresses that are being made here to-day. I protest against this practice of drawing a red herring across the track when we and our allies are fighting for our very lives for the right even to live. Why should we be wasting time

to bring into effect somebody's pet theory about a new paradise that is to come when our young people who enlisted are fighting for their lives? Here we are wasting time discussing remedies and patent medicines with regard to domestic affairs, as if that were what we are fighting for—proposals that are made in this house and out of it to protect the public in the future—while the war is not yet won. We may have the axis powers out here before very long unless we do more than we have done already.

I deeply sympathize with the three ministers of defence and with the government. As an independent member of the house I have always supported any measure which would make our war effort more effective. I wish to encourage the government all I can to make ours a total war effort, and anything that the ministers in charge of the three defence departments do to bring that about will have my support and I believe the support of everyone in the opposition.

Again I protest against holding up the business of the house by bringing forward such matters as have been raised to-day. It is obvious that the rules of the house will have to be changed. Here is the Minister of Finance wanting to get into committee of ways and means with a five billion dollar budget, and the time of the house is wasted by bringing forward academic domestic matters. We should be devoting our energies to the war and eliminating everything else. Compare our proceedings here with how business is conducted at Westminster. There 99 per cent of the time of parliament is devoted to war measures. It is true that domestic measures are most important for the welfare of the men, women and children of this country, and I sympathize with my friends to my left in urging some of them, but they are only secondary. Here we have given away all our powers to outside boards and authorities. We have controllers and boards making expenditures without parliament hearing anything about them. Here we sit and talk about everything else but the war. The war is not far from our shores to-day.

I protest against the league and all connected with it. The president of the league got a job down in Chile. The best way to cure insomnia in the twenty years following the last war was to be connected with the league and to get a trip to Geneva and go there and listen to the babble of the pacifists. And what did the league do? They got Canada to pass sanctions against Italy, and then we quickly withdrew those sanctions. They threw away our defences as well as our friends. Through the league we lost two allies that we could have had when we entered this war. The people back home in the constituencies, when they get their tax bills, have no doubt about who caused the war. Let me say to the gentlemen who are banging their desks that they are responsible for the pacifism which brought about this second war. This same banging of desks went on for twenty years in this house when I was a lone voice crying in the wilderness, endeavouring to get a united House of Commons against pacifism and for rearmament. In fact, many on my own side of the house thought I was going too far when I would not support the league and all connected with it. I can say this, that in a very humble way I have done my duty as a member of parliament.

I protest against a discussion of this kind on the motion for committee of ways and means. The country cannot be carried on unless we have the money. I do not agree very often with the Minister of Finance (Mr. Ilsley), but he is a hard-working, conscientious official and does the best he can. He is not altogether responsible for the magnitude of the budget.

I do not blame those who got nice trips over to Geneva. They say the boats were comfortable; there were cigars and beverages; the meals were excellent, and everybody had a most enjoyable time. Indeed, a lady who used to be a member of this house, and for whom I have a great regard, because she was a good member, wanted to have me sent over as a delegate to the league assembly, because, she said, I would be one of those who went over to scoff but would come back to pray for the success of the league and praise what it had done. However, her own opinions have changed entirely; she is going up and down the province of Ontario and at times is not as friendly to the league.

It is the people with views which I have described who caused the second world war; they were somewhat responsible for the first war; and before another twenty years have gone by there will probably be another war, with proposals for another league of North America and all that kind of thing. I can tell you this, I read every day in the *Congressional Record* the proceedings of the senate and congress at Washington, and I am convinced that after this war they are going to get right out of this international business and back to isolationism. That is the view of ninety per cent of the people. We should stop playing with great international issues along league lines, because it is a sheer waste of money. We threw away five million dollars on this venture, and what have we got? A second world war, with the prospect of another one

if leagues and internationalism are continued. These gentlemen have always been wrong. They were wrong about the first war; they were wrong in the twenty years which followed it; they are wrong about this war; and if they have their way, there will be a third war in another twenty years' time.

Mr. ILSLEY: I should like to appeal to the House of Commons to assist the government in getting ahead with very important business. It seems almost impossible for us to make any headway. This week is going very much as last week went, without anything much being accomplished. I am sure that the public does not want this; I know we do not want it, and I do not believe the majority of the members of the house want it. These long discussions on going into supply may have their place, but I must once more tell the house that government business and the early passage of certain measures are of extreme importance.

MEAT INDUSTRY—ALLEGED DISCRIMINATION IN WARTIME PRICES AND BACON BOARD REGULATIONS

Mr. ANGUS MacINNIS (Vancouver East): There is a British parliamentary custom that before supply is granted, a member having a grievance either of his own or of his constituents shall have an opportunity to present it to the house. I had hoped that I could have presented this in a more expeditious way than I can do now, but since that way was not left open to me I must do it in this way.

I am in receipt of a telegram, and possibly other hon. members from British Columbia have received similar telegrams in which grave charges are made against the wartime price and trade board and the bacon board, alleging discrimination. I believe that these charges should not be allowed to remain unanswered a moment longer than is necessary.

Mr. McGEER: If the hon. member for Vancouver East (Mr. MacInnis) will permit me, may I ask, because I think I have a similar telegram, how his telegram is signed?

Mr. MacINNIS: My telegram is signed, "Five independent meat packers and processors."

Mr. McGEER: The last paragraph of mine is, "Memorandum following by air mail." Does the hon. member know who these people are?

Mr. MacINNIS: I could not say definitely to my hon. friend who the exact persons concerned are, but I am satisfied that they are bona fide industrialists engaged in business in British Columbia. In any event I will read the telegram, a copy of which I have already sent to the Minister of Finance, because I felt I should. The telegram reads:

> The independent meat packers of Vancouver are deeply perturbed at the lack of interest shown on the part of the B.C. representatives on all regulations pertaining to the meat industry which have discriminated against the west. All orders issued by the wartime prices and trade board and the bacon board thus far favoured the east while western industry has been ignored. Mr. Gordon is too busy to centre on one industry, thus he has left all beef and pork orders to eastern experts who have worked hand and hand with eastern packing house men without any consideration for B.C. business conditions.

That is a serious accusation. I am not saying whether it has any substance; I do not know; but I think it is a statement which should be brought to the attention of the responsible ministers without delay, because it is not good for Canada that disunity should be created by charges of this kind, and this is the place where these charges should be aired and where we should get an answer. I continue:

> To us recent order No. 247 respecting pork products is a direct attempt to put control of the packing house industry in eastern hands and forcing western independent industry out of business. As representative of the people of B.C. the onus of protecting B.C. industry against eastern discrimination is yours. We urge an immediate and thorough investigation as under these new government regulations we will be forced to close down. Complete memorandum following by airmail.

Mr. McGEER: Signed?

Mr. MacINNIS: Signed, "Five independent meat packers and processors."

Mr. MACDONALD (Brantford City): Does it give the number of the meat packers?

Mr. MacINNIS: Five.

Mr. MACDONALD (Brantford City): Does the hon. member know their names?

Mr. MacINNIS: No; I have not their names. Nevertheless I am satisfied, since the war is on—

Mr. MACDONALD (Brantford City): Mr. Speaker, I rise to a point of order. This must be considered as an anonymous telegram, and I think the time of this house should not be taken up with discussing allegations set forth in an anonymous document. If people have a grievance, surely they should set forth the grievance and sign their names to it. But for any hon. member to come into this house with an anonymous document and ask the house to discuss it is, I submit, not in order.

Mr. MacINNIS: I do not wish to take up any more time. I have done what I wanted to do. A telegraph company would not take for transmission an anonymous telegram or any telegram of this kind if they did not know who was sending it.

An hon. MEMBER: Oh, yes, they would.

Mr. MacINNIS: I am taking responsibility for bringing this matter, on the strength of this telegram, to the attention of this house.

Mr. GARDINER: Does the hon. member for Vancouver East (Mr. MacInnis) know of five packing houses or what are generally considered packing houses, in Vancouver, in addition to the three large packing houses which have places of business right across Canada?

Mr. MacINNIS: There are quite a number of small packing and processing plants, of which the Alberta and the Pacific are two. There are any number of processing plants in Vancouver where various kinds of meat are prepared. There may be more than five, and I do not know which five it is that is involved. I am satisfied we should not quibble about who they are, or whether they are of sufficient importance to merit our attention. The fact is that they have made charges which, if inaccurate, can be very quickly refuted.

Mr. G. G. McGEER (Vancouver-Burrard): Mr. Speaker, this telegram came to me this morning, as I presume it did to the hon. member for Vancouver East (Mr. MacInnis). Upon receiving it, I immediately got in touch with the Minister of Agriculture (Mr. Gardiner), and was assured by him that as soon as the facts arrived by airmail he would be more than pleased to give the matter consideration.

It will be noticed the telegram, as presented, is signed by five independent meat packers and processors. While it does not say who they are, the important thing is that the facts upon which their complaints are based are coming by airmail. They have not yet arrived this afternoon.

One of the difficulties hon. members are up against in these matters is that we are not made acquainted with all the orders issued by the wartime prices and trade board. I doubt very much if many of them would have much meaning to the average member, unless they were first explained by members of the trade to which they were directed.

It has been suggested that western members are not taking enough interest in this type of complaint. While I am on my feet may I point out that in the desire of those responsible for administration to secure greater efficiency there is always the danger of wiping out the little man, and depending upon the larger organizations which may be capable of producing better results, for the time being. I hope if there is anything in these charges they may be made the subject of a real inquiry, because it does seem to me the time has come when parliament may have to intervene to prevent what may become a steady drift toward one of the greatest dangers in a democracy, namely, the development of overriding and all-powerful monopolies throughout the trade and industry of our country.

The sacrifices we are called upon to make will have to be made. But at the same time wherever freedom of enterprise and freedom of trade can be maintained, without injury to the war effort, it should be done, as against a policy of monopolistic development.

I have nothing further to say, because I have not yet received the instructions. I can, however, assure my hon. friend that as soon as they arrive I, for one, will be more than pleased to associate myself with him or any other western members in having the matter properly presented to the minister in charge.

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, in my opinion this is a serious matter, and one which should be investigated by both the Minister of Agriculture (Mr. Gardiner) and the Minister of Finance (Mr. Ilsley). When Mr. Donald Gordon was in Vancouver in January he was interviewed by these independent meat packers, two of whom are the Alberta Meat Company and the Pacific Meat Company Limited. They laid their complaints before Mr. Gordon at that time and he assured them he would have an investigation made.

At that time two of the chief complaints were these: In the first place, in 1942 west coast packing plants had been ordered to reduce their hog killings to fifty per cent of the 1940 business. They say that meant to about twenty-five per cent of their 1941 business. One press report points out that a certain plant had to reduce weekly hog killings from 1,400 to about 350. Apparently the hog-killing end of the business was the only profitable part of it. They cannot make a profit in these times from beef killings.

The second complaint was that western packers were not allowed to participate in the export of bacon to Great Britain, and that this export trade was reserved to the eastern packers. Since there was a guaranteed price, set high enough for the eastern packers to make a good profit, western men said that the position was entirely unfair to them. They no doubt have the feeling that the large

companies which have their main plants in the east, and only branches in the west, are making their profits out of business done in the east. And it is suggested that by making suggestions with regard to these orders they are, in effect, putting independent plants in the west out of business.

The present complaint has arisen as a result of the change made last week in prices of pork products. These packers claim that that is simply one more step toward having them wiped out, and they hold the view that the government is listening too much to the advice coming from large packing plants. I suggest to both ministers I have mentioned that the merits of the complaint must be carefully investigated and, as two other hon. members from Vancouver have done, I ask that the investigation be made promptly and thoroughly.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, I believe I should say a word about one matter to which reference was made a moment ago. It is suggested that, because there is an agreement with Great Britain for the shipment of hogs from this country, the packing plants shipping that product, constituting about seventy per cent of the hogs slaughtered under inspection in Canada, are benefiting by that deal to the point where they are taking business away from some others who do not sell under the agreement.

May I say at once that the lowest price being obtained by any packing plants in Canada for pork products is the price obtained from Great Britain. As I recall the figures from memory, the situation in Vancouver arises from the fact that British Columbia produces only one-third of the hogs consumed in that city. Under ordinary circumstances this means that there is a local market in Vancouver for all hogs produced there. Hogs do cross the mountains into British Columbia, so that the slaughter of hogs in that province may be increased. That is a local market. Any local market in Canada to-day pays a much higher price for hogs than is paid under the British agreement.

Let me illustrate the point. The British agreement makes possible a price of about $11.20 at Winnipeg for live hogs. Anyone who has been following prices on the Winnipeg market knows that they have been away above that amount, ever since the British agreement was signed. The reason why they are away above is that all hogs sold locally in Canada bring a much higher price than the price under the agreement. So that a packer who is selling hogs under the British agreement is not in a position to take profitable business away from those who do not sell under the agreement. I would be surprised to find any packer in Vancouver who would wish to sell hogs under the agreement. They have a special market, right at their own doors, a market which pays a higher price for pork than is provided under the agreement. Therefore I should expect they would want to keep that market, and sell in it.

The other question raised, with regard to any regulations that have been put into effect recently—

Mr. SENN: Before the minister leaves the first question, will he say whether export bacon is receiving anything from the stabilization fund by way of subsidy?

Mr. GARDINER: If it is, it is all beneath the price of which I am speaking. There is nothing over and above the price we are receiving from Britain under the agreement. That is the only return any packing house can get. We are selling bacon to Britain on the basis of 110 shillings, and the price to the packing house is under that price. That 110 shillings is what provides the $11.20 at Winnipeg. Anyone who is selling under that agreement to Britain is not getting as much for the pork product he is selling as he could get if he sold it all in Canada. Those who are selling all their pork products in Canada are getting a higher return than if they were selling under the British agreement.

Mr. McGEER: Would it be possible for a packing house that is selling in Britain and making a profit under that contract to raise the price of hogs for local consumption for the purpose of shutting out independent packers who are not making any profit out of the business with Britain? I understand that is the complaint.

Mr. GARDINER: I would not be in a position to answer that question offhand; there would have to be some inquiry made. But I know this, that in the first few months after the war started, as a result of an agreement entered into with Britain—I am speaking again from memory—I think some forty small packing houses that were not supplying bacon under the British agreement made handsome profits. And then, on account of conditions which developed in the spring of 1940 they were not able to make the same profit. A delegation came here at that time asking the government of Canada to see to it that some of the money which had been accumulated as a result of the activities in the early days of the agreement should be divided up among those particular packing plants. I might say that each

time there has been a change in the agreement packing plants of different types, those who have been supplying to Britain or those who have not, have made representations to the government. There have been no representations in recent months; I would say there have been none in the last two years, from those plants that are not supplying under the British agreement to indicate that they are not doing just as well as any other plants.

Mr. GREEN: What about this representation to Donald Gordon?

Mr. GARDINER: These representations being made now, in so far as they relate to the bacon board, are with regard to an attempt to get hogs into such plants as will make it possible to send a sufficient amount of bacon to Great Britain. The only plants that can supply bacon to Great Britain are those that are under government inspection, or in other words, plants the equipment of which measures up to the standards set by the department, standards which were set before the war started. Other plants which do not have that standard equipment, and therefore have not government inspection, do not supply the product under the British agreement. Only those plants that are up to the standard and have government inspection are supplying all the product, and there is only one way to get that product to Great Britain, namely, by putting it through plants that are subject to government inspection.

If someone in this country starts to set up a system under which they will take away a considerable part of the pork from those plants under any regulations that are set up, then someone will have to set up some other regulations to ensure that a sufficient amount of pork goes to plants where it can be properly processed to go to Britain, or no pork products will be going to the British market under our agreement. I do not doubt that some of the regulations which are put into effect are for the purpose of seeing to it that at least sufficient amounts of pork or a sufficient number of hogs get into properly inspected plants to make it possible to send that pork to Britain. That does not mean that they will make more money than those who are selling in Canada.

Hon. J. L. ILSLEY (Minister of Finance): The wartime prices and trade board appears to come into this picture in some way, I do not know just how, probably as a result of a price order they have made. As soon as I have any facts I will investigate the matter and see whether there is anything wrong.

I might say, however, that I do not think the hon. member for Vancouver East (Mr. MacInnis) should have brought this matter before the house with so few facts. It is very easy for persons in any section of Canada to make accusations of territorial discrimination. That is a favourite method in attacking the board's orders and government action. Time after time it is said that some action taken which hurts someone, or, in other words, which does not enable him to make as much money as otherwise he would, is in the interests of Quebec as against Ontario, or of Ontario against Quebec, or in the interests of the east as against the west or of central Canada against the maritimes and so on. Very often it is not so. I do not know whether it is so in this case because I do not know the facts.

Mr. GREEN: They do not say it is a case of the east getting too much; it is the small packer against the big packer.

Mr. ILSLEY: But it is put on the ground of territorial discrimination pure and simple. There may be something in it, there may be nothing; no one knows until he finds out what the complaint is. I do not think it should have been brought up in this house until we knew.

UNITED NATIONS MUTUAL AID—ADMINISTRATION STAFF

Mr. CLARENCE GILLIS (Cape Breton South): There is a matter that I should like to bring to the attention of the Minister of Munitions and Supply (Mr. Howe). It is in reference to a question in my name on to-day's order paper, No. 39, which I asked previously in slightly different form. I am supposed to have received an answer to that question to-day. The answer to-day is merely this:

Answered by the minister on page 1830, *Hansard*, column 1, April 5, 1943.

I turn to that page. The question was:

Is Karl C. Fraser, formerly of Nova Scotia, to be employed by the administration of Canada's billion dollar mutual aid (Canadian lend-lease) programme?

Then there are five or six further points. The answer at that time was as follows:

This refers to contemplated action. The answer must be that the action to be taken will be made known in due course.

At the time that answer was given the wording of the question was such that the minister's answer was correct. I changed the question and put it back on the order paper. I asked if he was now employed by that particular organization. The reply received to-day is not an answer to the question at

all. I would ask the minister to check this matter further. It looks as if someone is trying to be smart.

Mr. MacNICOL: They are just trying to give you the run-around.

REFERENCE TO QUESTION PASSED AS ORDER FOR RETURN—H.M.C.S. "CHIPPAWA"

Mr. S. H. KNOWLES (Winnipeg North Centre): I rise to a question of privilege. During the question period to-day I asked the Minister of National Defence for Naval Services (Mr. Macdonald) why the answer to question No. 4 on to-day's order paper, was made an order for return rather than answered in the usual way and placed on *Hansard*. I think Your Honour will recall that the minister's response was that the answer was too long to be placed on *Hansard*. I have now secured the answer, which is contained in sessional paper No. 221A, and I find that apart from two or three lines of heading it consists of thirty-one lines of material. That could have been put line for line, the long way on the page, on less than a page of *Hansard*. I feel that the answer which was given me infringes upon the privileges of this house.

I do not wish to take the time to read the material obtained in this report, but it relates to a matter concerning which I have already asked other questions, because there is considerable interest in it in the city of Winnipeg. I would ask that the house now give unanimous consent to the placing on *Hansard* of the table contained in this return, sessional paper No. 221A.

Hon. J. L. ILSLEY (Minister of Finance): I submit that this is not a question of privilege. The rule is well established that it is within the discretion of the government whether or not an answer to a question is made an order for return, and it is not an infringement of the privileges of the house if the minister exercises a discretion. It may be ground for observation in regard to what the minister has done, but it is not a question of privilege, and I submit that this is not a case in which at this stage the house can be asked to give unanimous consent. The incident is closed; the question has been made an order for return, and the hon. gentleman has the information.

Mr. SPEAKER: The hon. gentleman has asked for unanimous consent, but unanimous consent has not been given; therefore he cannot place the table upon *Hansard*.

Motion agreed to and the house went into committee of ways and means, Mr. Bradette in the chair.

INCOME WAR TAX ACT

Resolved, that it is expedient to amend the Income War Tax Act and to provide:

1. That in respect of the taxation year 1942 the income tax liability, of taxpayers other than corporations, under subsection 1 of section 9 of the Income War Tax Act, in respect of earned income and in respect of investment income up to $3,000 shall be one-half of the amount calculated according to the schedules therein specified.

Mr. FRASER (Peterborough West): I noticed in the press last week that employers must now give their employees a statement of income. I do not think the minister has said anything in regard to that. This press report states:

> The revenue department ordered Friday that all employers, on or before May 31, must furnish each of their employees with a form showing the salary or wages paid to that employee during the preceding calendar year and the amount of tax deducted or withheld in respect of that salary or wage.
>
> In subsequent years employers must furnish their employees with similar forms by the end of February.
>
> On an employee leaving his job, the employer shall, if the employee requests, furnish the employee with a statement showing the amount of salary or wages paid to the date of cessation of the employee's job and the amount of tax deducted or withheld.
>
> The order was published in the *Canada Gazette*.

When we were on the budget resolutions last year and, I believe, the year before I asked a number of questions as to what was being done in regard to those employees who did not have incomes of more than $660, if single, or $1,200, if married, and I wonder if the employers will also have to send statements to their employees who have left their service, because there has been quite a transfer in various plants. Some men may have been in one plant the year before last and in another plant last year, or they may have been in one plant for only six months. Would the minister make a statement in regard to what has been done in respect of these men?

Mr. GIBSON: The regulation just read was recently instituted in order to ensure that each employee would be given information at each pay period as to the amount of deduction that had been made on account of the tax. In regard to the deductions made from employees who did not receive taxable incomes, namely, $660 a year, if single, or $1,200, if married, arrangements have been made to refund the amount of tax deducted in 1942. A special form has been prepared; the employee takes it to his employer and has the details of deductions filled in; then the employee completes the form himself, and a speedy refund is being made of the tax deducted last year.

Mr. FRASER (Peterborough West): What does the minister mean by "speedy"? I know of some who have had requests for returns pending for the last eleven or twelve months.

Mr. GIBSON: Not in connection with these taxes deducted from people who were not taxable last year.

Mr. FRASER: I am speaking of 1941, even.

Mr. GIBSON: There are two entirely different questions involved. In this case we are not waiting for the man to file an individual tax return; we are not calling upon him to file that return, which normally would not be filed until June of this year. We are accepting the statement by the employer that the man did not receive more than $660 or $1,200, and we are making the refund on the basis of that statement. These refunds will be made at once. In connection with the refunds for 1940-41, it has taken a considerable time to repay them, due to the fact that we have had great difficulty in increasing our income tax staff quickly enough to take care of them, but I understand that about ninety-five per cent of the refunds for 1940 have been made, as well as a very high percentage of the 1941 tax refunds, I think seventy-eight per cent.

Mr. FRASER (Peterborough West): The minister mentioned "each pay period", but this says, "at the end of the calendar year." That would be a definite statement which the employee would get at the end of the calendar year?

Mr. GIBSON: At the end of the calendar year the employer must notify the department. Before going further, I might explain that within a week after each pay period the employer must turn in to the department the money he has deducted on account of these taxes. He sends in the money, but he does not at that time give the department the names of the employees from whom it has been deducted. At the end of the year the employer sends to the department the names of the employees from whom deductions have been made, at the same time notifying each employee of the amount of tax which has been deducted during the year. In that way the employee is able to include these deductions on his return as a set-off against his individual tax.

Mr. FRASER (Peterborough West): What about the employee who has left that plant; what chance has he to get a statement of what he has paid in?

Mr. GIBSON: The employee, when he leaves, should apply to his employer for a statement, or he can write in and get the statement from the employer at any time. The employee himself should ask for it from his employer, because otherwise, while the department would have the information, the employer might not know where to find the former employee.

Mr. CHURCH: Representing a taxpaying city which contributes a very large percentage of these income taxes, I wish to place before the committee the pattern of this pay-as-you-go plan. In my opinion the principle of paying the arrears of 1942 without further time allowed, is not fair to the small taxpayer with a fixed income. He has already made commitments in connection with real estate, insurance, mortgages and so on. How is he to pay the compound income tax, the balance of 1942 and the tax of 1943? It is too heavy a load. I do not know how he can carry the burden. The farmers receive much better treatment. I have no objection to their getting all they can, but the fact is that they pay no income tax. A return was brought down the other day with regard to the farmers who pay income tax. Only 1,458 farmers pay income tax, or $150,000, all told. I contend that the principle contained in resolution 8 should be incorporated in resolution 1. There should be equality of treatment as between the urban and the suburban man in connection with payment of these arrears. The time allowed for the payment of the 1942 tax, is not enough; at least there should be a better opportunity to pay this. The farmer is permitted to carry forward for two years any farm losses that there may be, and that principle should be incorporated into resolution 1 and made to apply to industrial workers.

The small industrial workers cannot continue to carry their present burden. The plan may have been all right in theory, but it will not work out in practice. Everybody should pay his proper income tax. There are many farmers who should be paying an income tax. Everybody should pay, not just some. The industrial worker is not in a favoured position; his job is here to-day and gone to-morrow.

They would not adopt this plan in Washington. When I first came to the house I brought up this income tax with the late Mr. Robb, and he was of opinion that we were going too far in taking it all from the municipalities. The municipalities are starved; they cannot carry on with their revenues taken away. How is a man to pay his real estate taxes, his insurance and his mortgage payments all at once, under this budget plan. There are no houses available in Toronto. The soldier coming back from the war cannot get a house. Under this plan no one will be able to own

or to buy a house. These added burdens will mean wholesale confiscation of property. I know what I am talking about because I have been connected with municipal affairs for a long time. I know what a hardship it will be for the workers in industry to pay these taxes. I referred to this matter this afternoon. I have great respect for both ministers, but I think they will find it will be impossible for the people to pay these 1942 arrears in the time allowed. They rejected the Ruml plan in the United States. That country does not have a sales tax. Sales tax legislation has been before congress for five or ten years and they have rejected it every year. How is the industrial worker to pay his 1942 and 1943 taxes compounded? I think the ministers have been a little too bashful in connection with publicity. They have a good man in the commissioner of income tax. He comes from Toronto and he knows something about these matters. He is an educated man possessing high talents, but I say to him that I do not think this plan is workable, without further time to pay.

More time should be given to pay these arrears. When a woman is working for $5 or $10 a week, either at domestic work or in a factory, in order to help her husband in keeping their little property, she should not have to pay it all out. Many farm boys and girls have gone to work in munitions plants, and now they are sending out high-school students to take their places. Even the civil service is finding it hard to pay these taxes. It used to be said of Toronto that sixty-four per cent of the people owned their own homes, but now nobody wants to own real estate. They want to get rid of it because they are finding they cannot hold it and the rent control ruins property holding. This is simply combining two years' income tax, and it will mean wholesale confiscation of property, because both income taxes and insurance cannot be paid together.

Mortgages will be foreclosed. There are other ways of getting this money. I think the present generation is suffering enough in flesh and blood. This money could be obtained on 1942 arrears by borrowing. If the government is able to borrow at one per cent or less, then at least a better part of these 1942 taxes should be cancelled. That is what should be done instead of promising the people a gold brick. That is all that this resolution 1 is. The people do not understand. We all know of the great publicity which Donald Gordon has and the money which he and his cohorts of advertising people spend on billboard advertising and page ads in the newspapers and press officials. The minister is too bashful about this; he should spend some of his money on publicity, to let the people know what all this means.

Every person should pay his proper tax. We got into this war and we have to finish it. This form of duplicate taxes is reacting upon the public schools, the separate schools and the high schools and on education as well as on the hospitals. Nobody will have a five-cent piece to spend. How will they be able to pay the different forms of taxes? It cannot be done. More time should be given to pay the 1942 taxes. The people should be given at least six months more, in 1944, to pay. They are so far behind now they will never catch up.

Our soldiers are fighting for $1.30 a day. They find that they cannot hold on to their little pieces of property. Many of their mortgages have been foreclosed. I know of properties which cost $25,000 or $30,000 selling for as low as $7,000. When a man rents his property a tenant may ask for a new furnace or something else, and he is backed up by the force of law and rent control, so that no one wants real estate. Some people have been very heavily fined for technical and minor breaches in the Toronto police courts. They can be fined up to $5,000 by these control people. They have young lawyers handling these cases, many of whom should be at the war. Poor women are being fined $5 or $10 or $100 because they buy half a pound of tea they should not buy.

Let us have equality of treatment for the farmer and the city man under this resolution. The department should not have touched the Ruml plan at all this year; they should have waited for another year in order to see the results. Canada is the highest taxed country in the world to-day. Great Britain has no sales tax, and yet she is bearing the brunt of the war. She is now receiving fine help from her ally in Washington, but neither Washington nor London has sales taxes. This is all reacting on the people in a way never thought of in the olden days. I do not know how the working classes are going to live. It would have been far better for the war if more time had been devoted on Monday, Tuesday and Wednesday to a discussion of these principles of taxation.

I regret having to make these observations, but I have studied this matter and I know something about the taxation system. The municipalities are simply headed for extinction. The whole constitution will have to be changed to protect provincial and municipal autonomy. They have no revenue; they cannot put up a new door or do a thing. The

municipalities have been holding down their taxes in a wonderful way. Resolution 1 should be recast and the people given more time to pay these arrears. With the load they are forced to carry the people are worried to death. Talk about freedom from fear; resolution 1 will put more fear into the hearts of the people than anything else I know of. It is worrying the people to death. I know of one man in the constituency of the hon. member for Davenport who died the other day. There are many who cannot make ends meet and are worrying themselves to death as to how to meet taxation. They have been put to extra cost with the heavy winter that has just passed.

The ministers are fine men; they possess many human qualities, and I ask them to give the people more time to pay these 1942 arrears, and at a lower rate of interest.

Mr. ESLING: There seems to be a number of interpretations of resolution 1. So far as investment income is concerned it is clear enough that one-half of the tax shall be paid up to $3,000, but so far as earned income is concerned it is not quite so clear. It would be perfectly clear if it read that the tax on one-half of all the earned income shall be forgiven. May I ask the minister whether "up to $3,000" has any application so far as earned income is concerned?

Mr. ILSLEY: No, it has not. The $3,000 relates to investment income. Half of the tax on all earned income and up to $3,000 of investment income is forgiven. The rest of the investment income is taxed. There is no forgiveness in respect of that.

Mr. ESLING: So that it matters not whether a man's earned income is $4,000 or $10,000, one-half of the tax is forgiven? Is that correct?

Mr. ILSLEY: That is correct, yes.

Mr. ESLING: May I ask the government if they do not think they would be doing a service to make a national appeal to the provinces and the municipalities against any increased taxation? Many of the men overseas are home owners, and it seems to me that we might give them a more generous greeting when they return home than an increased tax bill. The taxes on homes and real estate in general are now so heavy and the restrictions as to rentals, sales, and improvements are so many, that it would not be unreasonable to have the taxation of municipal property come under the prices board just as so many other things do.

[Mr. Church.]

Mr. ILSLEY: The government of Canada should be careful not to interfere in the affairs of provinces and municipalities to any greater extent than they feel necessary. I have made it very clear during the last two or three years that this government is most anxious that expenditures by other governments, provincial and municipal, be reduced to the minimum. That is the aspect of the matter which interests me more than the taxation. A reduction in taxation perhaps would follow. It might come anyway as a result of their increasing revenues. I know that some municipalities are reducing their taxes. But I do not know that an appeal from the dominion government to the provinces or to the municipalities not to raise their taxes or to reduce their taxes would be proper. I am most anxious that they keep their expenditures down to the irreducible minimum.

I have an amendment to this resolution, Mr. Chairman, which I should like to place before the committee now. It is as follows:

That resolution No. 1 of the resolutions to amend the Income War Tax Act be amended by adding the words "and trustees taxable on income accumulating for unascertained persons or persons with contingent interests, or income being capitalized in the hands of the trustees" after the word "corporations" in the third line thereof.

Mr. MacNICOL: How will it read then?

Mr. ILSLEY: It will read:

That in respect of the taxation year 1942 the income tax liability, of taxpayers other than corporations and trustees taxable on income accumulating for unascertained persons or persons with contingent interests, or income being capitalized in the hands of the trustees, under subsection 1 of section 9 of the Income War Tax Act, in respect of earned income—

And so on down to the end of the resolution. That makes it clear that there is no forgiveness of any part of the tax on the income of trustees in respect of the income accumulating for unascertained persons or persons with contingent interests, or income being capitalized in the hands of the trustees.

Mr. GIBSON: I move accordingly, Mr. Chairman.

Mr. ROSS (Calgary East): By the 1941 act employers were required to deduct the income tax from the earnings of their employees and turn the money over to the government. That has been done in a number of cases. There was also a provision in the act to the effect that this money could be reclaimed in the event of the employee appearing not to be taxable if his earnings were less than $660 per year. In that case the money was to be

repaid to the employee, provided that the taxpayer applied in writing for such refund within twelve months from the close of the calendar year in which the amount was collected. There are cases in which the employee did not apply for repayment of this money within the twelve months, and the money is being held by the government. Will the government consider extending the time for repayment of the money so collected so that these employees can have the money that is justly theirs? I say it is theirs because, although the money was deducted from them, they were not taxable, their income being less than $660 for the year. I took the matter up with the officers of the government, and they are holding the money up to the present. Will the minister consider extending the time so that these people can get the money that is justly theirs?

Mr. GIBSON: That matter has already received consideration, and a recommendation has been submitted to council that the time be extended so that those who have not submitted their applications for refunds within the twelve months will not be precluded from receiving a refund. An extension of a further six months has been recommended.

Mr. CHURCH: Will the minister give me a reply to the observations I have made?

Mr. ILSLEY: If the hon. gentleman will look at what I said last night in introducing this resolution, he will see why we thought that a forgiveness of fifty per cent was the appropriate amount. I understood him to argue to-day that a longer time should be given for payment of the tax, if any, unpaid on the 1942 liability. In a great many cases it is all paid and more than paid, so that there will be refunds from the crown to the taxpayer. In other cases there will be something to be paid by the taxpayer to the crown. The date when the unpaid portion is due is June 30, 1943, when he has to make his returns. He has to pay one-third then, and he has the rest of the year within which to pay the other two-thirds, without interest.

Mr. CHURCH: I call to the attention of the minister a return he presented to the effect that income tax is paid in all Canada by only 1,480 farmers, in the total amount of $150,000. Industrial workers and women who do not make any more than many farmers have to pay income tax. Why should the tax not apply to the farmer as well? He has the same income, and he gets protection which is extended to nobody else. I cannot understand why he does not pay income tax.

Mr. ILSLEY: The farmer is subject to income tax just as everyone else is.

Mr. CHURCH: There is no equality of treatment. It is most unfair.

Mr. DIEFENBAKER: I am sure that the government does not intend in any event to make a capital levy. But that in effect is what it does under section 3, paragraph (g), of the act, which describes income, in part, as:

> Annuities or other annual payments received under the provisions of any will or trust, irrespective of the date on which such will or trust became effective, and notwithstanding that the annuity or annual payments are in whole or in part paid out of capital funds of the estate or trust and whether the same is received in periods longer or shorter than one year.

I should like to know from the minister—and I will ask several questions now, so that he can answer them all at one time—whether consideration should not now be given toward removing that section from the definition of income, because of the anomalous result that those who receive shares from estates in annual amounts are subject in effect to income tax on capital. I believe the point has been raised before, but as yet no satisfactory explanation has been given by the minister as to the reason for that anomalous provision.

Mention was made by the hon. member for Kootenay West (Mr. Esling) of the necessity of something being done on the part of the Minister of Finance (Mr. Ilsley) toward soliciting the cooperation of the provinces not to extend their expenditures during the period of the war. The minister mentioned that he was not concerned with provincial taxation as such, but that he was concerned that provinces should not increase their expenditures. I recently secured a statement showing the expenditures of the provinces, and these statistics prove beyond doubt that during the period of the war every province but one is increasing its expenditure almost by leaps and bounds. I have not yet heard an appeal from the minister to the provinces in respect of this tendency. At the expense of taking up a few minutes I will refer to the expenditures of the various provinces:

	1938	1941*
Prince Edward Island..	$ 1,974,000	$ 2,194,000
	1938	1942
Nova Scotia.....	11,658,000	14,380,000
	1938	1941*
New Brunswick.....	8,549,000	10,046,000
	1938	1942
Quebec	50,335,000	72,153,000
Ontario	95,228,000	106,775,000
Manitoba	16,427,000	18,151,000
Saskatchewan	19,306,000	28,180,000
Alberta	21,359,000	19,965,000
British Columbia.....	27,672,000	31,342,000

* Latest available statistics.

It will be seen that Alberta is the only exception to the general tendency.

The minister has stated that he desires the cooperation of the provinces in keeping down their expenditures, and he has the right to ask for it. Many think to-day that under this modification of the Ruml plan there has been some forgiveness of taxation. I warn the minister that unless he gives a lead to the Canadian people and assures them that the government will see to it that value is received for money spent and that there will not be waste and extravagance, he will have a lot of difficulty.

I think he will agree that where there are known instances of waste and extravagance they should be eradicated and discontinued at once. If the minister wants to make a success of his victory loan and collect the extra taxation in amount which is being imposed, by reason of the increased rates becoming effective this year, he will have to merchandise the sure knowledge to the people of Canada that waste, where it can be controlled, will end. You can sell the people the idea of sacrifice through taxation if you sell them at the same time the knowledge that needless expenditures will end.

It is not my intention to mention a great many instances of this nature, but I desire to refer to the salaries paid to officials of the war information board and shown in the return brought down on March 2 in response to a question of the hon. member for Grenville-Dundas (Mr. Casselman). Reading those salaries over, no one can conclude that there is any effective control on the part of the Department of Finance of expenditures which are being made by boards in this country. I will not refer to many of these salaries, because I have other references to make which I wish to bring to the attention of the committee.

First, may I refer to Leo Casey, of the New York office. The information shows that he drew a salary of $13,320.

Mr. MacNICOL: For doing what?

Mr. DIEFENBAKER: It states that he was adviser to the wartime information board.

Mr. MacNICOL: A useless position.

Mr. DIEFENBAKER: His living allowance is placed at $2,836.05, and his travelling expenses at $748.33.

Mr. MacNICOL: Nothing short of an outrage.

Mr. DIEFENBAKER: Then, again in the New York office, S. A. Freifeld, research economist in charge of the news desk, received a salary of $6,660, with travelling expenses of $53.42.

Mr. MacNICOL: A fourteen-year-old boy could do that.

Mr. DIEFENBAKER: Next is Mr. H. R. Sutherland, photographic editor from Toronto, who is in charge of distribution of photographs and editorial feature material. His salary is $5,550; living allowance is $2,836.05, and travelling expenses, $440.55. Then, there are others, including J. H. Campbell in charge of the Washington office and its operations. Although he received no salary, his living allowance is placed at $8,103, and his travelling expenses are $427.50.

Mr. MacNICOL: He must have lived in a royal palace.

Mr. DIEFENBAKER: Then, J. A. Oastler, assistant to Mr. Campbell, received a salary of $6,327, with living allowances of $3,241.20 and travelling expenses of $734.98. Then there is A. R. Sykes, who supplies information as to Canada's war effort to inquirers at Washington, and by mail to many parts of the United States. His salary is $3,463.20; his living allowances, $2,025.75, and there are no travelling expenses. There are many more very large salaries I could place on record. All the records touching the salaries paid by this board are sealed and embalmed in an order for return. In other words, the answer was brought down in such a way that the people generally do not become aware of its existence, except through press items. I repeat that the minister must be able to assure the people of Canada that things such as were revealed in the return I have mentioned shall be discontinued.

I now come to another item in connection with overexpenditures, a matter to which reference has been made within the past few days. I refer to hospitalization at Victoria, British Columbia. The Department of National Defence wished to secure medical accommodation at that point. They were offered the municipally-owned Jubilee hospital, and could have built an additional wing of 250 beds at a cost of $250,000, such sum to be paid by the government. Instead of doing that, the authorities proceeded to build an addition to the naval hospital, to build a new hospital for the air force at Patricia Bay—

Mr. GRAHAM: On a point of order; is the hon. member in order in discussing this matter, when it could be discussed under an appropriate item in the estimates? Hon. members are anxious to expedite the business before the committee.

The CHAIRMAN: There is no doubt that the hon. member for Lake Centre is taking a great deal of latitude. I have allowed con-

siderable latitude throughout the discussion. It is not my wish to discipline or to attempt to moralize but I hope hon. members will keep as closely as possible to the resolution before the committee.

Mr. DIEFENBAKER: I shall end it, then, simply by showing the facts.

Mr. SLAGHT: The resolution we are discussing is, as I understand it, neither a spending nor a taxing resolution. It is an exemption resolution. That being so—

Mr. FRASER (Peterborough West): It is a taxing resolution, too.

Mr. SLAGHT: I trust there may be an appropriate place where my hon. friend can discuss the matters, the discussion of which he has just concluded. I believe, however, we shall make faster progress if we proceed in an orderly fashion.

Mr. GRAHAM: Let us get ahead with the resolution.

The CHAIRMAN: I have given my ruling. I know hon. members will agree when I say that during the years I have been in the house a certain amount of latitude has been allowed in discussions of this kind. I hope and expect that hon. members will not take liberties beyond that. I know they are trying to do all they can to follow the rules.

Mr. ILSLEY: I do not know whether this point is debatable, nor do I know why I did not raise a point of order earlier. Perhaps it was because I was so much interested in what the hon. member was saying. But I must point out that if under these taxation resolutions the whole field of war expenditures and non-war expenditures can be discussed, then the rules of order would seem to cease to exercise any restraint. I am afraid that if we do not exercise a little self-discipline, and have that supplemented by the Chair—and I say this respectfully—we shall literally never finish this session. We shall be here twelve months in the year.

Under this resolution the hon. member is speaking about expenditures in Victoria. Then, he was talking about the salaries of employees in New York and Washington. He ingeniously dragged in those matters by saying that if I did not see that these expenditures were cut down I would not collect the taxes. I raised the point the other day that, in connection with another subject, the hon. member's presentation was too artificial and too remote. I am beginning to have a tremendous admiration for his ingenuity, but certainly not for his soundness, if he is seriously advocating that the present discussion is in order.

The CHAIRMAN: I appreciate what the minister has said, and I have made my ruling. I know the committee will realize it is absolutely impossible for me to state definitely where an hon. member should stop. The onus is really put on the individual member to see to it that he stays within the rules. There is no doubt that the hon. member for Lake Centre has been going far afield.

Mr. DIEFENBAKER: The Minister of Finance has often asked for examples of over-expenditure, waste and extravagance. I thought I would give him some details; but if the minister does not want them, and if he does not want the assistance I think he should have when putting new taxation into operation, then I will not press the matter.

May I conclude by finishing the reference I was making. I shall not go on to the other examples I have before me. I believe I was pointing out what was done at Victoria, in so far as hospital beds were concerned. By a course being followed other than that which I think was the proper one the cost to the government was $5,000 a bed, as against $1,000 per bed accommodation.

Mr. ILSLEY: Mr. Chairman, I rise to a point of order. I am asking seriously for your ruling as to whether the words the hon. member is now using are in order under this resolution.

The CHAIRMAN: I must rule that the words of the hon. member for Lake Centre are not in order under the present discussion.

Mr. DIEFENBAKER: I should like to know whether or not my question was in order, whether under the head of income a capital levy would in effect be made, under the section that I have mentioned.

Mr. ILSLEY: I think that is in order.

Mr. DIEFENBAKER: Then I would ask the minister whether consideration will be given to removing that anomaly? It is most unfair to those who years ago were in receipt of capital from an estate payable by annual payments, that that capital should be subject to income tax. I do not know the circumstances under which the section was introduced, but there have been brought to my attention a number of cases in which widows are actually paying income tax upon a share of the deceased husband's estate by reason of this section.

Mr. ILSLEY: I am informed and believe that the English statute taxes annuities and annual payments. There has been a great deal of litigation as to what that included.

I believe it does not include term annuities; it does not include annual payments over a particular length of time, one year, two years, three years or anything like that, even though one would think so by reading the section.

Mr. DIEFENBAKER: Who gave the interpretation?

Mr. ILSLEY: I am informed that that is the effect of the English decisions, that annuities and annual payments—just in those words—mean annuities and annual payments for life. Our provisions are divided. In the early part of the section there is a provision taxing contractual annuities, those annuities one buys, not term annuities but annuities for life. In that case it may well be argued, as the hon. gentleman has argued, that in the annuity there is a capital element, that part of one's capital is coming back.

Mr. JACKMAN: Is there any argument to the contrary?

Mr. ILSLEY: Oh, yes, certainly, the English cases are full of it, that when one buys an annuity it is an exchange of a fund for a flow, that one disposes of his capital and takes in return income.

Mr. DIEFENBAKER: Is there such a provision in the English act as the section to which I refer, 3 (g)? There is section 3 (b), which refers to annuities or other annual payments received under the provisions of any contract except as in this act otherwise provided. But that is not the section to which I am referring.

Mr. ILSLEY: I shall have to get the English act here, so that we shall know what we are talking about. But I was saying that my information is that the English act taxes annuities and annual payments simply, and that we, instead of one section taxing annuities and annual payments, have two subsections: 3 (b), which taxes contractual annuities, and 3 (g), which taxes annuities and annual payments under trusts and wills. The hon. gentleman has spoken about the case of the will. Some cases do arise under that which are hard; there is no doubt about that, and we have given a great deal of consideration to whether we can effect some amendment of section 3 (g). I think I can say it is my intention to introduce some amendment to that section.

Mr. JACKMAN: This session?

Mr. ILSLEY: This session, but it will not go as far as the hon. gentleman urges. He is asking that the tax be removed from annuities and annual payments under wills. We would not do that. But we may go part way, or we may do something about the retroactive feature; I do not know which yet; I have not finished giving consideration to it. But that is not a matter to be dealt with by the resolution. It is not the imposition of a tax; it is relief from taxation, to be dealt with after the resolution is introduced. I shall expect it to be very carefully examined by hon. members, because it is a fairly wide question.

Mr. McIVOR: I have just a brief word to say. A year ago I interviewed the Minister of National Revenue in respect of certain criticism which came to me from Fort William as to difficulty in filling in the income tax forms. I wish now to thank him that those whose income is under $3,000 are to get their income tax forms filled in by someone under the minister. This is most commendable because these forms are very difficult to fill in. With all my experience as an accountant I made a mistake of $15 last year, but I made it on the right side and now I am $15 to the good.

I should like also to commend the minister for the pay-as-you-go plan. This is like painless extraction of teeth; you pay your income tax and do not know it, and you have your cheque after it is all over. I thank him for it.

Mr. KNOWLES: I should like to ask the minister a question relating to resolution 1. Is it possible under this provision that a person who has earned income and investment income, provided that investment income does not exceed $3,000, can be forgiven half of the tax on the total amount?

Mr. ILSLEY: Yes.

Mr. KNOWLES: Take a hypothetical case. Here is a person with $10,000 earned income and $3,000 investment income, or a total of $13,000; he gets fifty per cent of the whole tax forgiven?

Mr. ILSLEY: Yes.

Mr. KNOWLES: Whereas a person who might have $4,000 investment income and nothing more will be forgiven fifty per cent of the tax on only $3,000?

Mr. ILSLEY: That is correct.

Mr. KNOWLES: It seems rather unfair that a person with $13,000 income is forgiven fifty per cent on the whole amount while another person with only $4,000 income is forgiven fifty per cent on only $3,000. Would the minister explain?

Mr. ILSLEY: If the hon. gentleman will look at the budget speech he will see the reason for making a distinction between in-

vestment income and earned income. One course would be to make no distinction whatever, to forgive half the taxes on all income. We do not want to do that.

Mr. JACKMAN: Why not?

Mr. ILSLEY: Well, I know my hon. friend would want it.

Mr. JACKMAN: Not at all; it makes very little difference to me.

Mr. ILSLEY: We did not want to do that for the reason I cited in the budget speech. Anyone in giving reasons in favour of this plan for forgiving half the tax always puts it on the ground that if something were not done the person earning income would come to a point where he lost his job, or was retired, or died, in which event he would have nothing, or perhaps would have nothing. In a great many cases he would have nothing out of which to pay this large amount of unpaid income tax. That was the ground always put forth as the reason why something should be done to relieve his widow and children from paying perhaps thousands of dollars of income tax, or to relieve him if he had been earning, say $10,000 a year and then went on pension at $4,000 a year, and found himself obliged to pay the full income tax on the $10,000. The same considerations do not apply to the person who has an investment income, because normally the source of his income remains unimpaired whether he retires, whether he loses his job or whether he dies; the source of his income, the capital fund out of which his income is derived, is still there. That is why we made the distinction, and I think it is sound enough. It is not very popular in some quarters, perhaps; nevertheless I think it is sound.

The hon. gentleman has, I think, in mind another distinction, namely, a distinction on the basis of the amount of income. Perhaps this is not so, but from what he says I gather that he would perhaps argue in this way. If you are making a division at $3,000 or $4,000 or $5,000, go by the man's income; make no distinction between investment income and earned income; but forgive, let us say, the tax on incomes up to $3,000, or up to $4,000 or $5,000, and not above that. I gave a great deal of thought to that point, and there was some advocacy of that course of action in the press, though I must say not very much. However, I do not think it is possible to select in regard to earned incomes a line which will have any logic. The higher a man's income, the higher the proportion of the tax that he pays. If a man earning $10,000 were saddled with his entire income tax and then moved on to a current basis, he would have a terrific load to carry in the year 1943. He would be paying the 1943 tax, and he would be paying the whole of the unpaid part, which might be fifty per cent, sixty per cent or seventy per cent, of the 1942 tax. Because he is earning a $10,000 income he is paying at a high rate, and I think it would be simply class legislation to draw a line on the basis of income. However, I think it is sound legislation to draw a line between investment income and earned income on account of the fact I have mentioned, namely, that presumably the source of the investment income is constant. It is there; it is not dissipated; it does not disappear when death, retirement, illness or loss of position takes place.

Mr. KNOWLES: Apart from the fact that the minister has tried to set aside what I had in mind, I must say that he has stated very clearly the position I felt should be taken in this matter. I take it that he has given this question consideration and has turned it down; nevertheless I should like to press for consideration of this idea, that the forgiving of the tax on fifty per cent of investment income up to $3,000 should apply in cases where that is definitely the only income, but should not apply where the total income of the taxpayer is in the higher brackets, say at whatever figure the minister might arrive at.

Mr. ILSLEY: Well, if I am correct in my position that we should make no difference between amounts of earned income, that all earned income is entitled to this concession, then I do not think we should make a difference between combinations. I think then we just have to consider what exemptions we should extend in connection with investment income. There are some persons whose only income is investment income, and who must have some investment income in order to live.

Mr. KNOWLES: I am not objecting to the forgiveness in those cases; I am objecting to a man with an earned income of $10,000 getting fifty per cent exemption on that and also getting a fifty per cent exemption on his investment income up to $3,000.

Mr. ILSLEY: The hon. gentleman would suggest something else, that as the income went up the $3,000 should go down?

Mr. KNOWLES: That is right.

Mr. ILSLEY: Well, it is worth considering.

Mr. KNOWLES: I should be glad if the minister would consider it.

Mr. SLAGHT: I have a suggestion to offer to the ministers and perhaps to the commissioner with regard to the wording of the resolution, which in its present form has, I think, aroused very natural inquiries such as those put forward by the hon. member for Kootenay West. To make the point perfectly clear, if it were thought worth while I think, if you inserted the words "up to $3,000 in respect of investment income" immediately after the words "in respect of earned income and," you would remove any ambiguity that may exist in the present system. You almost never get to a court in regard to income tax, but you might clarify the resolution and bring it into full accord with the intention which has been made very clear by the minister.

There is another point I wish to mention, and if I am in order I should like to discuss it. I refer to the point raised by the hon. member for Lake Centre, in regard to what the minister called annuity income, which I understood the minister to say could be discussed under this resolution. The minister indicated that careful consideration would be given to perhaps one or both types of so-called annuity incomes. In connection with his giving that consideration may I just point out one case. Take an instance where a father makes a bequest of, say $40,000 as a trust to his executor for the support of his daughter, perhaps an unmarried girl who cannot earn her own living, but instead of having that amount paid to the daughter he creates a trust and leaves it in the hands of his executor to be paid to her at the rate of $2,000 a year. The true character of such a bequest is not income at all; it is a capital lump sum bequest from the father to the daughter. All he does is to defer payment of it to her; but I understand that a recent case was brought to the attention of the very able commissioner in connection with a particular estate, and the ruling has been that under those circumstances this trust of $40,000 in the hands of the executors and paid at the rate of $2,000 a year to the daughter is taxed as though it were income, which means that one-third or more of the $2,000 is taken away from the daughter. The testator never had any such intention. That is not income at all; it is capital, purely and simply. I suggest that the minister might give serious consideration to that problem, because under the rulings that have been made with regard to the present wording of the act I understand this $2,000 is taxed as the income of an unmarried person, as though it were pure income.

[Mr. Knowles.]

Mr. ILSLEY: I am told that in such a case, if there were a bequest to a daughter and her heirs of $2,000 a year until the fund was exhausted, that would not be regarded as an annuity or as annual payments. If $40,000 were the amount, it would be a $40,000 bequest payable to the daughter at $2,000 a year irrespective of her death, and would not be taxable as an annuity under the English cases. However, if it went on to her death, then it would be an annuity.

Mr. SLAGHT: I appreciate that definition. My information was that in a given case the ruling had been that it was still treated as income. If I am wrong in that, then the matter does not need curing.

Progress reported.

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

Thursday, April 8, 1943

The house met at three o'clock.

PUBLIC ACCOUNTS

REQUEST FOR TABLING OF EVIDENCE AND PROCEEDINGS OF STANDING COMMITTEE

On the order for motions:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker on Tuesday of this week the chairman of the public accounts committee, the member for Northumberland, Ontario (Mr. Fraser), presented the second report of the public accounts committee and subsequently moved concurrence in the report. I rose in my place on that occasion and declined to give approval to the motion, pointing out that the customary notice had not been given and that the house must of course give unanimous consent to the matter then being proceeded with. I should like to ask, if I may, that the proceedings and the evidence taken before the public accounts committee up to the time the second report was presented to the house and concurrence in it moved be tabled so that it will be available for the convenience of hon. members, to enable them intelligently to discuss the motion for concurrence when it is again made.

Mr. MACKENZIE (Vancouver Centre): On a point of order, Mr. Speaker, there is nothing before the house. I understand that the mover of the motion is not in his seat at the present time; and I suggest to my

hon. friend that the proper place and time to make his suggestion is when this motion is before the house. I doubt whether the house can ask that the proceedings of the committee be tabled until the motion for concurrence is made.

Mr. GRAYDON: May I say in answer to the Minister of Pensions and National Health that, I do not propose to set myself up as an expert in procedure, as he is; but I should like to read into the record rule 668—

Mr. POULIOT: There is no such rule.

Mr. GRAYDON: —citation 668, which is as follows:

It is the custom not to report the evidence until the enquiry has been completed, and the report is ready to be presented; but where an intermediate publication of the evidence, or more than one report, has been thought desirable, the necessary power has been conferred upon the committee on its appointment, or the house has granted leave subsequently, on the application of the chairman, for the committee to "report its opinions or observations, from time to time," or to "report minutes of evidence" only, from time to time.

I suggest, Mr. Speaker, my request that the evidence and proceedings be tabled is not an unusual one, and if granted it would greatly facilitate the debate when the concurrence motion is finally moved. May I also say to the Minister of Pensions and National Health that there is before the house a motion for concurrence. True it stands, but the motion was made and stands up to the present moment.

Mr. MACKENZIE (Vancouver Centre): No it does not. Unanimous consent was refused.

Mr. SPEAKER: The remarks of the leader of the opposition (Mr. Graydon) with regard to the evidence being tabled relate to a matter which is not before the Chair at the present moment and can be dealt with only when a motion for concurrence is made by the chairman of the committee. The citation which the hon. gentleman has read would indicate that the granting of such leave would be on the application of the chairman. I assume that the hon. gentleman is giving notice to the chairman of the request for the tabling of the evidence and that it be considered; but in the meantime the matter is not before the house.

Mr. GRAYDON: My one concern is that the evidence shall be available to the house for the debate, and if this result can be attained in any other manner than I have suggested, I have no objection.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

BROWNSBURG QUE., SHOPS—MEALS FOR WORKERS

Mr. LECLERC:

1. Does the government conduct a restaurant or cafeteria at the Brownsburg, Quebec, shops?
2. If so, what prices are charged to the workers for meals?
3. Is the government obliged to refund to the shop management the difference between the prices paid by the workers and the actual cost of the meals?

Mr. HOWE:

1. No.
2. Answered by No. 1.
3. No.

*CHARTERED BANKS—EXCESS PROFITS AND INCOME TAX

Mr. MARSHALL:

What sums were paid by way of excess profits or income tax by the Bank of Montreal, the Royal Bank of Canada, and the Canadian Bank of Commerce, in each of the years, 1935 to 1942 inclusive?

Mr. GIBSON: Section 81 of the Income War Tax Act prohibits the furnishing of the information which has been asked for.

EXPORTS OF METALS

Mr. ROY:

1. During the year 1942, did Canada export metals of any kind to, (a) neutral countries; (b) to allied countries?
2. If so, to what countries?

Mr. MacKINNON (Edmonton West):

1. Yes.
2. Owing to censorship regulations this information is not available for publication.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CUSTODIAN OF ENEMY PROPERTY—TIMBER LICENCES

Mr. GREEN:

1. What timber licences, tracts and sawmills, or interests therein, in the province of British Columbia, have been sold by the custodian of enemy property?

2. What are the names and addresses of the respective purchasers and what were the purchase prices and other terms of sale in these cases?

Mr. McLARTY: Return tabled.

JAPANESE NATIONALS IN BRITISH COLUMBIA

Mr. GREEN:

1. What persons of the Japanese race have been permitted to remain in the protected area in British Columbia?

2. For what reason was a permit granted to the respective persons so remaining and where do they reside at the present time?

LIFE INSURANCE—ENLISTMENT IN ARMED FORCES

Mr. KNOWLES:

1. Are life insurance companies, doing business in Canada, discontinuing the policies of individuals insured under group insurance plans, when such individuals secure leave-of-absence from their employment, in connection with which such group insurance was obtained, for the purpose of enlisting in the armed forces?

2. What steps has the government taken to prevent the above practice?

3. What steps has the government taken to protect the individuals affected by the said practice?

UNEMPLOYMENT INSURANCE COMMISSION

Mr. BLACKMORE:

1. Of the 462 permanent positions established by the civil service commission for the unemployment insurance branch of the government service, how many have been allotted to each of the nine provinces, and how many have been filled in each of the provinces?

2. On what date or dates did the civil service commission hold competitive examinations to fill these positions, and was competition limited to those already in the civil service, or were the examinations conducted in the public interest with any and all who desired to compete, being eligible to do so?

3. Were any members of the staff of the former director of registration, national employment commission (Purvis commission), Jackson building, and of the director of national registration, 193 Sparks street, Ottawa, blanketed into the unemployment insurance branch of government service?

4. If so, how many, what are their names, previous classification and duties, and present classification and duties, previous salary or salaries, and present salary or salaries?

5. What is the name and present position of the former director of registration, national employment commission (Purvis commission), and of the director of national registration, 193 Sparks street, Ottawa? What was his salary in 1937, and what is it now?

[Mr. Green.]

AWARDS UNDER EXCHEQUER COURT ACT

Mr. MARSHALL:

What awards were made under the Exchequer Court Act, R.S., c. 34, in the year 1942?

Mr. ST. LAURENT: I should like to have this made an order for return; and perhaps the hon. member would give me a little more precise information as to what he requires. The question is in very broad terms.

LABOUR CONDITIONS

REPLACEMENT OF CANADIANS EMPLOYED IN CANADA ON UNITED STATES PROJECTS

On the orders of the day:

Hon. GROTE STIRLING (Yale): In the absence of the Minister of Labour (Mr. Mitchell) may I ask the government whether the statement is true that a thousand Canadians now employed by United States firms on northern war projects will gradually be replaced by United States citizens?

Mr. RALSTON: I will refer the question to the Minister of Labour.

CANADIAN CAR MUNITIONS PLANT, CHERRIER, QUEBEC

On the orders of the day:

Mr. J. SASSEVILLE ROY (Gaspe): I wish to direct three questions to the government in connection with the strike of employees at the plant at Cherrier, in the province of Quebec. The questions are: First, what steps have been taken by the government to settle that strike? Second, what are the means in the hands of the government or what is its policy in the effort to prevent strikes such as have occurred throughout Canada since the beginning of the war? Third, does the government think that such factors as wages being frozen at too low a level, or heavy income tax deductions from the workers' pay, or rationing and so forth, have anything to do with these strikes?

Mr. SPEAKER: Order. The hon. gentleman has asked three questions. In the first question, as I gathered it from him, there was a degree of urgency. With regard to the other two, certainly they should be placed on the order paper. If the minister so wishes he can reply to the first question.

Hon. C. D. HOWE (Minister of Munitions and Supply): Certain employees did

not report for work on three shifts yesterday. The government has received no advice that there is a strike in progress; the plant is operating normally, and there is no disturbance in the area. If there is a strike, or if certain employees think they are on strike, of course it is an illegal strike. Absolutely no action will be taken by the government in connection therewith until the employees return to work. A strike in a plant which is handling high explosives is a most dangerous thing. A plant of that type is safe only as long as every employee follows the safety regulations; it becomes very dangerous if there is any carelessness or disturbance such as would arise from a strike. I have made it quite clear to the management that if any disturbance should develop, either in the plant or outside, it will be closed down indefinitely.

BUTTER

QUESTION AS TO UNEVENNESS OF DISTRIBUTION

On the orders of the day:

Hon. R. B. HANSON (York-Sunbury): I should like to direct a question to the Minister of Finance as the minister representing the wartime prices and trade board. Has the attention of the board been drawn to a situation which has been represented to me to exist in connection with butter? It is said that in some communities there are large excess supplies of butter while in others there is a stringency in the supply. In other words the situation is spotty. What is the board doing with respect to the distribution of this important commodity? If the minister cannot answer now, I should like him to get the information later.

Hon. J. L. ILSLEY (Minister of Finance): I shall do that.

MILK

REPORTED SHORTAGE IN FLIN FLON

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I have just received a telegram from Flin Flon stating that there is a very serious shortage of milk, and that infants are suffering. They report a shortage of other foods and complain of high prices that are being charged, but I am particularly interested in the milk situation. Will the Minister of Agriculture look into this?

Hon. J. G. GARDINER (Minister of Agriculture): I shall make inquiries.

[Mr. Howe.]

WAR APPROPRIATION BILL

REQUEST FOR TABULATION OF EXPENDITURES IN PREVIOUS YEARS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like again to ask the Minister of Finance two questions which I asked him a couple of weeks ago. At that time I suggested that he have prepared a table of expenditures which would facilitate the discussion on the war appropriation bill. He will recall that I suggested that in addition to the break-down of items which he was good enough to have placed on *Hansard* some weeks ago, he should also give us wherever practicable the expenditures during the years in which there has been a war appropriation bill brought down. If this were done we would have a convenient means of checking expenditures which have been made with the estimates now before the house.

Hon. J. L. ILSLEY (Minister of Finance): I spoke to one of the officials about that and he thought the information could be furnished, at least in part. It was my intention to go as far as possible in meeting the request.

Mr. GRAYDON: Can the minister give us any idea when we may have it? It will not be of much use if it is brought down just before the war appropriation bill is to be considered.

Mr. ILSLEY: The war appropriation bill will not be reached until after the Easter recess, I should think. I will get it as soon as I can.

COAL

QUESTION AS TO MEASURES TO PREVENT DECLINE IN PRODUCTION

On the orders of the day:

Mr. F. D. SHAW (Red Deer): I should like to ask the Minister of Munitions and Supply (Mr. Howe) a question which arises from information released by the bureau of statistics indicating a recent sharp decline in the production of coal in Canada. Will the minister make a definite statement to this house at an early day indicating what the government or the government through the emergency coal production board are doing to prevent a decline in the production of coal during this spring and summer?

Mr. SPEAKER: That question should be placed upon the order paper.

CANADIAN FORCES

PROCEDURE IN GRANTING FARM LEAVE

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I should like to ask the Minister of National Defence a question in connection with farm leave for men in the armed services. It has been brought to my attention that some commanding officers say that they have no authority to grant farm leave, that it is necessary to secure the consent of headquarters in Ottawa. Have the commanding officers authority to grant this leave without the concurrence of the district officer commanding or headquarters, and have they been so advised?

Hon. J. L. RALSTON (Minister of National Defence): As I remember it, the approval of the district officer commanding is required, but not the approval of national defence headquarters. I shall make inquiries immediately. As I stated the other day, instructions have gone out that these matters are to be dealt with promptly, because I realize that it is of no use to give farm leave after the seeding operations are over.

Mr. DOUGLAS (Weyburn): Do the applications made by the men to the commanding officers have to be forwarded to the divisional board in the military district?

Mr. RALSTON: As I remember, the answer would be in the negative in connection with seeding leave. The provision with regard to the board is that the applications for compassionate leave for N.R.M.A. men who have not been in the army three months must go to the board. It is considered that they are not fully trained soldiers. The applications of fully trained soldiers do not go to the board.

Mr. HANSON (York-Sunbury): I hope the minister will keep in mind the fact that the period of seeding in the east, especially in New Brunswick and Nova Scotia and Prince Edward Island, is quite different from the seeding period in the west.

Mr. RALSTON: Yes.

Mr. HANSON (York-Sunbury): Nothing could be done in April in New Brunswick, but May and June are seeding months. Seeding in New Brunswick is carried on right up to the latter part of June.

[Mr. Speaker.]

STATUTES FOR 1942

INQUIRY AS TO PRINTING AND DISTRIBUTION

On the orders of the day:

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): As a private Liberal member of this honourable house, may I ask the Secretary of State if he will be kind enough to tell us when the statutes for 1942 will be printed and delivered to the members.

Hon. N. A. McLARTY (Secretary of State): As a result of the request made a few days ago by the hon. member for Témiscouata, I made inquiry of the king's printer and I understand that the bound copies of the 1942 statutes will be available about the end of next week, when they will be forwarded to hon. members.

WAYS AND MEANS

The house in committee of ways and means, Mr. Bradette in the chair.

INCOME WAR TAX ACT

Resolved, that it is expedient to amend the Income War Tax Act and to provide:—

1. That in respect of the taxation year 1942 the income tax liability, of taxpayers other than corporations, under subsection 1 of section 9 of the Income War Tax Act, in respect of earned income and in respect of investment income up to $3,000 shall be one-half of the amount calculated according to the schedules therein specified.

Mr. FRASER (Peterborough West): Yesterday the minister said that the balance of the 1942 income tax would not bear interest. I should like him to explain what he means by that. Those who are paying their tax in quarterly payments paid one instalment on October 15, another on January 15, and the remaining tax will be due at the end of June. I believe the minister suggested last night that there would be no interest payable on that part. I should like to know when the interest starts. The department generally charges interest, and plenty.

Hon. J. L. ILSLEY (Minister of Finance): The amount still due of the 1942 income tax may be paid one-third on or before June 30, and the other two-thirds on or before December 31. There is no interest payable if that rule is followed.

Mr. FRASER (Peterborough West): No interest until after December 31 as long as the rule is followed?

Mr. ILSLEY: If one-third is paid on June 30.

Mr. FRASER (Peterborough West): But we are already supposed to have paid half the total for 1942.

Mr. ILSLEY: Then there is nothing more to pay.

Mr. FRASER (Peterborough West): But on account of not having any income tax forms many people do not know what they owe. They may not know until they get the forms. When will the forms be ready?

Mr. GIBSON: They will be ready after the house approves the changes brought about by the budget. We cannot issue them before the resolution is carried.

Mr. FRASER (Peterborough West): How soon after the resolution is passed will they be ready?

Mr. GIBSON: The forms are set up, ready to be printed. We are awaiting confirmation by the house.

Mr. JACKMAN: What is the total tax debt of the Canadian public in respect of the year 1942, assuming the January 15 payment included in 1942? How much will be collected on 1942 account in 1943?

Mr. ILSLEY: I have not the figure, and I do not think anyone has. Is the hon. gentleman asking the amount that is still due assuming this proposal becomes law—after the fifty per cent forgiveness how much is still due?

Mr. JACKMAN: That is right.

Mr. ILSLEY: I do not think anyone has the figure.

Mr. DORION: In the application of the income tax the position of those who have many children to support should be taken into consideration. Speaking on the budget some weeks ago I expressed the view that the government should take more care of the heads of large families. I recalled that the essential elements that constitute the society which we are now fighting to safeguard are not adequately protected as regards the burden of taxation imposed upon them.

Not long ago we read in the newspapers that there was in some quarters discussion of a project for bringing into our country after the war immigrants from European countries. But there is no doubt that the best way to increase the Canadian population would be by raising children in Canadian families. Therefore the first duty of the government should be to protect in every possible way the large families now existing, and also to encourage the people to have as many children as possible. This way of increasing our population would be without any doubt the surest way to have a sound and right-minded population. In view of this I believe the government, in the matter of taxation, should give protection to the heads of large families.

Referring to the revised table of tax deductions recently published by the Minister of National Revenue I should like to give one example of this deficiency in our Income War Tax Act. Taking an income of $3,000 a year, that is to say a monthly amount of $250, as shown at pages 26 and 27 of the revised table, one can readily see that for a single person without dependents the total monthly tax is $84.25, or an annual tax of $1,011. This leaves a balance of $1,989. For a married person with four dependents the total monthly tax is $35.80, or an annual tax of $429.60, leaving a balance of $2,570.40. According to these figures the married person with four dependents is entitled to only $581 for the maintenance of his wife and his four children, that is to say, the difference between $2,570.40 and $1,989. Is there anyone who will contend that this is just and fair? The example I have just given is an illustration of the whole matter, because if you look at the revised table you can take any figure and compare the two classes of people I have just mentioned and see that it is the same all over. Therefore my contention is that married people with dependents, and especially those with four or more dependents, are not adequately protected but are penalized because they have too many children. The country needs large families, and it needs well brought up families. I suggest that to take $429.60 per annum from a family consisting of father, mother and four children, with an income of $3,000, is far from being a good way to get such families. We must not forget that besides the income tax there are many other taxes upon the citizens of one kind or another. Therefore it goes without saying that a man who has a wife and four children pays more taxes proportionately for the support of his family than a single person. In fact the burden of taxes is much heavier than the difference between the two figures just given.

I do not hesitate to declare that if the matter were submitted to expert economists they would report that something should be done to correct this situation for the benefit of the whole community. I submit that if our system of taxation continues to penalize those who have large families, the effect upon

the future of our country will be very bad. Therefore I move the following amendment, seconded by the hon. member for Gaspé:

That section 1 of the present resolution be amended by adding the following words:

"Provided that in the case of a married person with four or more dependents, or any person granted an equivalent status under the act, whose earned income is less than $3,000, there will be no income tax liability in respect of the taxation year 1942.

Mr. ILSLEY: At the conclusion of what I have to say I shall take a point of order and submit that the amendment is not in order. But I do not want to do that at the moment; I want to answer the argument of the hon. gentleman.

The hon. gentleman's argument is that the tax deduction allowed in respect to children i inadequate. He assumes, apparently, that there should be a tax deduction sufficient to enable a child to be supported out of that deduction. I listened very carefully to his speech, and there was a passage in it which is based upon that assumption.

I want to say very emphatically that in no income taxation system that ever existed in this or any other country has there been provision for the maintenance of children out of the tax savings. I will come back to that later and say why, but in the second place I want to say that the consideration given to persons with large families under our present taxation schedules is greater than ever before, so far as deductions and exemptions are concerned.

Mr. JACKMAN: Up to what income?

Mr. ILSLEY: Up to about $2,500. As one moves into the higher incomes the consideration becomes less than it has been in previous years, but in the low incomes, the incomes of persons getting $1,200, $1,500, $2,000 and $2,500 —there comes a point which one cannot name precisely, because it differs with the size of families—the deduction from taxes on account of children is greater than ever before.

I want to prove that. The deduction in previous years, until the 1942 budget, or the allowance which a person received because he had a dependent child, was a deduction from his income for taxation purposes, amounting to $400 per child. In the lower income brackets the tax on the $400, had it not been deducted, would have been at 15 per cent. Therefore the tax saving per child was $60 in those incomes running up to $2,000 or $2,500. In addition, following the introduction of the national defence tax, there was an allowance made under that tax, which was 5 per cent of $400, if I remember correctly, or $20, making a total of $80 per child. Under this budget, however, we make a flat deduction from the tax—not from the income, but a deduction from the tax—of $80 from the graduated tax and $28 from the normal tax, making a total of $108 per child. That makes it better for persons with low incomes. It does not make it so good for persons with high incomes. I have explained that repeatedly in this house; I have explained it in the country, yet the illusion persists that in some way or other, the $108 being less than the $400, this is an example of harsh treatment.

I want to go back to the first point. In our taxation system, should we provide that from his taxes a taxpayer shall have deducted an amount sufficient to enable him to support his wife and children? Well, I say it never has been done, and I do not think it ever should be done. When a person marries he expects and is expected to assume responsibilities. He does not expect the government to assume his responsibilities for him. The government makes some allowance in the taxation system, but never a complete allowance. The wage system of this country is this, that the single man gets as much as the married man. If a single man gets married he must be prepared to support himself and his wife on the income he received before he was married. If there were no income tax at all on that person, what would he have with which to support his wife? He would not have anything but the salary he always had. As a matter of fact our system is that he supports his wife and his children out of his salary, not out of tax savings. He gets some consideration, but he never could be given the full amount necessary, out of tax savings, to support his wife and children.

I want to make it clear to this house, if I can, that this $108 per child is more than was ever allowed before. It is better than the $400 exemption, for everyone receiving up to about $2,500. Of course under last year's budget the rate was increased to 30 per cent instead of 15 per cent, but half or more is given back in compulsory savings. It would have been fair enough, I think, to take the 15 per cent rate and make the allowance $60 plus $20 or a total of $80, but we made the allowance $108. The public became confused as between the $108 and the $400 exemption and thought the government was grinding down the people with big families. We are doing nothing of the kind. This has been an encouragement to persons in the lower income tax brackets to raise large families, instead of a discouragement.

Mr. JACKMAN: What the minister has said is true as far as it goes, but it does not tell the whole story. Up to a certain point—I

think the minister put the deadline at $2,500—undoubtedly the new exemptions are better for the wage-earner, but above that level they become exceedingly onerous. This is particularly so in view of what the minister has said about the state not assuming any of the obligations a man undertakes when he gets married and raises a family. However I would point out to the minister that these people did not undertake to raise their families with the income tax rates at their present levels. The minister is placing a burden upon them which in many cases is hardly tolerable. Of course that is because of the war; we understand that, and we sympathize with the minister as far as it is possible to do so, but we do ask that there be fairness in regard to taxation in this country.

There is no doubt that when the change was made in the manner of granting exemptions; when instead of giving a flat exemption of $400 before arriving at the taxable income, the government adopted the policy of giving a stipulated credit on the tax, this made a very great difference. I have been sent a brief by a Toronto lawyer. I have not been able to check the figures, but he indicates just what the difference is in regard to a married man without children and a married man with four children, in the same income bracket. I should like to place a few of these figures on *Hansard,* in order to show how much more difficult the present taxation system is for a married man with four children as compared to a married man without children.

In the $2,500 bracket the difference between the method previously adopted, namely the deduction of $400 before arriving at the taxable income, and the new method of giving a tax credit, is as follows. The married man without children has to pay $165.80 more, while the man with four children pays $155.80 more, so that he is still a little better off. Then we come to the $3,000 bracket, which includes the great majority of the professional class and the great under-managerial class in business, if you like. In this class the man without children pays $174.40 more by reason of the change in the method of granting exemptions, but the man with four children pays $354.40 more. In the $3,500 class the man without children pays $194.40 more, but the man with four children pays $439.40 more. Then we go on to the $4,000 class; the man without children pays $194 extra, while the man with four children pays $482 more. In the $6,000 class the man without children pays $245, and the man with children $621, by reason of this change, which works an iniquitous hardship upon those who are endeavouring to bring up families.

Mr. ILSLEY: Do those figures include returnable taxes?

Mr. JACKMAN: It does not say whether any portion is returnable, or not.

Mr. ILSLEY: Yes, it is.

Mr. JACKMAN: I rather gathered from the brief that it was assumed that the man would have full compensation, or would be allowed returnable taxes arising from mortgages and insurance policies. In the $8,000 bracket the married man without children pays $270 more, but the man with four children pays $745 more. In the $9,000 bracket the man without children pays $287 and the man with four children $767.

The brief goes on to point out the various items of expense carried by the man with four children—extra housing accommodation, extra clothing, food, medical and dental expenses, and so on. Education is not mentioned, but a small amount for summer vacations is included, something to which each child is surely entitled even under the stress of war. There is a strong feeling on the part of a large number of Canadians who are contributing to the building up of this country and to the carrying on of the war effort that the present method of granting exemptions for married men with children is an unfair one.

To summarize: I agree with the minister that up to $2,500 it was a better system than the one which prevailed previously; but after that level it is much harder on the taxpayer than it was before and I believe the minister should give consideration to some amelioration of that hardship.

Mr. POULIOT: Mr. Chairman, I rise to a point of order. The minister has raised a point of order, and no one may properly discuss the merits of the paragraph before that point of order is decided. I have just a few words to say with respect to it.

It has often been said that members of parliament could not change anything in connection with any financial matter brought before the house by a minister. I believe a distinction should be made. In the old times, when there was no parliament, matters of taxation were decided by the king himself. He decided how much the levy was to be from his people, and by what ways and means it should be raised.

We now sit in a ways and means committee. It is my understanding that a member has the right to suggest by way of amendment that legislation should bring taxes not only to lower brackets, but even to higher brackets. Then it is the duty of

the committee to decide whether that shall be done. In the present instance there is no suggestion to increase the taxation. The suggestion in the amendment of the hon. member is to reduce the taxation of persons who have a certain number of children, so that they will not be asked to pay the arrears for 1942. That is all it means. I submit the hon. member for Charlevoix-Saguenay was quite in order in moving that the change be made. Of course there may be other considerations, as the minister has indicated; but they are altogether different. They should be decided afterwards by a standing vote of the committee.

The point of order must be decided by you, sir. An hon. member cannot speak on anything else before the ruling has been given. At times, in discussions on parliamentary procedure and practice, there seems to be confusion in the minds of hon. members with respect to very simple facts. In my humble view nothing is easier to learn than parliamentary procedure and practice, provided that one is not afraid the ice is too thin to walk on, and provided further that he uses his good judgment in these matters.

I know very well that financial matters are within control of government, excepting the concession made to the king after his powers were taken over by parliament in the days of King John. That is an old practice. But after the assent of the governor general has been given to the expenditure of any amount of money, or to any form of taxation, there is nothing to prevent any hon. member from moving a change. Otherwise what would be the use of sitting here—merely to listen to the reading of a budget speech? What would be the use of arguing in respect of that speech, without having the power to change the provisions contained in it?

The issue at stake is of the utmost importance if the rights of parliament are to be maintained. If we are here only as rubber stamps, then let us take the few papers we have on our desks and go away. Members of parliament have the undeniable right to discuss these matters. We are not here simply to chatter like old women and gossip like spinsters after a church service. We are here to make decisions. The proposals of the Minister of Finance can be accepted only after they have the approval of the committee and, following that, the approval of the house.

You may find, sir, that I speak with animation. But this is a most serious question. If hon. members sitting in committee of ways and means have not the right to move an amendment either to upper or lower brackets, then what is the use of our discussions?

I am speaking always to the point of order, mark you. The point in this instance is that hon. members expect to convince the minister and have his approval. That is not at all, sir, the spirit of the old British parliamentary tradition. Whether or not the minister agrees to a suggestion made by any hon. member, that suggestion becomes effective when it receives the approval of the majority of members of the committee. That is parliamentary tradition, and no one can deny it. How is it that in the past year everyone was going before the minister like the burghers of Calais, with ropes on their necks, to ask him: "Sir, will you kindly, please, agree to this humble request we respectfully make?" That is the attitude of the committee and that of hon. members who compose it.

Mark you, sir, I have the utmost respect for the Minister of Finance. He is one of the ministers for whom I have the greatest regard. But there is a thing that counts and on which the Canadian people rely. It is that parliament shall be true to itself. Therefore, whatever may be decided on the merits of this case subsequently, I ask you, sir, to decide not in favour of the false practice that has grown up like a poisonous mushroom but to decide in accordance with the purest British traditions that it is not for the minister to make himself the final arbiter with regard to suggestions made by members. It is the obligation and the duty of the members themselves to decide the matter according to their best judgment.

If I have spoken for a few minutes on this question, sir, it is because I believe that parliament will be worth something to the Canadian people only if we take advantage of the experience gained during the centuries by the British parliament at Westminster.

Mr. HANSON (York-Sunbury): The amendment proposed by the hon. member for Charlevoix-Saguenay, to which the minister replied with a reasoned argument during the course of which he actually forgot to take the point of order he intended to take, raises the question of the right of a private member to interfere with the prerogatives of the crown—I suppose that is the principle which the minister will invoke—in regard to taxation. At all events the effect of this amendment would be to ease the income tax position of those who have large families.

I am in agreement with the principle underlying this amendment, even though I am afraid that it may not be possible under our system to give effect to it in this way. The hon. member for Témiscouata has endeavoured to put

the case before the minister in as favourable a light as possible, and I hope the minister will give some thought to affording relief to people with large families and incomes of $1,500 or less, in comparison with the position they previously occupied. I remember when we had an exemption of $500 for each child. My memory goes back nearly twenty years to the time we raised this question in the house. With such an exemption the position of the taxpayer with a large family would be much more favourable. I do think that the minister might give some consideration to the appeals of those who find themselves with large families and small incomes. Unfortunately I cannot include myself among them. But in these days the people living in my own community, the generality of them, have just these moderate salaries. Take the civil servants in the employ of the provincial governments. They are really a poorly paid lot. Not many of them have high salaries. They are not nearly as well paid as the federal civil servants, and they find it very hard to keep up their position in the community as they are expected to do, and as they ought to do, and raise a substantial family. The net result I fear will be a falling off in the size of families of people in that category.

Resolution No. 1 raises the whole question of the adoption and the application of the so-called Ruml plan. I made some reference to this in my speech on the budget on the 18th of March, and took occasion then to say that the minister had adopted the principle of the Ruml plan to make taxation current but had not adopted the Ruml plan itself, and I wondered why, because the minister's was only a partial implementation of the promise that was made in the speech from the throne. In other words the minister gave us half a loaf, but only half a loaf, and I asked him, when speaking on March 18, at page 1356 of *Hansard*, to give consideration to the question of wiping out the arrears for 1942 and making the necessary adjustments. I did that on the theory that if it were done I did not believe the treasury in the long run would lose anything. I am not going to labour that argument, but I have seen it raised many times in the public press and in discussions here and in the United States. The minister has not yet made any reference to that. This, of course, is a matter of principle, and I think it ought to be discussed on the floor of the house to-day. If the minister would wipe out the entire arrears and put everybody on a current basis in accordance with the Ruml plan, wipe out the deadweight of debt which the taxpayer has to pay—and this applies to the little taxpayer much more than to the big taxpayer; for it is harder for some to pay $100 than for others to pay $1,000—if all were put on a current basis as indicated by the Ruml plan and you lifted from their shoulders the dread of being always in debt to the government, I venture to say there would be a much more cheerful compliance with the provisions of the minister's budget.

The tax paying public of this country were treated pretty harshly by the minister last year. We had one raise after another in the rates of taxation, and one reduction after another in the exemptions. I can understand thoroughly the reason why. The reason was the necessity of raising more money for war purposes, and I do not imagine that any other minister of finance would have acted differently, because he would have been obliged by the exigencies of war to raise a large amount by taxation. The income tax field happens to be one of the most prolific sources of raising money on the theory of ability to pay. I have always said that the Canadian people would pay, and pay willingly, if they were satisfied that there was equality of service and sacrifice. Whether there is or not I am not going to argue. I have argued against the suggestion that there was equality of service and sacrifice. I think that some people were called upon to pay much more than others in certain income tax groups, but I am not going to labour that here. I do suggest to the minister, and I should like to have his reaction on this, that if he had adopted not only the principle of the Ruml plan for current payment, but the actual plan of making the payments current, the treasury in the long run would not have lost a dollar, because we are paying out more money in this country to-day than we paid out last year. There is more governmental expenditure; the national income is higher; there is more money available which will flow into the treasury in the 1943 taxation period on which collections are now being made. Has any calculation been made, and if so what is the result of the calculation, if full effect were given in Canada to the Ruml plan? That is one query which I leave with the minister.

I am aware that there are extreme difficulties in putting the Ruml plan into effect, because of the action of the minister last year, in the budget he brought down, whereby he made us pay the full balance due on the 1941 income taxes and four months on the 1942 taxes out of twelve months' income, in the last six months of the calendar year. That is where the great pinch came. Personal income tax payers had to provide for

payment of sixteen months' personal income tax in six months. This inflicted great hardship on most people. If the minister had it in mind to adopt any such plan as that he should not have delayed the budget last year until June 23.

What has happened since? This budget is brought down in March, and after we have paid two payments on the 1942 income tax—one in the fall, and one on the 15th January, which was practically paid in 1942—we are told, "You have to begin on your 1943 payments in March", and most of us have paid twenty per cent.

In passing I would call the attention of the minister and all hon. members to the form which we signed when we sent in our twenty per cent. I wonder whether everybody read that form through. You had to make your own estimate, and you had to make it at the end of the third month of the calendar year.

Mr. GIBSON: Or take last year's figures.

Mr. HANSON (York-Sunbury): Yes, the minister is quite right; we had the alternative. And there was a notice that if you erred in your estimate you were going to incur a penalty. Is that British? I put it to the minister. What authority has he to do that? What authority has he to impose that penalty? If the minister has that authority, I denounce it.

Mr. MARTIN: There is no way of calculating.

Mr. HANSON (York-Sunbury): There is absolutely no way of calculating what you are going to get. Let me tell the membership of this house, with respect to investment income, that that income is diminishing every day. Take the returns of corporations which are now publishing their financial statements; nearly every one of them shows reduced earnings. What is going to happen? Dividends will be reduced. There is a reduction in the value of capital of hundreds of millions of dollars by reason of overtaxation. I suggest to the minister that he ought to apologize to the Canadian public for having put that in a form which we had to sign and send in by the 31st of March.

Mr. GIBSON: Perhaps I might explain these points as we go along. The form which was issued permits people to estimate their tax from the income of last year. If people wish to estimate a lower income, and do so, and then find that their estimate is wrong, they pay interest on the underestimate for having taken that chance.

Mr. HANSON (York-Sunbury): That is just what I object to.

Mr. GIBSON: Otherwise they have the right to pay the tax on last year's income.

Mr. HANSON (York-Sunbury): You do not give the taxpayer a sporting chance. Most people try to do this meticulously. They are afraid of penalties, they are afraid of interest on unpaid amounts and all that sort of thing. But to tell a man that because he makes an error in an estimate he is going to be penalized by the government is going one step too far. I object to it, and I think the Canadian people object to it, and I ask the minister to withdraw that provision. If a man does not make a proper estimate and does not pay sufficient when the tax on his income is payable, charge him interest on the deficit if you will; but to impose a penalty by regulation—what have we come to in this country, when departmental officials can impose penalties on the people of Canada? It is tyranny, that is what it is, just tyranny. It is about equivalent to what the Minister of Labour has in some of his statutes—a denial of British justice. I demand in the name of the Canadian people the withdrawal of these penalties.

Now let me get back to the Ruml plan.

The CHAIRMAN: Order. I must inform the hon. member for York-Sunbury (Mr. Hanson) that there is a point of order raised by the Minister of Finance (Mr. Ilsley).

Mr. HANSON (York-Sunbury): He did not raise it. He said he was going to, but he did not.

The CHAIRMAN: Oh, yes.

Mr. HANSON (York-Sunbury): With all respect to the Chair, he did not raise it.

Mr. MARTIN: It really comes under No. 6.

Mr. ILSLEY: Shall we get rid of the point of order? The amendment is this:

That section 1 of the present resolution be amended by adding the following words:

"Provided that in the case of a married person with four or more dependents or any person granted an equivalent status under the act, whose earned income is less than $3,000 there will be no income tax liability in respect of the taxation year 1942."

Under the present tax schedules the taxpayer with $3,000 income and having four dependents pays a tax of approximately $225, and in the majority of cases he has probably paid already about fifty per cent of that. The resolution proposes the forgiveness of the other fifty per cent.

Mr. MacNICOL: He will not have to pay the fifty per cent he has not paid.

Mr. ILSLEY: Yes; assuming he has paid approximately fifty per cent the remaining fifty per cent is forgiven. This amendment would relieve him of taxation in 1942 on the whole amount, which would mean that the government would be obliged to refund to him the fifty per cent already collected, or anything already collected; in most cases something like fifty per cent has been collected at the source. I cannot give an estimate of the aggregate of refunds which would be necessary, but I have no doubt it would run into a great many millions of dollars. As to taxpayers who have not paid, it would mean that in many cases we would forgo our right to collect from them.

Mr. HANSON (York-Sunbury): You could apply on the 1943 taxation what they have paid.

Mr. ILSLEY: No, we would forgo our right to collect in respect to 1942 income. This takes away the government's right.

Mr. HANSON (York-Sunbury): The minister is speaking of the amendment?

Mr. ILSLEY: Yes. The government would have no right to any tax on the incomes of this class of taxpayers. The result would be that our estimates of revenues for the fiscal year 1943-44 would prove to be far too great; it would throw out of balance our ways and means, as the expression is.

In Beauchesne's Parliamentary Rules and Forms, third edition, paragraph 500, at page 182, I find the following:

> Though it is the function of the committee of ways and means to impose rather than to repeal taxes, examples of the repeal of taxation effected in this committee are to be found upon the journals. Proposals for the variation or modification of taxation can therefore be made in the committee; but these proposals must be grafted upon the financial scheme submitted by the government, and must not affect the balance of ways and means voted for the service of the year. Amendments, therefore, can be proposed to substitute another tax, of equivalent amount, for that proposed by the government, as, for instance, a proposal to substitute probate and legacy duty on real property as an alternative for an inhabited house duty, the necessity of new taxation, to that extent, being already declared on behalf of the crown.

If this amendment were adopted it would mean the loss to the government of tens of millions of dollars in taxation or even more. The hon. member proposes no substitute tax, therefore his proposal affects the balance of ways and means voted for the service of the year and is not in order.

Mr. CHURCH: If what the minister says is true about this budget and these exemptions, parliament might just as well be abolished. The minister is relying upon the principles of the budget and of the British constitution as they were in the days of the seven years' war. I should like to say a word too about the first and second resolutions. In the Kingsley Wood budget in the old country, where they have no sales tax, they provided for hostels, for nutritional services—

Mr. ILSLEY: On a point of order—

Mr. CHURCH: I have the floor and I cannot be interrupted unless I give consent.

The CHAIRMAN: The minister is rising to a point of order.

Mr. ILSLEY: We are dealing with the amendment proposed by the hon. member for Charlevoix-Saguenay to resolution No. 1. The second part of standing order 58 reads as follows:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

The remarks of the hon. gentleman have no relevancy either to the amendment proposed by the hon. member for Charlevoix-Saguenay or to resolution No. 1.

The CHAIRMAN: Hon. members may speak to the point of order raised in connection with the amendment moved by the hon. member for Charlevoix-Saguenay.

Mr. CHURCH: May I speak to the amendment?

The CHAIRMAN: The hon. member must speak to the point of order raised in connection with the amendment moved by the hon. member for Charlevoix-Saguenay. If no hon. member wishes to speak, I shall give my ruling.

Mr. CHURCH: I wish to speak in reference to what the minister has said already this afternoon.

Some hon. MEMBERS: Order.

The CHAIRMAN: I shall have to rule first on the point of order. Hon. members who wish to speak to the point of order may do so before I give my ruling.

Mr. POULIOT: I ask you, sir, not to forget what I said before.

The CHAIRMAN: Having in mind what the hon. member for Témiscouata has said just now, an amendment could always be moved in committees of the house by members

of the committee, and I shall follow the statement made by the Minister of Finance who contends that the present amendment is bound to affect the financial scheme of the government in the raising of taxation. On that point and for the reasons already enumerated, I rule the amendment out of order.

Mr. HANSON (York-Sunbury): I should like to resume where I left off when the minister suggested that we deal with the amendment. I was referring to the penalties that might be exacted if a taxpayer made an erroneous return of his 1943 income. Perhaps this would more properly come under resolution 6, and I should like to have it understood that I was just diverging for a moment because that came into my mind. I appeal to hon. members to my right and to hon. members across the chamber to support the position I have taken with respect to bureaus imposing penalties upon taxpayers. The principle is unsound and wrong. We shall have something more to say about this when resolution 6 is before the committee.

Coming back to resolution No. 1, and the failure of the administration to adopt the Ruml plan, I believe I asked the minister if he could make a statement as to what if any loss would be incurred had that plan been fully implemented. I hope the minister will give some consideration to this when he makes his reply. Under the taxes imposed in 1942 we have had to pay sixteen months' taxes with only six months' preparation, and by January 15 of this year we had to get in substantially, the taxes for four months of 1942. In most cases this would be half of the 1942 tax. The whole position is muddled, and I have no doubt that that had something to do with the government adopting the policy of forgiving only 50 per cent of the 1942 tax.

What this country is being asked to do is to pay two and a half years' taxes in two years in order to put into effect a pay as you go or pay as your earn plan. I suggest that it is mostly pay as you go. It has placed an undue burden upon the personal income tax payer. I hope the minister will reply to this point because I feel that the income tax payer has a real grievance against the government.

If the minister will be good enough to refer to page 1356 of *Hansard* he will find that I took up the question of annuities. I do not know whether there will be any other opportunity to refer to annuities under these budget resolutions, but I should like to know if the government intends to do anything about the suggestions I made. I should like to know also the position with respect to income tax collection generally. As reported on page 1357 of *Hansard* of March 18, I made this observation:

> We hear practically nothing about income tax collection except the quantum of the sum collected. The wide extension of the incidence of income tax in the last few years has undoubtedly led to a huge expansion of work in the income tax department. The view seems to be generally held that this department is grossly under-staffed, and that as a result the checking of income tax returns, both personal and corporate, is inadequate and very much behind schedule.

That was not an indictment; it was merely stating a truism, because everyone will agree that there has been a huge expansion of the work in that department. I want to know what the position is in that regard. I asked as the number of employees, say as of January 31, 1943, as compared with the same date two years before, and generally what plans had been made to cope with the huge increase in volume of business which must necessarily take place with the filing of this year's returns. I asked certain questions also with respect to the operations of the board of review. I hope the minister will give some information in regard to that. If we cannot get it on these resolutions I do not know where we can get it, because there is no resolution that is directly pertinent to this important question.

The delay in dealing with applications of certain classes of companies, covering their position as depressed industries, is holding back the closing of corporate accounts, because they do not know what their position is; they do not know whether they have set up adequate reserves to take care of their taxation. This state of things will affect the minister's position with respect to the coming victory loan. These companies will subscribe to the limit if you let them know what their tax position is, but they want to know that, and why should they not know it? Why should the decision with respect to the group of companies to which I refer—the minister will know what I mean without my naming them—be deferred for so many months, years one might say? Look at the returns of any of these companies to their shareholders and you will see it stated in so many words that they do not know what their tax position is. That is unfair.

Mr. MARTIN: Does the hon. member mean the final assessment?

Mr. HANSON (York-Sunbury): The final assessment. It is the paper companies I am talking about.

Mr. MARTIN: That is the situation not only with companies but with individuals.

[The Chairman.]

Mr. HANSON (York-Sunbury): I agree, but I am speaking for the moment of companies. These people have been in a depressed business for years. They have kept their flags flying, kept their employees at work as far as they possibly could, and are doing a good job to-day in production, but they have never got to the point of knowing whether they are declared a depressed industry or not; they do not know what rate they are going to be allowed. Many of these companies have been through the wringer once; they cannot go through it again and live. Under the greatly increased taxation, companies which have just come through reorganization are at their wits' ends. The delay of the department is prejudicing their position; I will go further and say that it is prejudicing the position of the treasury in respect to subscriptions by these companies to the next victory loan. I am not going to follow that through. I did suggest that there must be an accumulation. Last year I made inquiries about this and to my surprise the minister told me there was no accumulation. If that is so, why all this delay? Nearly twelve months have gone by and these cases are not yet settled.

I referred to the question of income tax collection. The other day it was reported in the press of Ottawa that a crown writ of some kind had been issued against a night club in Hull—I was going to say *ne exeat regno;* it was an old writ that I had not heard of since I was a student at law. How many writs of that kind have been issued to collect a crown revenue? Here is a night club owing $20,000. If I did that, what would happen to me? I know that they want to collect the taxes; of course they do. What are the arrears in 1941? How many individual income tax payers are in arrears? Are these individuals, partnerships or corporations? We ought to know the amount of arrears in relation to each. I am not asking for the names of individuals, but I want to know how much the taxpayers of the country owe the government for income tax arrears. We are entitled to that information. I may be all wrong about this but I have an idea that the people would be startled if they knew just what the position is. I should be delighted to learn that it is not as bad as I think it is, but I am rather fearful. In the meantime I am told on the form I signed and sent in on March 31 that if I underestimate my tax for 1943, by the will of a departmental official I am to be penalized.

Mr. ILSLEY: The hon. gentleman is indignant about the clause on the form which went out from the national revenue department regarding the March 31 instalment.

Mr. MARTIN: If the minister is going to discuss that now I think it should be open to the whole committee, because it really comes under No. 6.

Mr. HANSON (York-Sunbury): Yes, it really does, but it just came to my mind.

Mr. ILSLEY: Since it has been raised I think it is all right to discuss it now, and let everyone discuss it who wishes. We expected that the bill would become law before March 31. One reason why I was so anxious to have the budget resolutions and the act passed before March 31 was that I wanted to get this matter of income tax returns and the liability to make income tax returns on March 31 cleared up. Forms cannot wait; they have to go out. The notification on the forms that persons would be penalized if they underestimated the tax was unauthorized. I do not mean by the minister—I am not repudiating it; but it had no legal authority whatever.

Mr. HANSON (York-Sunbury): The minister is not seeking to take it off the shoulders of his colleague?

Mr. ILSLEY: I certainly am not.

Mr. DOUGLAS (Weyburn): The minister means that there was no statutory authority.

Mr. ILSLEY: No statutory authority, nor could we get statutory authority, nor could we get action.

Mr. HANSON (York-Sunbury): Why put it in the notice?

Mr. ILSLEY: The form is for the other three quarters as well; it does not affect the March 31 quarter alone. The house can deal with that matter when we come to the act. If this goes too far it goes too far, that is all. We must not get the idea that we are just playing, dealing with small matters here. These income tax proposals run into many hundreds of millions of dollars, and we have to make our plans; we have to get out forms, and do it in an orderly way. I introduced the budget, I thought, early enough to get it through by March 31, so that this whole matter would be dealt with. There would have to be some penalty. I do not know what the provision is in the act, but certainly it could not be left in this way, that any person could underestimate as much as he wished and not be subject to any penalty. That would mean that he need not pay anything until December 31.

Mr. HANSON (York-Sunbury): But you would charge him interest on it.

Mr. ILSLEY: That is the penalty, is it not? Just as surely as human nature is what it is, if you put it entirely within the hands of people to estimate the four instalments, one due March 31 and the others due at three month intervals thereafter, and impose no penalty whatever for an underestimate, they would read it over and say, "Let us make it plenty low." They could even make it practically nothing, and there would be no penalty; they would pay the whole thing on December 31. Is the objection that interest is charged?

Mr. HANSON (York-Sunbury): No, I do not object to that. Let me put this case to the minister, just as an example. Suppose I own 10,000 shares of Canadian Pacific Railway stock, which I do not; and suppose the Canadian Pacific pays a good dividend this year, which I hope it will, though it may not—for years it did not pay a dividend at all. Suppose the dividend on those 10,000 shares of stock comes to me in 1943; because I had not taken that into account when I prepared the estimate of my income on March 31, I am subject to a penalty. It just does not add up; it has no common sense; it is unjust; it is not British justice. I could go on ad infinitum calling it names, but I will stop now.

Mr. ILSLEY: I thought from hearing the hon. gentleman that there had been some utterance *in terrorem* appended to this document, but all I find is "interest is payable in respect of late or insufficient payments."

Mr. HANSON (York-Sunbury): Is there not a penalty clause? I read somewhere, in some document I had, that if you underestimated your income you were liable to a penalty.

Mr. ILSLEY: That is the interest.

Mr. HANSON (York-Sunbury): It did not say that in the document I read.

Mr. ILSLEY: That is a penalty, in a sense. Here is this terrible scandal—

Mr. HANSON (York-Sunbury): If you make an underestimate it is a false return, and then you are liable to a penalty in addition to the interest. There is a penalty for an underestimate, which is set out in some document I have seen.

Mr. ILSLEY: Then the hon. gentleman had better bring the document here. This is all I can find, and this is what the hon. member for Essex East is complaining about—"Interest is payable in respect of late or insufficient payments."

[Mr. R. B. Hanson.]

Mr. CHURCH: I agree with your ruling, Mr. Chairman; I think it would be better if we stick to the resolution, which I believe acknowledges the dead hand of treasury control. What is the point to be considered? What is to be taken as earned income? Suppose a man receives an income of about $3,000; you must consider the cause and effect of the earned income, and you must consider this taxation which really amounts to confiscation. You must consider what has to be done with the earned income of a taxpayer in the lower brackets. He must pay insurance, mortgage, sales tax, real estate taxes, and all the rest of it. He cannot get a house now; the rents are so high they are prohibitive. People with children are living in basements and all that sort of thing. Yet we sit here considering resolutions included in the minister's budget, and we cannot change one line of them. This committee might just as well adopt the whole budget, holus-bolus, because under our system if one line is changed against the will of the minister, under the principle of responsible government he must resign. What about the merits of the earned income? Look at what the Prime Minister is proposing to-day. We have been talking about the paradise to come, from the cradle to the grave, and all that sort of thing, but it will never come about. Sir Kingsley Wood said the same thing in bringing down his budget in the United Kingdom. He said there was no use promising the people anything but a hard road to travel in the years to come, because of the taxation system made necessary by this terrible war.

I think we must admit that there is no such thing as earned income. Why, to-day $6,000 will not go as far as $3,000 went a year or two ago, and what is to happen? It will simply mean that the population of the country will decrease. We have school boards all over the country complaining that they cannot continue to educate the children because they have no money and the children are not able to get enough food. They have had to establish facilities in schools all over the country to give children milk and bread in the middle of the day, for some children who come to school almost starving. No budget should legislate against human nature but that is what we are doing here to-day. The minister may pass these resolutions as quickly as he likes; the quicker the better, because in my opinion the working people of this country will regard this as the most unpopular budget we have ever seen, for its lack of family exemptions. We have in this house members of the medical profession who can speak of the harmful effects of poor housing conditions, the effect of

the high cost of living on the poor and needy. And in connection with earned income, why, almost fifty per cent of a man's income goes to pay his lease and rent, and even at that many men cannot get rooms at the present fabulous prices. Here we have one man, a highbrow, a meat czar, Mr. Taylor, imposing taxes and penalties, with a plan in his pocket, as he said yesterday, for regulating food supplies and meat in a land of plenty. What does he know about food? Yet he can impose that burden upon the people, and he can drag them into the police court and have them fined up to $5,000, I am sorry to say. Yet we have some poor people who have no food, let alone a room in which to keep their children. I come from an industrial riding, from one of the largest soldier constituencies in Canada in regard to both the militia and the active forces. I have many people who have lost their sons on land, sea and in the air during this war, and I can tell you the taxes are so high they are not able to buy the food or coal they need. Some of the food they do get is not fit for human consumption, though it is under the control of men like Mr. Taylor, with no training for such a job, and these others who travel around the country. It is costing for subsidies about $80,000,000 to maintain these ceilings. At the same time rates are going up while earned income less taxes has dropped to almost nothing; and still a man must feed his children.

At times I have confronted the auditor general about this matter. One must see the cause and the effect on earned income of the taxpayers. The auditor general might just as well not be in office at all; he can veto no expenditure. I want it understood that I am not criticizing the man; I am criticizing the principle. He is a good citizen and a splendid official. But we who sit here have lost to outside controls all control over expenditures, when we consider that under a system of taxation which takes half one's earnings we must understand the cause and the effect of such taxation.

We have before us the first paragraph of certain resolutions I have opposed from the start of the budget. We find that a long schedule is attached to it, and that not one line of it can be changed. How are the people to pay these taxes? I fail to see how it can be done. The principle seems to be that "unto everyone that hath shall be given . . . but from him that hath not shall be taken away even that which he hath."

When I see this wild carnival of expenditure, everywhere I go across the country, I am astounded. I did not vote for this budget. We see evidences of extravagance on the railway trains as we travel, and we know that throughout the country the taxpayers are groaning under the heavy taxation they cannot pay. On a five billion dollar budget we cannot seem to afford anything for the relief of people who have no income, or whose incomes are taken away from them, and no money for old age pensions. All the earned income of a man is taken away through the increased expenditures in connection with rent, taxes, insurance, food, clothing and so forth. He has to put up with a lot of bullying tactics imposed upon him by bureaucrats, because that is all they are. He must submit to the bullying tactics of these highbrow controls and subcontrols which for trivial or technical breach, are bringing people into the police courts. Some families which had never seen police courts before, even in the past three or four generations, have been dragged in, over our heads, and can be fined as much as $5,000. And that is done by people like these professors and highbrows, who are planning to reduce the earned income of the small-salaried man. They are cutting his pound of meat, which includes half the bone.

I do not blame the minister. He has to get the money. As I said yesterday, he is a conscientious man and a gentleman. I sympathize with him in his task. I sympathize, too, with the minister who sits beside him, and with the splendid officials in front of him. But let me tell them that the budget of Sir Kingsley Wood did not change the schedule or reduce exemptions. I shall not quote from it in detail, but I must point out that fact with respect to the British schedule. Over there, no sales tax was provided.

We may stick to the paragraph as much as we like. I have raised this point before, and I will raise it again. It is most difficult for a man in the lower brackets to provide for his children the necessary food, clothing and shelter. We might as well give up all our hopes for freedom from fear and want. Fear and want will continue if we carry out the provisions of the resolutions now before the committee.

The medical profession, teachers and others are complaining about delinquency, lack of housing and nutrition. Delinquency dates back to the time when the small wage-earner found he had to provide all these things from his small income and at the same time pay high taxation. Judges, boards of education,

magistrates and all public officials are complaining about the present state of delinquency. Never legislate against human nature, because "he that hath pity upon the poor lendeth unto the Lord." This is one of the most unchristian budgets I have ever seen in my life. Of course I do not blame the present minister for it but, as I said yesterday, the taxation placed upon the working classes is too heavy. I can tell the committee who is to blame for it; all hon. members know who is responsible. But I do say that under these resolutions the Minister of Finance is taking too much from the taxpayer and not charging enough to capital. Great amounts of money which should not be spent are being spent like water to-day under no public control whatever. One has only to travel about the country to see what is going on. The minister, who is in control of the treasury should put on the brakes and try to prevent these heavy expenditures.

Mr. GILLIS: The longer I am in the house the more doubtful I become as to the sanity of some people, and the more convinced I am that the rules of debate require a thorough overhauling. Practically every hon. member made a general statement on the budget, after its presentation. Hon. members to my right were quite satisfied with it, and, indeed, voted for it. Yet they have spent the last couple of days in criticizing it, and tearing it to pieces. They emphasize the necessity for winning the war, but they do not want anyone to pay for it. I must say that this confuses me, and I am just wondering whether some people are crazy, or whether I am. Had I voted for the budget I would have sat down and kept my mouth shut, or would have helped the Minister of Finance to get it through the house.

Mr. MacNICOL: If we did not speak about it, nobody would.

Mr. GILLIS: Talking about it does no good. Actions speak louder than words.

I rise this afternoon to make an inquiry of the Minister of Finance. Last night in the ten o'clock news broadcast over the Canadian Broadcasting Corporation network there was an announcement to the effect that exemptions for members of the merchant marine had been granted to the extent of allowing some deductions for income tax purposes. I have read yesterday's *Hansard* and the newspapers, but I find no such announcement by the minister.

For the past three years I have been interested in this question, and have had some correspondence with the minister with respect to it. I was surprised, therefore, to hear the announcement over the radio without first having heard the announcement in the house. My understanding of the radio comment was that war risk bonus paid to the men in the merchant marine and the board they pay while ashore would be deductible for income tax purposes. Would the minister make a statement as to whether or not there was any authority for the radio announcement, and, if so, why it was not made in the house?

If the statement given out over the air is true, in my opinion it is still far from satisfactory. Speaking in the house a few days ago, the Minister of Fisheries lauded to the skies the work of the merchant marine, and rightly so. He pointed out that about 642 merchant seamen had lost their lives since the beginning of the war. I have had correspondence from men serving in that capacity. For example, two second-class engineers point out to me that there is a monthly deduction of $42 from their salaries. That is a heavy tax, when we consider the work the merchant marine are doing. I do not think there is any service, on the land, on the sea or in the air, making a greater contribution to the winning of the war than is the merchant marine. The member of that service does not wear a uniform. No glory attaches to his job, and much of his time he spends on a raft, drifting around the Atlantic. He takes greater chances than any other man in the service of the country. Nothing short of total exemption, for income tax purposes, of the entire income of the man serving in that capacity will satisfy me.

There is another point I would bring to the attention of the minister. When the federal authorities invaded the provincial income tax field some citizens, particularly in New Brunswick—I have had letters from two men at least—were placed in this position. Previously they had been paying income tax to the municipality, but when the federal government entered the income tax field and people no longer paid income tax to the municipality they were disfranchised and were no longer permitted to vote in the municipality. I corresponded with the Secretary of State, and he informed me that the matter was not within his jurisdiction but that he was bringing it to the attention of someone else. I thought I would mention the matter in the house to the Minister of Finance because he entered into the taxation agreement with the provinces. I think provision should have been made then to protect the franchise of people who have been placed in the position I have just mentioned.

There is another matter on which I wish the minister would make a brief statement. I

have had some correspondence with individual members of the commercial travellers' association who have pointed out to me that they pay to the association a yearly fee, contingent upon the payment of which their insurance is protected. They have made application to have such payments treated just as insurance premiums paid to insurance companies are now treated under the act.

Would the minister make a statement on the three points I have raised?

Mr. ILSLEY: On the first point about merchant seamen, notice was given in *Votes and Proceedings* of April 6 of a resolution I shall propose exempting from taxation the war risk bonus and the value of any board and lodging on shipboard received by such a person while performing services in respect of which war risk bonus is payable. That must have been where the Canadian Broadcasting Corporation and the press got the item. That matter can be dealt with when the resolution comes up.

The second point my hon. friend raised was with respect to income taxpayers in New Brunswick. Whether they are permitted to vote or not is a matter purely for the New Brunswick authorities. The voting privilege at municipal or provincial elections is something over which we have no control. This parliament has nothing to do with it.

Mr. GILLIS: It was because the federal government entered the income tax field of the provinces that these people are disfranchised.

Mr. ILSLEY: I do not know whether they are disfranchised or not, but if they are—

Mr. GILLIS: I have letters to that effect.

Mr. ILSLEY: —we did not disfranchise them. We could not disfranchise them.

Mr. GILLIS: Indirectly you did.

Mr. ILSLEY: The third point was about commercial travellers. I do not know the type of insurance policy to which the hon. gentleman has reference, but I suppose that the desire of the commercial travellers is to have the premiums they pay on some form of insurance policy permitted as an offset, to be counted in the compulsory savings portion of the tax. The premiums may not be on life insurance policies.

Mr. GILLIS: I think it is accident policies.

Mr. ILSLEY: We cannot permit that. The matter was fully debated last year. It is not covered by our legislation and I do not propose to extend the legislation to cover it.

Mr. MARTIN: Mr. Chairman, the point made by the hon. member for York-Sunbury deserves, I think, more than scant attention. On the whole, it deserves some support, and I propose to give it. The form in question, T.7-B, contains this sentence in black-face type near the bottom of the page, "interest is payable in respect of late or insufficient payments." The Minister of Finance and the hon. member for York-Sunbury have argued as to whether interest is a penalty. The hon. member for York-Sunbury has proceeded on the assumption that in addition to the payment of interest there is also a penalty payment. That apparently is not true. But the hon. member for York-Sunbury is right to this extent, that the payment of interest on both late and insufficient payments operates as a penalty. So that the principle of his objection still remains.

What is the situation? Interest is payable on late payments, and I do not think the committee could quarrel with that. If a man fails to make a twenty per cent payment on March 31, I think properly there should be an interest charge for his non-compliance with the law in that respect. But when it comes to charging interest on insufficient payments, it seems to me that there is the strongest possible case for not charging interest when a man is unable to determine what his income for 1943 will be. The minister has said: Oh, well, if we did not do this, individuals would take advantage of the situation, deliberately underestimate their tax payment, and pay possibly only a nominal amount on March 31.

Mr. McNEVIN: Has the taxpayer not had the use of the money?

Mr. HANSON (York-Sunbury): He has not earned it all yet.

Mr. MARTIN: I do not quite appreciate how that has anything to do with what I am trying to say. Perhaps when I have finished the hon. member will reconsider his question. Here is the situation. Here is a payment required not under any statutory provision because the statute has not yet been passed. There is required a quarterly payment of twenty per cent of the income tax which the individual will have to pay on his income for the full year. That income cannot possibly be determined now. As I mentioned a minute ago, the minister has said: If the observation of the hon. member for York-Sunbury were to be sustained, people would take advantage of the situation and deliberately underestimate their income, and that would not be a fair and proper

thing to do. What the minister has said is true up to a point, but only up to a point. In the case of individuals—take members of parliament—with a fixed annual amount of income the argument is sound, but in respect of income over a fixed, constant, yearly amount the point is not well taken. There is not a man in this house who comes within the provisions of this requirement who can say now what his income over and above a fixed annual amount will be, and yet if his twenty per cent payment based on his last year's income is insufficient in relation to what will be his full income for this year he has to pay a penalty. It is not called a penalty, but he has to make an interest payment of eight per cent, or whatever the rate may be, on the insufficient amount. By what principle can that be justified? In the case of individuals who know that this year they will receive a fixed amount by way of salary, there perhaps should be an interest payment as a penalty if they do not take that into account in making their return and the twenty per cent payment. But in respect of an incalculable income, surely it is not fair, and surely it is not intended. I put this to the minister: Suppose that an individual pays more than he should pay on March 31 and then finds at the end of 1943 that he has paid a greater amount than the law requires him to pay, will the crown pay him interest on the excess amount he paid? Surely, if the principle is correct in the one case it should be correct as a general proposition. I suggest to the minister that an individual may well take the position now, if he has made no payment at all on March 31 that since this is not as yet a statutory requirement there is no law which requires him to pay anything. I assume the bill will be retroactive to cover the period to March 31. What would then be the position? First, the individual would be penalized on something, which he could not fully and properly calculate; and secondly, he would be called upon to pay a penalty—a "penalty" within the generous meaning of that term—when the law at the time the payment was due did not cover the point.

I had thought that this point had been settled. I discussed the matter with the officials of the department, and I had understood that there would be no penalties in respect to insufficient payments. I strongly urge the minister that, if that is not now the policy, he should reconsider it.

Mr. ILSLEY: I think now the hon. gentleman might answer the question put to him by the hon. member for Victoria, Ontario (Mr. McNevin): what unfairness is there about charging a person interest on money which he owes and has not paid?

Mr. HANSON (York-Sunbury): He does not owe it under the law to-day.

Mr. ILSLEY: Oh, not to-day, no; of course not. About this first payment, I do not disagree with very much that anyone has said. But that is not our fault; we have been trying to get this through since March 2. As a matter of fact, people did not legally have to put their form in by March 31, but we could not wait till March 31 before we sent out the notice, because that would be an irresponsible way for a government to act. But the argument of the hon. gentleman is general; it is not particularly about March 31; it is about every one of these quarterly dates; he is suggesting we should not have any interest chargeable on overdue payments. I do not see why not.

Mr. MARTIN: On insufficient payments.

Mr. ILSLEY: On insufficient payments. I do not see why not. Otherwise you get discrimination between one person and another. One honest man estimates carefully and conscientiously the amount he owes, and he pays it. Then he runs across some fellow on a train somewhere who tells him he is a fool to have done so; that he himself put his return in for about half; and there is nothing you can do with him because there is nothing in the law. That is the result you would get. We will take into account the representations which have been made here. The hon. gentleman asks, if there is an overpayment will there be interest from the crown? I say, no.

Mr. MARTIN: Of course not.

Mr. ILSLEY: It seems so obvious that a rule which works one way should work another. But the reason is that the crown does not know what a person's income is, whereas the person himself does know.

Mr. MARTIN: Oh, no.

Mr. ILSLEY: Well, he knows better than anyone else, better than the crown would know.

Mr. MARTIN: Supposing the minister were not minister of finance and his great and brilliant qualities were being exercised in the practice of his profession; would he, as a member of parliament practising his profession, be able to say what his income for this year would be? Obviously, no.

Mr. ILSLEY: When I was practising law I could estimate fairly closely. It was not very great, either. I think a great many of us could do so.

Mr. HANSON (York-Sunbury): I do not agree with the minister there.

Mr. ILSLEY: In any event I would know more about it than the crown would know, anyway.

Mr. HANSON (York-Sunbury): And I do not think it is fair to impose this burden on the subject. This is taxation legislation. As such it should be construed strictly and, wherever possible, in favour of the subject. That is a primary principle of interpreting a taxing statute.

Mr. ILSLEY: You have not any statute.

Mr. HANSON (York-Sunbury): All right. The minister brushed that aside a moment ago; he stated that we ought to have one. Because this is a taxation statute it should be construed in accordance with the canons of construction applicable thereto; and the subject is entitled to every consideration. I have not before me the form I signed, but I have a form issued under the imprimateur of the minister, form T.D.1, Department of National Revenue, income tax division, for the calendar year 1942. This by the way is the form which members of parliament were obliged to sign, which states that to be a fact which is not a fact. I protest against it. The hon. member for Northumberland, New Brunswick (Mr. O'Brien) has protested against it on more than one occasion. The department, by compelling us to sign and use this form, is asking us to state that which is not true, namely, that we are employees of the government. I shall never cease to protest against that. It is an indignity imposed upon members of parliament to ask them to sign that. We are here as representatives of the people and not as employees of this government.

Mr. MACDONALD (Brantford City): That is only for taxing purposes.

Mr. HANSON (York-Sunbury): I do not care for what purpose it is. It makes you state as the truth that which is not true.

Mr. MACDONALD (Brantford City): It is true for taxation purposes.

Mr. HANSON (York-Sunbury): It is not true for taxation purposes. We are not employees of the government. But the government has the whip-hand over us, and what are we to do about it, because we sit supinely by and let it go. If hon. members on both sides would rise in protest; I call on the hon. member for Brantford City (Mr. Macdonald) to help us out.

Mr. MacNICOL: He will not help you out.

Mr. HANSON (York-Sunbury): If each hon. member would say, "I object to it, and I will not vote for it", the government would back down; and we would be put in the category where we ought to be, that of elected representatives of the people. Tax us if you will, but tax us in the right category.

If you make an underestimate of your income tax for this year, that becomes a false statement, and there is a notice on this form which says that there are penalties for false declarations. I may not be strictly accurate in the statement which I made a little while ago, but I tell hon. members that penalties will attach to you and to me if we made an underestimate of our income tax on the form which we filed on March 31. I suggest that that ought not to be. Tax us by way of interest on the unpaid balance, but do not impose a penalty on a man—

Mr. MACDONALD (Brantford City): Is there a penalty?

Mr. HANSON (York-Sunbury): —unless you can show that there is fraud. Fraud vitiates everything. If a man fraudulently makes a false return, something should be done to him.

Mr. MARTIN: As in the case of a man with a fixed income.

Mr. HANSON (York-Sunbury): Yes, in the case of a man with a fixed income. He can, of course, anticipate what he will receive. But take the case of a medical practitioner or of a legal practitioner. How does he know what his income will be.

Mr. MACDONALD (Brantford City): By the end of the year he will know.

Mr. HANSON (York-Sunbury): Oh, yes, of course; anybody could answer that question then. But on the 31st of March he cannot tell what it will be. His business might dry up, as it did in 1931, when lawyers were on relief in this country.

Mr. ILSLEY: He would be all right then.

Mr. HANSON (York-Sunbury): He would not have underestimated, but he would have paid on an overestimate, and the minister grabs it all and will not give him any interest for having done so. These are taxing statutes. The canon of construction is that they should be interpreted as far as possible in favour of the subject. The operation of these statutes

by the department is exactly the other way. The interpretation is always in favour of the crown; and I object to it. That is not a legal principle for the construction of taxing statutes.

Mr. HARRIS (Danforth): If we are through with this phase of the discussion, I should like to refer to another matter, of which I gave notice on March 8, and which has to do with absenteeism in industry. I would merely ask the minister under what item, if any, he would like to have that discussed.

Mr. ILSLEY: Yes, I should like to have it discussed.

Mr. HARRIS (Danforth): I have gone through the schedule and I cannot see that it refers to any other item more particularly than it does to this resolution.

Mr. HANSON (York-Sunbury): I hope the minister will not forget the references I made to the Ruml plan.

Mr. HARRIS (Danforth): Perhaps the minister would prefer that I hold this matter until we reach another resolution. I cannot find any place where it would be more appropriate than resolution 1.

Mr. ILSLEY: I have not looked over the resolutions, and at the moment I do not know of any one that would be more appropriate. However, I suggest that we finish the discussion about the returns. Possibly it is not in order, but we got started on it and I agreed that it would be all right to finish it. Then I think we should stick as closely as possible to the resolution. The observations most in order were those of the hon. member for York-Sunbury in connection with the Ruml plan. When we finish this particular discussion I shall have something to say on that. I think it will probably be six o'clock by that time, and if I find a resolution under which absenteeism can be discussed more appropriately, we will discuss it under that resolution.

Mr. MACDONALD (Brantford City): It would seem from the discussion so far that most hon. members are in accord with the charging of interest on payments which are underestimated.

Mr. HANSON (York-Sunbury): No.

Mr. JACKMAN: It is just the opposite.

Mr. HANSON (York-Sunbury): The hon. member for Brantford City can speak for himself.

Mr. MACDONALD (Brantford City): I will express just my own views. I believe that most people can estimate their earnings fairly well. I do not say that they can estimate them to the last dollar, but conditions in Canada are not changing greatly at the present time and not many people are making more money in the current year than they made last year.

An hon. MEMBER: Making less.

Mr. MACDONALD (Brantford City): Somebody says that they are making less. The average man knows whether he will make more money during the current year than he made last year.

An hon. MEMBER: What about contractors?

Mr. MACDONALD (Brantford City): I would think that a contractor would know what contracts are likely to be let.

An hon. MEMBER: Nonsense.

Mr. MACDONALD (Brantford City): I may be wrong because I do not know anything about the contracting business. If I knew more about it I might be in that business and be doing much better than I am at the present time. There are exceptions, but generally speaking I think most business men know whether they will make more money this year than they made last year.

Mr. HANSON (York-Sunbury): No.

Mr. MACDONALD (Brantford City): I may be wrong. So far as I am concerned I can make a fairly good estimate. If I underestimate, then I would have no objection to paying interest. Supposing a person found in September that he was making more money than he expected to make; is there any reason why he should not pay an increased amount? I think the reasoning of the department as expressed by the minister is sound—if you have not paid what you should have paid, you must pay interest. Having said that, I would ask the minister whether or not there are additional penalties. The form read by the minister and referred to by the hon. member for York-Sunbury states that interest will be charged.

Mr. FRASER (Peterborough West): He does not say what the interest will be.

Mr. MACDONALD (Brantford City): Perhaps the minister will tell us what the interest will be, and perhaps he will go further and tell us whether there will be any penalties in addition to the interest.

Mr. MARTIN: Why should that make a difference?

Mr. MACDONALD (Brantford City): Can the minister tell us that?

Mr. ILSLEY: We shall have to discuss that when the bill is before us. The observations of the hon. gentleman will be borne in mind when the bill is being prepared. I do not wish to go into the provisions of a bill when it is not before us.

Mr. FRASER (Peterborough West): Can the minister tell us what interest rate will be charged?

Mr. ILSLEY: No.

Mr. FAIR: It seems to me that the committee is so badly cluttered up with lawyers that we cannot figure out where we are. I do not think they have figured out where we are. The Minister of Finance and the income tax commissioner are qualified lawyers, but it has taken the committee about two hours to find out about penalties and interest on underestimates of income. So far as the farmer is concerned, he cannot make any accurate estimate. Late in July or early in August he may consider himself to be a rich man and then wake up the next morning ready to go on the road.

Mr. MACDONALD (Brantford City): He does not pay his tax until the end of the year.

Mr. FAIR: His crop may be destroyed by frost or hail or something of that kind. There is no possible way for a farmer to estimate what his income will be.

Mr. GIBSON: Farmers are not included.

Mr. ISNOR: I should like to say a word along the line expressed by the hon. member for York-Sunbury.

Mr. HANSON (York-Sunbury): I am glad to have some support.

Mr. ISNOR: I can give some support, but I certainly cannot go as far as the hon. member. Form T.7-B applies to individuals whose income (a) is derived from carrying on a business or profession other than farming, (b) is derived from investment, or (c) is more than twenty-five per cent derived from sources other than salary or wages. The first payment of twenty per cent is due on March 31, and it is in connection with this that the question of interest or penalty is raised. Interest is payable in respect of late or insufficient payment. I do not believe that particular clause is new. We have always had to pay interest on underpayments. I contend that the department is justified in making this interest charge. Why should a business man with an income of, say, $100,000 for the current year not pay interest if, with a tax of $20,000, he pays only $5,000? If he had to borrow the $15,000 from the bank to carry on his business he would pay interest, and I think he should pay interest if he withholds that amount from the government. As I say, I believe the department is justified in charging interest for insufficient payment.

I strongly urge the minister to take into consideration a readjustment, and I suggest that this readjustment take place at the end of the second period, namely, June 30. I say that because business men are not obliged to make their complete returns for 1942 until June 30, nor are they in a position, on account of the shortage of auditors, to have a clear picture themselves prior to perhaps April or May of the current year. I intend to speak of that later, or, if permitted, I include it at the present time, although, rightly speaking, it comes under resolution 4 or 5.

I ask the minister to take into consideration the plea raised by the hon. member for York-Sunbury last year in regard to private firms enjoying the same privileges as are enjoyed by corporations, namely, that the smaller or private firms, controlled by individuals, be not discriminated against in favour of a corporation, as occurs under the present regulations. Last year the minister accepted the suggestions of the hon. member along with others who supported him, and an amendment was brought in by which we were all treated alike. If that was sound last year it is equally sound and true now, but to a very much greater extent.

Mr. HANSON (York-Sunbury): Correct.

Mr. ISNOR: There are fewer accountants; businesses are more complicated, and more returns are required. Private firms should enjoy the same benefits or have the same period of time in which to make returns as corporations.

Mr. ILSLEY: If I may interrupt, we propose an amendment under resolution 4 changing the date from March 31 to April 30.

Mr. HANSON (York-Sunbury): I am very much obliged to the minister.

Mr. ISNOR: That is one month additional?

Mr. ILSLEY: That is right. It may not completely meet the desire of the hon. gentleman.

Mr. ISNOR: On behalf of the business men I extend thanks to the minister for going that far, but I still contend that the adjustment period might be extended to June 30 as far as the actual returns are concerned under

T.7-B for the current year. In other words, we are making a twenty per cent return based on an estimate. On June 30 we make a further return of twenty-five per cent, and it is at that time we should be able to readjust our returns without having to pay interest. I think that is a reasonable and fair request, and when it is considered by the minister and his advisers I hope he will accede to that suggestion.

Mr. McCANN: In the case of a single man, or a married man without dependents, who is a member of this house, on what basis are deductions made at the source from his indemnity? Is other income taken into consideration, and what sources of information have those who make the deduction to enable them to compute it when they have no knowledge of his other income?

Mr. ILSLEY: Mr. Chairman, can we consider the matter of returns now finished? They properly come under resolution 6. If we can now get back to resolution 1 we will take up this new matter. But I wish we could have it understood that the matter of returns is all over. Otherwise we shall just be weaving back and forth from one subject to the other all the time.

Mr. O'BRIEN: Is it in order for me to refer now to the form of return?

Mr. HANSON (York-Sunbury): I think we ought to hear the answer to the question of the hon. member for Renfrew South. I have made comparison with others, and I find my deduction is pretty high, and those of others pretty low. I wondered how it happened. They cannot tell you in the accountant's office. Someone supplies them with a formula or a table; they just operate on that, and they cannot give any explanation.

Mr. ILSLEY: At the moment I am just interested in the orderly conduct of the proceedings of this committee. I made a mistake in agreeing that the matter of returns could be discussed under this resolution; that is quite obvious. Perhaps we can now get out of that and into what is in order under this resolution. I intend to raise points of order repeatedly, because I do not see any other chance for orderly conduct of the business of the committee.

Mr. O'BRIEN: May I refer to form T.D.1.

Mr. ILSLEY: Yes, let us get through with the returns.

Mr. O'BRIEN: This is a form to be given by employees to employers. I have seen a good many in my own office. Is it not possible for the department to develop a simpler form? For instance, I refer to item 12 on the reverse of this form where I find this language. Let me explain that I have seen hundreds of these forms in my own business, the lumber business, given out to employees who have very little knowledge of bookkeeping and probably none of legal phraseology:

> . . . if such aggregate is not greater than an amount equal to one-half of the taxes otherwise payable by him under subsections one and three of the said section nine less the deduction provided by section eight of this act or the aggregate of
>
> (i) an amount equal to eight per centum of his taxable income during the taxation year or eight hundred dollars, whichever is less, in the case of a person subject to tax under rule three of section one of paragraph A of the first schedule to this act, or, an amount equal to ten per centum of his taxable income during such year or one thousand dollars whichever is less in the case of a person subject to tax under rule one of section one of paragraph A of the first schedule to this act.

Mr. MacNICOL: This goes to the average working man?

Mr. O'BRIEN: Not even a lawyer could unscramble that; it would take a magician to do so. The confusion there seems to create a masterpiece. I would respectfully suggest that if this form is to be given out to employees scattered across Canada it must be greatly simplified.

Mr. ILSLEY: With regard to the resolutions under which matters can be taken up it seems to me that the present resolution deals with the 1942 tax, and at the moment we are talking about the 1943 tax. I suggest that the proper resolution under which to discuss 1943 tax is resolution 6. Then the answer to the question of the hon. member for Renfrew South could be taken up under resolution 6.

If we could get back now to the discussion of forgiveness of half the 1942 tax and stick to that we might make some headway. I wish to answer the hon. member for York-Sunbury. His suggestion is that instead of forgiving half of the 1942 tax we should forgive the whole 1942 tax. Is that correct?

Mr. HANSON (York-Sunbury): That is the Ruml plan.

Mr. ILSLEY: If we were to do that, with a half or something like that of the tax having been paid, it would mean an enormous number of refunds or credits on the 1943 tax, or on some tax. I think that would have been an irresponsible course for a government to take, and I do not see any argument at all in favour of it. As I said the other night when I introduced this resolution, some persons paid 30 per cent, some 40 per cent, some 50 per cent, some 60 per cent and some 70 per cent of

their 1942 tax, but 50 per cent seemed to be the figure around which most of the payments hovered, and it seemed to be the appropriate figure to take. The payments in 1942, on 1942 income, were made in two ways. They were made by national defence tax deductions between January 1 and September 1, and they were made by deductions under the budget of 1942 from September 1 to the end of the year. For persons who were not subject to deductions they were made in quarterly payments, one on October 15 and the next on January 15. We have regarded the January 15 payments as though they were made in 1942; they were made in respect of the 1942 income. In these two ways about 50 per cent of the 1942 tax was paid in 1942 or in January, 1943. At a time like this, for the government to turn round and pay that money back would have been irresponsible, nothing more nor less. The Ruml plan is a plan for another country, where they did not have any payments to amount to anything in 1942 on 1942 tax, where the tax was payable in the spring of 1943. His problem, in thinking about it, was how to make the transition, and he could not see any way to make the transition except by forgiving 100 per cent of the 1942 tax. Here we had already made the transition to the extent of half the tax.

Mr. HANSON (York-Sunbury): By doubling up the tax.

Mr. ILSLEY: No. The hon. gentleman says that in twelve months we have paid or would have paid sixteen months' taxes, but that is not correct. In 1940 or 1941 I announced a voluntary plan of paying taxes by instalments, the instalments to begin in September and to end in September. I think that must have been in 1940, just on the eve of the second victory loan. I remember it distinctly; workers in the second war loan came and said, "If we could say something about the settlement of income taxes it would help in the loan", and after consultation with the Department of National Revenue I made a statement outlining some sort of offer, I forget now what it was, but offering some advantage if taxpayers would start making their payments in September, 1940, so they would be through paying their tax on 1940 income by August, 1941. Something of the same kind, perhaps modified from twelve months to eight months —I cannot just remember all the changes that were made—was offered under another plan in 1941, which carried it into 1942. So that the hon. gentleman always had the opportunity of starting his payments in September, 1941, and of finishing the payment of his 1941 income tax in September, 1942.

Mr. HANSON (York-Sunbury): I did that; I had to.

Mr. ILSLEY: Then what is the hon. gentleman's kick? He did not pay sixteen months' taxes in 1942, then.

Mr. HANSON (York-Sunbury): No, but I paid almost all.

Mr. ILSLEY: The hon. gentleman paid about twelve months' taxes in 1942. He paid some of his 1941 tax in 1941, and some of his 1942 tax in 1942.

Mr. HANSON (York-Sunbury): Generally speaking, people had to pay more in 1942.

Mr. ILSLEY: No. For two years they had the chance to get on a twelve months' basis, starting in September of the current year and finishing their payments in August of the following year.

Mr. ISNOR: And it was a good plan.

Mr. ILSLEY: Yes; it was a plan which commended itself to a very great number of taxpayers. So that there was nothing wrong in making compulsory what we were trying to get the people to do voluntarily in 1940 and 1941. We would have been consummate fools to have turned round this year and paid back the full 1942 taxes, or fifty per cent of them. We could not have defended that for one moment either in this house or in the country.

Mr. JACKMAN: Would the minister say whether or not it is a true statement when members declare that two and a half years' taxes have been paid in two years? I understood that was how the tax law worked, that in a two-year period we shall have paid two and a half years' taxes. Certainly I paid virtually a full year's taxes last March or April; I paid a quarter in September and a quarter in January, so that in one year I paid one and a half years' taxes. I do not see how anyone could pay less than two and a half years' taxes in two years.

Mr. ILSLEY: The hon. gentleman could have done so if he had started the previous September, as he was invited and urged to do. If he had started the previous September, as the hon. member for York-Sunbury did, instead of waiting until April, he would not have had any complaint.

Mr. HANSON (York-Sunbury): I still have the complaint that I paid two and half years' taxes in two years. There was a doubling up of one and a half years' taxes, and I say that was not a fair deal. You got more taxes than you should have got.

Mr. JACKMAN: The minister says one could have started paying in September, 1940, and he would not have had the heavy load in 1941. But in 1941 we were still paying off the greatly increased percentages of the preceding year. We were always a year behind on this thing, and then we started catching up. I do not see how the minister can argue against the statement that the average citizen of Canada must pay two and a half years' taxes in two years. It must be so, because we were a whole year behind.

Mr. O'NEILL: For the past hour or so I have listened to the troubles of the business men. Now, if I am in order, I just want to call to the attention of the committee a matter in respect of the men who have to work. Many of them are paid on an hourly or piece-work basis. Take railway men, for instance. There may be one week, when a man on an extra board, when he may earn $50, while the next week he may not work at all. For the week he makes $50 he is taxed at a pretty high rate, but if business drops off or if there is not very much work in the locality in which he happens to be, which is probably the only place where his seniority will entitle him to work, at the end of the year he may find that he has paid taxes during several weeks or several months of the year but that during the whole year he has not made enough money to put him in a taxable bracket. How are you to arrange to pay that fellow back? At the present time there are in this country men who have had the national defence tax taken away from them since January, 1941. At the end of 1941 they were not in a taxable bracket, but they have not had their money returned even yet. In some cases the government has held that money for more than two years. In a great many cases these men have not even had replies to their letters, let alone refunds of their money. I am wondering what sort of arrangement is to be made. I am not so much blaming the government, but I am trying to call their attention to the fact that these conditions exist among the working classes of this country. Something should be done to make an arrangement under which they will not have to wait an unnecessarily long time, because, as the minister has said, if a man pays too great a tax there is no interest rate when he gets his money back; but if he is slow in paying, a penalty is certainly attached. Something should be done so that one would not wait an unnecessarily long time.

Amendment agreed to.

Resolution as amended agreed to.

[Mr. R. B. Hanson.]

2. That in respect of the taxation year 1942 one-half the liability of taxpayers, other than corporations, under subsection 1 of section 9 of the Income War Tax Act in respect of investment income in excess of $3,000, shall be deferred and shall not be due until the date of death of the taxpayer.

Mr. ILSLEY: I wish to move in amendment:

That resolution No. 2 of the resolutions to amend the Income War Tax Act be amended by adding thereto after the words "death of the taxpayer" in the last line thereof the following words: "Provided that such liability may be prepaid by him during his lifetime in a lump sum before April 30, 1944, at a discount, the discount to be calculated at the rate of 2 per cent per annum on the basis of a table of life expectancy to be approved by the minister."

Mr. HANSON (York-Sunbury): That amendment does not help much; it depends upon whether you live or not. However, I shall not discuss that aspect of it. I am wondering why in the first place there is a line of demarcation with respect to investment income below $3,000. Is it on the theory that these are rich people, and that, therefore, they can pay? I say that is putting a penalty on thrift. I commend to the minister an editorial appearing in his favorite home journal, the Halifax *Chronicle*, which, I believe, in season and out of season has supported him, and has supported his party for well over one hundred years. They are getting a little weary of this sort of thing, and I notice, too, that they have been critical of the government's war effort in days gone by.

I hold in my hand the issue of April 7, in which the leading editorial is entitled "Penalizing Thrift", and states:

For the most part the taxation aspects of the 1943 budget are good. Many unnecessary hardships have been removed.

I would pause here to say that there are a few still to be removed, among others being the question of taxation of annuities, to which I referred about an hour ago, and to which I hope the minister will give consideration.

Mr. ILSLEY: I answered the point last night, as a matter of fact.

Mr. HANSON (York-Sunbury): I was not here. What did the minister say?

Mr. ILSLEY: I said we wanted to do something, but that—

Mr. HANSON (York-Sunbury): I congratulate the minister, and I am glad to hear it.

Mr. ILSLEY: Well, the hon. member had better wait until I have said what I am going to say.

Mr. HANSON (York-Sunbury): My congratulations are too early, are they? Did the minister say last night what he intended to do about the matter.

Mr. ILSLEY: No, I did not.

Mr. HANSON (York-Sunbury): Then he just referred to it, and I am a little early in my congratulations. But when the minister placed that provision in the statute, under the guise of taxation he confiscated a lot of money. The article goes on to say:

> But many still remain. Some are only now becoming apparent. One in particular calls for special consideration.

This is written in a section of the country where the majority of people are Scotch, and thrifty.

> That hardship arises out of the somewhat unrealistic distinction which the minister made between earned income and investment income. That distinction was seemingly made on the assumption that persons dependent upon investment income are in a better position to pay taxes than persons dependent upon earned income.
>
> One-half of all the 1942 tax—it will be recalled—is to be forgiven on all income except investment income over three thousand dollars per annum.

Then they go on to analyse that statement, and say:

> How does this work out in practice? The man who earns $30,000 a year as a business executive is forgiven half of his 1942 tax. Well and good. But the man with an investment income of $4,000 is not similarly favoured. He is "forgiven" only half the tax on the first $3,000 and his estate becomes liable for half the tax remaining on the other $1,000.

This is their conclusion on the point:

> What it amounts to is simply this. The man whose income is earned gets the equivalent of a receipt in full for six months' 1942 taxes, while the man whose income comes from investments get a receipt in full for six months' taxes on the first $3,000 only of investment income, and the receiver-general, in effect, takes his I.O.U., payable at death for half the taxes on whatever investment income he has in excess of $3,000.
>
> It is hardly fair to penalize the man who by thrifty living has accumulated a nest egg of investments from which he derives a modest retirement income, and to let the big business executive with a large salary get away, with six months taxes and no strings attached.

I should like the minister to scratch his head over that for a little while.

Mr. ILSLEY: I have done that.

Mr. HANSON (York-Sunbury): The editorial continues:

> The man who practises self-denial and over the years saves part of his earnings is to be encouraged. The income from his nest-egg of investments, some of them undoubtedly victory bonds, represents the fruits of his labour just as much now as when he was earning and put aside part of his earnings as savings.
>
> The effect of this unreal distinction between earned income and investment income is to penalize savings at the very time when savings and thrift should be encouraged in every possible way.

I say "amen" to those words.

Mr. KINLEY: Does the hon. member often say "amen" to the *Chronicle?*

Mr. HANSON (York-Sunbury): I admit I do not say it often. But I hear that, with the passing of the years, the *Chronicle* has mellowed to some extent, and that it is not so fond of Liberalism, as exemplified in this house to-day, as it was of the Liberalism in the days of Mr. Fielding.

The editorial continues:

> The preferential treatment of earned income when it comes to "forgiving" back taxes breaks down because of the assumption that people with investment income are in every case better off than people whose income is wholly earned.

That is an improper assumption, namely, that people who have investment income are better off than those with earned income. It does not follow as a matter of course; but that is the theory upon which this tax is based, namely, that people with investment incomes of $5,000 a year should be penalized, as against the man with an income of $14,000, such as the minister receives. The editorial continues:

> This assumption may have been true once. It certainly is not the case to-day. Never in our history have earned incomes been higher and investment incomes subject to greater restrictions than they are right now.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. FRASER (Peterborough West): Before recess the minister read an amendment to resolution 2, and that amendment mentions a bulk sum if paid on or before the end of 1944, I think it was.

Mr. ILSLEY: April 30, 1944.

Mr. FRASER (Peterborough West): Would the minister consider dividing it? Suppose a man had a tax of $4,000 to pay and that he had only $1,000 that he could spare. Will that man be allowed to pay down $1,000, or, if he wanted to pay half the 1942 tax, would he be allowed to pay that instead of the bulk sum and still get the benefit of the discount?

Mr. ILSLEY: I do not see any objection to that. I do not know that it has occurred to anyone. Consideration can be given to that before the bill is introduced.

Mr. FRASER (Peterborough West): I think the minister will see what I mean when I say that it should be left to the taxpayer to break down the lump sum and pay one-quarter or one-half if that is more convenient to him. The government wants the money; it has to have it to carry on the war effort, but I think the taxpayer should have the privilege of paying one-quarter or one-half and still have the benefit of the discount as long as he pays up before the due date.

Mr. ILSLEY: I should think so. Offhand, I do not see any objection to that. I would think it was altogether to the good. But consideration can be given to it before the bill is drafted.

Mr. STIRLING: In the case of a taxpayer who is not able to make use of this amendment, and where the amount is set aside until death, will the money so set aside in the estate of the taxpayer be caught by succession duties either dominion or provincial?

Mr. ILSLEY: No. It is a debt owing to the crown, and therefore can be deducted from the value of the estate.

Mr. STIRLING: Then, in the case of the $3,000, half the tax on which is remitted, at what rate will that tax be calculated on the $3,000? Will it be calculated on the total amount of that man's income, and will the proportion that $3,000 bears to that be the rate?

Mr. ILSLEY: That is correct.

Mr. ROSS (St. Paul's): Mr. Chairman, there is a certain matter that needs to be taken up, but I do not know whether this is the appropriate resolution. The minister has said that some consideration is to be given to the taxing of term and life annuities. The matter on which I wish to say a few words comes within a somewhat different category. It concerns life insurance policies. Naturally a man wants to provide for his wife and family, and he has three ways of doing it. He can leave a lump sum; as an illustration, and for easy figuring, let us say that on his death he leaves $50,000. If he leaves that in a lump sum to his widow, succession duties are payable first to the dominion government and then to the province. Or he could leave to his widow this sum of money payable per month for a term of twenty years. Third, he might leave this sum of money payable per month to his widow for twenty years certain and for life if she lives longer.

The situation as it is to-day is this, and I think something should be done about it. If we still take $50,000 as an illustration, that amount would produce in certain companies $275.50 a month for twenty years after the man dies. There is no tax on that. There are succession duties payable on it to the dominion government and to the provincial government. I gave the figures on that on a previous occasion. If we take that $275.50 a month for the twenty years, a calculation is made and it is found that the interest portion only of that which is payable together with the capital month by month for twenty years amounts to $67.87. That would not be taxable if the woman has nothing else. There would be no tax because there is not sufficient to tax.

I come back to the $50,000. According to the tables of this company, $50,000 produces $243.50 a month for life, with twenty years certain. Succession duties are payable on the $50,000 to the dominion government, and a smaller amount of succession duties is payable to the Ontario government. There is an income tax payable on $243.50. Look at the difference. In the one case, where provision is made for $275.50 a month for twenty years, it means that the widow will have support for that length of time, and, after that, poverty if she lives longer. But where the man provides for her for twenty years certain and for life, income tax is payable on the $243.50. There is a lot of difference in the tax to be collected, and I would ask the minister if he thinks it fair that this sort of thing should happen, in the interest of general thrift and in the interest of a man taking proper care of his widow and family. In the case where the man provides for the widow for her lifetime and gives her $243.50 a month for life, she has to pay income tax, which on that amount is very considerable. On the other hand, if the man makes up his mind that his widow will live for only twenty years after he dies, there is no income tax payable. I would ask the minister whether he has taken that into consideration, and, if so, whether he will do something about it.

Take the case of the twenty years monthly payments produced by $50,000. It is very easy to work out the amount of the interest payment on that. Take two hundred and forty times $275.50 and the difference between that and $50,000; divide that by twenty, and that gives you $806 a year. That is $67.87 a month. Why is it not just as easy to work out the same thing actuarially in connection with the other proposition—the $243.50 a month? They

know the life expectation of a woman at the age she has; all the necessary facts are available. In some cases there would not be any interest required; in other cases, for instance if the man died when she was very young, there would be large interest charges. The whole thing is not right. I ask the minister if something cannot be done.

Mr. ILSLEY: The question of annuities has been up two or three times, and apparently it is coming up under every resolution. I have already said it is my intention to introduce some amendment to resolution 3 (g). It does not have to be done on the resolutions, it can be done on the bill and can be discussed at that time. The house will have an opportunity to see the bill and time to examine the amendment.

Mr. HANSON (York-Sunbury): That is quite all right.

Mr. JACKMAN: In the adaptation of the Ruml plan which the minister brought down there is much with which we can find ourselves in agreement; but there are two items, which can almost be described as minor items, to which those who believe in the principle advocated by Mr. Ruml cannot subscribe.

The first is in connection with the fifty per cent feature. The minister himself has indicated that there are many taxpayers in Canada who had not by the end of last December or by the middle of January of this year paid as much as fifty per cent of their taxes for 1942. He cannot, however, give us a reasonable estimate of the debt to the crown on the 1942 income, how much additional people will have to pay in connection with 1942 taxes as well as going on a full ninety-five per cent basis currently in regard to 1943 income. In the budget, however, the minister said there would be approximately $105 millions of additional revenue without any increase in income tax rates. Surely a large part of that must come from the collection of part of the back debt applicable to 1942 taxes. In other words, how did the minister arrive at the figure of $105 millions if he does not know how much the people of Canada owe on 1942 taxes as well as paying currently ninety-five per cent of the full 1943 tax rate?

The other and more important matter is in connection with the $3,000 limitation on investment incomes. Every taxpayer in the country is to be forgiven—I use the word "forgiven" only because it is a convenient one; it does not really mean that a person is currently any better off—half of last year's taxes on all his income except on that part of his income over $3,000 which may come from investments or annuities or under wills or trusts.

The minister has suggested the reason why he made the differential. I agree with the facts which he brought forth, namely, that probably we would not have had any Ruml plan if everyone received their incomes from investments as the source, because the great advantage of adopting the Ruml plan, even in part, is the fact that wage and salary earners are no longer burdened with a tax debt after they no longer receive their salaries, nor are their widows so burdened if the wage-earner is dead. It became an impossible imposition owing to the great increase in tax rates, which caused a great deal of concern to every provident individual in this country. So that there was a sound reason for the adoption of this plan. But the minister has said, because those who have investments receive income out of a capital sum, they are not concerned with the debt which arose out of last year's taxes, no matter how high they are, and that he cannot face the people of Canada and advocate forgiveness to them of any income which they may receive over and above the $3,000 limitation.

I agree with the minister about the adoption of the plan. If we all had had an investment income we should never have had the plan. But I do not see why, if some taxpayers are to be forgiven, there should be discrimination against one section of the community that may have investment incomes over and above $3,000. That is not a very high rate, particularly in view of the fact that even an income of $3,000 under present rates of taxation leaves very little for a widow, much less for a married couple, who may be retired wage-earners, to live on. I suggest that there is no logic following from the facts he gave which justify discrimination against this investment class. On the other hand, I do suggest to him that full recognition was given to the principle of ability to pay, which is the principle of levying taxation to-day, when the rates were struck in previous budgets. The minister himself has been amazed, I believe, at how high the rates could be put and still the money would come in. Canada has done a most creditable job in financing its war effort, and I think the minister is entitled to great credit on that account. But there is no reason why, it having once been established that the rates applicable to certain investment brackets were high, they should not be given any advantage, if I may call it that, which accrues to the other income receivers under the Ruml plan; in other words, why that advantage should not go to those who receive investment income in excess of $3,000.

I realize that this does not appeal to great masses of the people; but it strikes very hard at a relatively small class, politically of no consequence whatsoever, who have nevertheless in many cases been leaders in the building up of this country, in the organizing of industry and in the assumption of risks, thus making jobs for our people, and I suggest that, unless the state intends to take over full responsibility for giving every man or woman a job after the war, they should be encouraged in their endeavours and not penalized because they saved money and provided work for others in the past. As it is, they are subjected to a special burden of taxation. Everyone else is to be forgiven half of last year's taxes except those receiving this investment income. I suggest to the minister that it is an invidious distinction against a class, and even within the class there is an invidious distinction. A person who is very old and has a life expectancy of from one to five years may owe the crown virtually the full amount of his last year's taxes, namely, the part which is not forgiven; but a person who has an expectancy of thirty or forty years does not owe half or even a quarter as much as the person who has an expectancy of only five years. Where is the fairness in forgiving a man with $50,000 of earned income and taxing the man with $5,000 of investment income? There are many people who have retired from business in order to devote their time and ability to public service of one sort or another. These men are living on what income they have. Yet if they had stayed in business they would have continued to draw their salaries, and that part of their income would have been entirely free of back taxes under the legislation the minister is bringing down.

May I point out something which may be rather small but which, nevertheless, is of some significance. Those who have an investment income now may not have any investment income five or ten years from now, certainly not in ten or twenty years. There is perhaps no place in the world where wealth changes faster than on the North American continent. As the minister well knows, it is a truism to say that one passes from wealth to poverty in three generations, "from shirt-sleeves to shirt-sleeves in three generations," as the saying goes. It works much faster than that, particularly in times such as those we have gone through in the last twenty years. Salaries are a first charge on the earnings of companies, whereas dividends or interest is a last charge. The salaried man continues to draw his income even though the company goes into bankruptcy, whereas the man who receives investment income has to wait until the wage-earner and the salary receiver get theirs. As I say, this is not a point of great importance, but it is something which I think should be brought up.

I do not think the minister should bear so heavily at every opportunity upon those who receive investment income. For instance, the interest rate on government bonds is 3 per cent to-day compared with 5 per cent in days gone by. The amount received for short-term money is almost negligible, less than 1 per cent. I will not say that the 3 per cent rate is a fictitious rate, but the fact is that the influence of our central bank has been felt in the establishment of that rate. The man who has retired, the man who attempted to provide for himself fifteen years ago, thought he would get a 5 or 6 per cent return, but he finds now that he is receiving only 3 per cent. The minister has boasted, and rightly, of the average rate the government is paying; it is now somethnig like 2¼ per cent. There are many adverse factors weighing against those who are in receipt of some investment income.

I have pointed out that the man who owes taxes to the government and who has a short life expectancy owes actually one dollar, whereas the person in receipt of investment income with a life expectancy of fifty years owes only twenty-three cents on each dollar of tax, if we take 3 per cent as the base rate. Here we have the principle in the suggested legislation that the older you are, the higher your tax. I have never heard of that principle being applied to income taxation, but that is exactly what the minister is proposing here. He has intimated to-day that they will adopt the principle advocated by the hon. member for Peterborough West (Mr. Fraser) of commuting the tax payments, which will make it work out differently for every taxpayer in the country. You are going to use a 2 per cent base, and I shall say something about that at another time.

I suggest that this taxation is in the nature of a third succession duty. You do not have to pay it until you die. The minister said that the tax is definitely fixed, but only one of the components of the equation is fixed. The nominal amount is fixed, but the time element is uncertain, with the result that the value of the money when you die is not fixed at all. It is true that the minister is introducing an amendment which will permit commutation based on the life expectancy, but the life expectancy of everyone is different. It has all the earmarks of a succession duty. We have a provincial succession duty which is quite high, and two years ago we introduced a dominion succession duty. We are now to

have what is tantamount to a third succession duty. Every estate of any size will owe two succession duties to the crown in right of the dominion.

The minister threw out the suggestion that the well-to-do person who owed money under this $3,000 limitation could take out life insurance. He has given us some alternative when he says that we may commute our payments. Most of the taxpayers will not have the physical condition to permit them to take out life insurance. If they do have insurance it will be considered part of their succession duty and be taxed. This will result in an almost impossible position for the taxpayer. The more he tries to provide for his taxes, the more he will find himself taxed.

This limitation applies more to widows and orphans than it does to men in active business. It is a well known fact that in many of the great companies in the United States—I suppose the same thing applies to Canada—a majority of the shareholders are women. These shares eventually get into the hands of women. When a man dies he leaves his holdings to his widow, or he may try to provide for her during his lifetime. It may be considered by some that these people are relatively well off if they have $3,000 less the tax, which will leave about $2,200, but the fact is that it will be a hardship on them to be treated in this way, especially in view of what may have been contributed to our society by the creator of the estate.

As has been pointed out already to the minister, the suggestion of forgiving only up to $3,000 of investment income will encourage a person to be a spendthrift; it will discourage thrift. The minister may think these are idle words, but I suggest to him that only a small percentage of the members of this house is composed of men who have not made their own way in life. In fact, nearly everybody in Canada has had to make his own way in life. Originally we all came here in order to better our condition. There is no great inherited wealth in this country such as exists in old Europe. The creation of wealth means that a person has saved, that he has done without things during part of his life.

One hesitates to be personal in this house, but I could name many things which some people have gone without—they may be considered luxuries by some—in order to try to get on in the world. Yet as soon as one saves a little capital and invests it, sometimes wisely and sometimes unwisely, as soon as one has a little income, when we enter into a time of great crisis, when we are ready to bear our fair share of taxation according to our ability to pay, there is no reason why the minister should endeavour to make it difficult; there is no reason why he should penalize those who are where they are to-day as a result of the sacrifices they have made in the past. I may say that other people have not made similar sacrifices. I have the utmost sympathy for those who have never been able to save, perhaps because they had not enough work or suffered during the great depression, but there are others who have made great sacrifices in order to save.

We have a liquor bill of $250,000,000, which compares with a net income from investment after taxation of about $400,000,000. This gives us some idea whether or not the average person in the country is anxious to try to get ahead and is willing to make the sacrifices he must make if he wishes to provide for his old age. I hope that the only reward of those who have made sacrifices in the past, who have carried out many economies, who do not look upon social security as being the best they are to have in old age; those who are anxious to get ahead, who are willing to strive for themselves will not be to have taxation so onerous that little or nothing is left to them. The minister must consider this. He gives me the impression that the people who have wealth inherited it, that seldom did they give any contribution in return for it. In fact I might read what he said in the budget speech in regard to the limitation of investment income to $3,000. He used these words: " . . . whose investment income really represents the fruits of earlier earnings—." If a person even believes in compound interest, which is sometimes regarded as the only magic in finance, an income of $3,000 is not a very large sum. If the minister will look at his compound interest table he will realize how easy it is to accumulate a fairly decent sum of money at compound interest over a reasonable period of years.

He said further, ". . . . or the protection against want which a man has provided for his dependents". In other words, is a man not to be allowed to leave more than $3,000 for the upkeep of his family? Certainly a man still in the prime of life, with young children, leaving $3,000 subject to taxation which will take $700 or $800, is not leaving much for his family to get on with. Let me remind my hon. friends on my left that labouring men do not consider $2,000 or $3,000 in many cases to be much money. If we take, I think, some fifteen thousand employees of the Canadian National Railways, as adduced in the committee the

average wage was some $2,775 a year. That undoubtedly includes some clerks and others who get very small salaries, but there are others in the labour brackets who get very good salaries.

The minister's ideas seem to me altogether too small, I was going to say for decency, certainly for any kind of living, bearing in mind what people have been used to, and even making full allowance for the reduction on account of the war. So that I should like to know how the minister arrives at this figure of $3,000. Is it some arbitrary sum, or did someone advise him?

Mr. HANSON (York-Sunbury): And why?

Mr. JACKMAN: And why was it made so small? May I point out here that this alleviation in taxation for which I am asking has nothing whatever to do with the war. If it had, the situation might be different, but it will not be payable until a person dies. True, a small percentage may die before the war ends, but the great bulk of the taxpayers who have to pay on that 1942 income will, we hope, live for years after the war is over. I do not know why the minister adopted this variation of the principle of the Ruml plan. If we are to be limited in this country to $3,000 a year income, then I suggest that the minister should do as Mr. Churchill said in regard to taking over certain private plants in the old country:

> Mr. Churchill's reply was, first that there had been no decision, and second that he could not conceive that the government would embark upon such a policy, with all its implications, without consulting not only parliament but the country.

I do not think anyone in this country wishes to see such a limitation on incomes that they cannot rise above $3,000. President Roosevelt advocated a limitation of $25,000 across the border, after insurance policies, charitable donations and so on had been allowed for, but congress refused to agree to the limitation. I realize that our standards are not as high as those in the United States, but surely $3,000 is not to be the limit of what a man can earn and receive from investments which he will be able to gather during his life from the fruits of his savings, or a limit to the amount which a man may leave to his widow. That would give little recognition of past sacrifices or the willingness to assume risk and undertake business and give employment to others, which most of those people who have an investment income of over $3,000 have shown during their business lives.

I perhaps would not have said so much about this subject except that the minister gave me encouragement in his budget address in regard to any matters on which this house might have ideas which will hold water and are acceptable. He said:

> The financial programme for the coming year will be the government's programme only in the sense that the government has the responsibility of recommending it.

I think the minister looked over at the opposition when he made that statement, and I consider it an open invitation to us to make constructive suggestions where possible, so that the taxation system of this country will be more acceptable to the people and more equitable to the taxpayer.

It is almost impossible to come before the committee of the whole here and find out a great many facts which one must find out in order to be able even to think intelligently about budget matters. The implications are now so great that they require much careful study, and if we are to do that which our constituents send us here for we must have available to us experts so that we may know what alternative plans of taaxtion are available, instead of having brought down what has, heretofore at least, been a hide-bound budget to which no variation has been permitted. Yet the minister now says that this is the government's programme only in the sense that the government has the responsibility of recommending it. I am hopeful that I am not putting too broad an interpretation on the minister's words in believing that he is open to any suggestions for a more just distribution of the necessary tax burden. I ask my fellow members to support me in my contention that the refusal to forgive the tax on invested income in excess of $3,000 for 1942 is in essence a third succession duty and should not be allowed.

Mr. McCUAIG: When the minister brought down his budget a few weeks ago there was general comment not only by members of this house but also throughout the country and particularly in the press that the minister was playing Santa Claus to the taxpayers with respect to forgiving half of last year's income tax. Many newspapers then made the suggestion that it must be an election budget. It it rather surprising now, when the minister seeks to have his budget approved by the committee, that we are having a continued debate asking him to reduce taxation in each item as it comes before the committee. We started yesterday afternoon with resolution 1; we did not finish that until shortly before six o'clock to-day; now we are starting resolution 2, and at the rate we are going it seems doubtful if we shall finish resolution 2 to-day.

A year ago we had a great deal of discussion, particularly from the opposition, to the effect that there should be a total war effort. Now, when the minister is trying to raise the money to pay for that effort which has been achieved, we have a concerted movement from the same quarter asking him to reduce taxation here and there. We have had one question after another, and the same item referred to time and again. If anyone looks over *Hansard* he will see where the minister has answered the same question three or four times.

The last speaker raised the question of $3,000 invested income. The minister has already answered that; why should the same question be asked time and time again? Then some speaker said that there was no distinction between investment income and earned income. Take a person who is receiving over $3,000 investment income, sitting doing nothing. Am I to be told he is earning it, as much as the labourer on the farm earns the $500 or $600 a year he is paid? I say there is a difference between investment income and earned income, and we would do well if we gave the minister more support instead of asking him to reduce taxation in connection with every item that comes up.

Mr. NICHOLSON: Mr. Chairman, this is the fourth session during which similar arguments have been heard from hon. members who sit to my right, and I have a great deal of respect for the patience shown by the Minister of Finance. Those of us who were at the Capitol theatre this morning were able to get some picture of what has happened in Canada since war broke out. I see the Minister of Munitions and Supply in his seat, and I wish to thank him for presenting in such a vivid manner the dramatic story of Canada's contribution in the field of production. If I remember correctly, we were told that the runways at the air training centres would be equivalent in length to a two-lane paved highway all the way from Winnipeg to Vancouver. Over 500,000 motorized vehicles have been made in Canada since the beginning of the war, and those of us who have been through the factories which have produced them will appreciate that perhaps three or four times as much work is involved in making one of these machines as is involved in making an automobile. In the production of tanks and aeroplanes—

Mr. MacNICOL: What has this to do with resolution 2?

Mr. NICHOLSON: I am coming to that in a moment. The hon. member who has interrupted me and others seems to think we can carry on a war such as this and still allow people in the high income brackets to go through life as though nothing were happening. A year ago the hon. member for York-Sunbury complained that he was compelled to dip into the saving of a lifetime—

Mr. HANSON (York-Sunbury): Hear, hear.

Mr. NICHOLSON: What a pity!

Mr. HANSON (York-Sunbury): Yes; it is a pity, as long as it does not come out of your pocket.

Mr. NICHOLSON: At the time the hon. gentleman spoke he was receiving from the exchequer of Canada $14,000 a year, with an extra $2,000 as car allowance.

Mr. HANSON (York-Sunbury): And the government took it all back from me.

Mr. NICHOLSON: Just a moment and we shall find out about that. Let us leave out of consideration any other income the hon. gentleman may have had. With a taxable income of $14,000 a year his monthly income would be $1,166, and the government would take away from him $505.04. So that, with the extra $2,000 for his car, which was not taxable, he would have left $827 a month, after the government had taken from him the most severe taxes ever known in Canadian history.

Mr. HANSON (York-Sunbury): Oh, you are wrong.

Mr. NICHOLSON: In other words, he would have $27.50 a day. If I am wrong I hope the hon. member for York-Sunbury will put me right. The figures I have quoted are from the table published by the Minister of National Revenue for last year, 1942, and I am calculating on the basis of $1,166 a month, which is the monthly income of a man receiving $14,000 annually. I understand the $2,000 car allowance is not taxable. How sorry we should feel—

Mr. ILSLEY: If I may be permitted to interrupt, it is hardly fair to take that table of deductions because, in addition to the amount that would be deducted under that table, a taxpayer would pay his national defence tax, which would amount to a very considerable sum between January 1 and September 1. In addition, the table of deductions provides for the payment of only about ninety per cent of the tax; and even if the hon. member's sole income were $14,000, he would pay much more in the course of a year than twelve times that monthly deduction.

Mr. NICHOLSON: These are last year's figures.

Mr. HANSON (York-Sunbury): It is hardly worth while to explain to the hon. member; he would not understand it. I will, however, say this, that this takes no account of my municipal taxes, and I can say that I had hardly enough left to pay my board here in Ottawa. The hon. member would not understand it if you did tell him; so why argue?

Mr. NICHOLSON: I have invited the hon. member for York-Sunbury to place on record exactly how much was left of his income from the federal treasury, leaving out of consideration entirely any other income he may have had.

Mr. HANSON (York-Sunbury): I do not propose to expose my private business to the curiosity of the hon. member for Mackenzie.

Mr. NICHOLSON: I have not asked the hon. member to expose his private business; I am asking him to correct the figures I have just given.

Mr. HANSON (York-Sunbury): The minister has corrected the hon. member.

Mr. NICHOLSON: The minister has not placed on record exactly what the figures would be. The minister has his assistants with him, and I would appreciate it very much if he would calculate how much a citizen of Canada with a taxable income of $14,000 plus an additional $2,000 that is not taxable would have left. I was going by the figures contained in this table.

Mr. HANSON (York-Sunbury): I rise to a point of order. I think this discussion about my income tax is entirely out of order and not germane to the matter under discussion. I appeal to the sense of fairness of this committee, if I cannot appeal to the sense of propriety of the hon. member, not to indulge in this kind of talk.

The CHAIRMAN: On the point of order, I feel that the hon. member has been making statements that come very close to the borderline of personal matters, and I think he should not make further statements concerning the personal and intimate affairs of an hon. member.

Mr. NICHOLSON: I merely referred to a complaint that was made previously by the hon. member for York-Sunbury, in discussing this question. I am selecting his category to discuss, so that hon. members of this committee may decide—

Mr. McCANN: Select your own category.

Mr. NICHOLSON: I am quite prepared to do that. The point I wish to make is that this administration has not gone nearly far enough in taxing those with incomes of $14,000 a year or more.

An hon. MEMBER: What about those getting $4,000?

Mr. NICHOLSON: Yes; the hon. member for Rosedale wanted sympathy for those in the $3,000 category. According to this table a married man with two dependents, and with an income of $250 a month, would pay a tax of $44.02 a month.

Mr. FRASER (Peterborough West): That was for last year.

Mr. NICHOLSON: Yes; the new tables have not reached me yet. Under last year's taxation he would pay $44.02, which still leaves him more than $200 a month. If we are to have a million and a half of the young people of Canada in uniform and in our munition factories; if they are to be fed, clothed and equipped, it is as plain as A, B, C that the citizens of Canada must make some adjustments in their way of living. I submit that those who are in the highest income groups certainly should not complain in this house. For my part I hope the minister, instead of listening to the representations which have been made by the Progressive Conservative party, will adhere to the decision at which he has arrived and next year go even further than the present legislation, because those who are in these categories are still able to go into the market and buy consumer goods, thus maintaining pressure on the price ceiling. They cannot really complain about having to tighten their belts and make tremendous sacrifices.

Mr. NOSEWORTHY: I listened intently to the hon. member for Rosedale, and just in case the minister might be inclined to relent after hearing that impassioned speech on behalf of those receiving investment income, I wish to remind the minister that there is no reason to believe that those receiving investment income are not as capable of earning their income as are those who have to do without investment income. There is no reason to believe that they cannot subsist on the mere pittance they receive from investments. In other words, that is not necessarily the only income on which they have to live.

In the second place, the hon. member complained of $3,000 being a comparatively small amount even for a widow to have to live on. I would remind him of our old age pensioners, widows of veterans of the last war and widows of soldiers in this war by

whom a $3,000 income would be considered a very tidy income. I would also remind him that $3,000 a year is just twice as much as eighty-three per cent of the wage-earners of Canada received by way of income in 1942.

Mr. FRASER (Peterborough West): I wonder whether the minister would have to make an amendment in the second resolution to the same effect as the one he made in the first one. I should think that after the word "corporations" he would have to insert the same amendment with respect to trustees, and that the same would apply to resolution 3.

Mr. ILSLEY: I am not just clear as to whether it should be in there or not.

Mr. FRASER (Peterborough West): The minister cannot very well have it in the first one, and not in the second one.

Mr. ILSLEY: I am now told it is doubtful whether it was necessary in the first one.

Mr. FRASER (Peterborough West): The minister should not have it in one unless he has it in all three.

Mr. ILSLEY: We will look after that in the bill, anyway. We will be careful about that point when the bill is drafted.

Mr. HANSON (York-Sunbury): I have been struggling with a problem in connection with income tax which perhaps I might ask under this resolution. I have in mind a taxpayer with an earned income of $5,000 and an investment income of $7,000. He has charities amounting to $1,000, leaving a net income of $11,000. What is his tax, and how much must he pay, under this resolution? A man from the income tax branch is still struggling with that problem; at least I assume he is, because I have not heard from him. Perhaps he has not had time to solve it.

Mr. ILSLEY: I do not think it could be answered right now.

Mr. HANSON (York-Sunbury): Perhaps not. However, it is now on the record and it can be answered later. I realize it is a complicated calculation.

Amendment agreed to.

Resolution as amended agreed to.

3. That the returns of income in respect of the 1942 taxation year for taxpayers other than corporations shall be due on the 30th June, 1943, together with payment of one-third of the taxpayer's unpaid income tax liability not otherwise provided for herein, the remaining two-thirds to be due and payable on the 31st December, 1943;

Mr. HARRIS (Danforth): I am under the impression that the minister indicated we could discuss under this resolution the matter of absenteeism.

Mr. ILSLEY: I thought it was to be under resolution 6. We are still taking about 1942 income.

Mr. HARRIS (Danforth): And 1943, as well.

Mr. ILSLEY: No; that is just the date of payment. The hon. member is talking about 1943 income when he talks about absenteeism. I do not care very much, although we should stick to one or the other.

Mr. GRAYDON: It might be more convenient to the hon. member for Danforth if we had the discussion now.

Mr. HARRIS (Danforth): Yes, it would, because, as a matter of fact, I have occasion to be out of the city to-morrow.

Mr. ILSLEY: All right, we shall have the discussion now.

Mr. HARRIS (Danforth): I thank the committee, very much, now that the minister has extracted my confession as to why I wish to go ahead with the discussion now.

Mr. ILSLEY: But let us have it understood that all of this discussion must take place on resolution 3, and not part on resolution 3 and part on resolution 6.

Mr. HARRIS (Danforth): I am content.

The CHAIRMAN: Then the discussion will take place on this resolution. Yesterday I was called upon to make a ruling, and to point out that the onus really rests upon individual members in the committee for following the rules of the committee. I know that once an agreement is arrived at, hon. members will abide by it. I shall apply the effect of this understanding, just as I would any rule in committee; and I know hon. members will support me in that procedure.

Mr. HARRIS (Danforth): Already the matter of absenteeism, one of great concern to industrial life in Canada, one which should be a matter of great concern in our war effort, and which has a bearing on taxation, has been placed on the record. I have made the statement definitely that the rate of taxation of employees who work full time, and who want to work overtime, could be reduced, provided the taxation were spread over the whole field of those earning more than the costs of subsistence. The base could be spread and the rate reduced. I gave a few examples, and this evening I shall give one more example.

Before proceeding to do so, however, I should like to point out that the present income tax on employees who earn, we will say, $5 a day and work six days a week is double for the sixth day what it is for any one of the first five days. In other words, if an employee works five days at $5 a day, making $25, his contribution to the treasury is practically nil. If he works a full six days he finds that he must pay from $2 to $3 a week, all of which comes out of his sixth day of work.

I have before me some information which came to my attention only a day or two ago, and which illustrates the point I am trying to place on record. In this instance we have a group of 180 employees who have been working seven eight-hour shifts, with one hour off in each shift, making seven shifts of seven hours each. They are being paid for the eight hours, and are actually working forty-nine hours a week, a period of time which is not a hardship to the ordinary employee.

They met together at their regular monthly meeting on the first Monday in April and resolved among themselves from that day forward to work only six shifts, or forty-two hours in the week. They would be paid for the eight hours each day, one hour being allowed off for lunch. What is the result, so far as the money flowing into the treasury of Canada is concerned? I have the figures in front of me. During the week they were working forty-two hours they paid an income tax of $384.40. During the week they worked forty-nine hours they paid into the treasury, by deductions, $858.40, a loss to the treasury of Canada and a loss in man-hours work in industry of appreciable proportions.

If we put it on a weekly basis they earned on the average, when they worked the forty-nine hours, $34.20. Their deduction on the average, according to the table of deductions, was $4.77, which was received by the treasury of Canada. It is true that the following week when they worked only the forty-two hours their pay was a good deal less, namely $28.35, but their income tax paid into the treasury was on the average only $2.13 per man for that period of forty-two hours, as against forty-nine hours. In other words, on the last seven hours that the man worked during the week there was deducted and paid into the treasury of Canada $2.64. In other words, the man paid more into the treasury of Canada for working that extra shift than he paid on all the six preceding shifts. He feels that he is penalized, therefore, for working beyond the average week. He feels he is penalized when he works overtime. Some of those in the higher income brackets will actually lay off work on that sixth day, will not come in at all. They say: Why should I earn $5 on the sixth day to give that $5 back to the treasury of Canada? The result is that absenteeism is running riot in industry. The majority of the employees are worried about the situation, just as much as the minister and the rest of us are. It is only the odd percentage of individuals in an organization who will take advantage of this situation. I would say that ninety per cent of the workmen of Canada would like to see this situation remedied, so that the other ten per cent would be brought to a sense of their responsibilities and not absent themselves from work just to avoid paying income tax. It could be avoided if it were possible or mandatory to deduct the income tax on a daily basis, and the rate could be reduced. It ought to be reduced, and if it were spread over on a daily basis it would make for a good deal more contentment among the workmen themselves.

It is quite common in industries with 100 employees to have as many as ten or twenty absent themselves on a Saturday. I am speaking of employees earning wages in excess of $23.04, which is the dividing line. I am speaking of those earning more than that and up to $30 or $35 a week. I brought this matter to the attention of the minister and the house some weeks ago, and I had hoped that something would be done to remedy the situation. I look forward to hearing from the minister now what he thinks might be done.

Mr. GIBSON: The suggestion that was made by the hon. member has been given consideration. First of all, as the hon. member pointed out, when a man stays away from work one day he earns less in that week and is therefore entitled to pay a lower rate of tax. The question has come up on several occasions. For instance, I had a letter not long ago from a man who explained that if he worked a 44-hour week and got paid $1 an hour, he has to pay a certain amount of tax, but that if he worked an 88-hour week and earned $88, while he was getting double the amount of pay, he was required to pay considerably more than double the amount of tax. That, of course, is explainable. It is due to the fact that we have a sliding scale of income taxation, the tax rate going up with the income.

The hon. member for Danforth suggests that a worker should be taxed at a daily rate, that if he works only one day in the week he should be taxed for that day at the rate of tax that he would be charged if he were working every day of the year.

Mr. HARRIS (Danforth): And the rate of tax should be reduced.

Mr. GIBSON: It would be very difficult to do that. There would have to be separate tables of deductions for men who work one day a week, other tables for men who work two days a week, three days a week, and so on. The man is taxable in the long run only on what he earns throughout the year, and if we deducted from his daily or weekly pay more than the amount he was called upon to pay at the end of the year, we should have to make refunds in the end. Consequently the table of tax deductions has been worked out, having regard to what the man will be called upon to pay throughout the year. The suggestion that we deduct at a higher rate for men who are absent on certain days of the week would mean that we would have to make a refund to those men at the end of the year.

There was also the suggestion that these tax deductions have a great effect upon absenteeism. We do not gather that from the Department of Labour. The opinion that has been expressed by them is that tax deductions at the source are not a great factor in causing absenteeism.

My hon. friend suggests taxing at a daily rate. He suggests that a man who works four days a week pays a tax of $2.77 a week. But if the deductions were on a daily basis he would pay considerably more. The deduction would be, in that case, at the rate of $3.32 a week. I doubt very much if the difference would be sufficient to discourage a man from working an extra day if he was inclined to do so otherwise.

Mr. HARRIS (Danforth): The minister has not answered my question to my satisfaction. I will limit it to this one day that the man remains off duty, the sixth day, on which, according to the table of deductions, he has to pay a tax of $2.64 for working on that particular day, whereas for the other five days of the week he pays only $2.13. I am of opinion that the honest employee who works on that sixth day, who works a full week, should not find himself taxed five times as much for working on that sixth day as he finds himself taxed on any one of the previous five days. The taxation for that sixth day, that overage or overtime, should be reduced. It is not fair to the employee who puts in full time to penalize him for working that sixth day by deducting from his pay one-half of that day's earnings, whereas on the previous five days he pays the regular amount. In other words, when he works the full six days he pays five times as much taxation on the sixth day as on any one of the five previous days, while his mate at the next bench who absents himself on that day does not have to pay the same amount of taxation. I quite agree with the minister that when the man works the sixth day, while he has to pay $2.64 in taxation for working that day, he has $2.36 more in his pay envelope than his mate at the next bench who did not work on that day. But it is not much compensation to the honest employee who works a full week, that his partner lays off and absents himself on the sixth day. There should be some method worked into this taxation system which would not tend to encourage absenteeism, would not tend to encourage blocks of men saying—to take the case of shift workers—"We shall work only six days because when we work the seventh day half of our pay is taken in the form of taxation." A weak effort was made by the Department of National Revenue to overcome the situation by suggesting that the employer should, when he found employees were absenting themselves, deduct on a daily basis. But there is nothing mandatory about that clause, and no employer of labour will take it on himself to carry out that regulation under such circumstances. I am sure that the experience of the department is that very few employers anywhere are paying any attention to this suggestion which came out in its memorandum to employers.

I appeal to the administration to give some thought to reducing the income tax on employees who work full time, and also on employees who work overtime. Let the others bear the portion of the tax which they should in fairness bear under the present system.

Mr. ROSS (Souris): I wish to add a word to what the hon. member for Danforth has already said. In these difficult times absenteeism is having a serious effect on the nation as a whole. I know of a coal firm in Winnipeg who, last September, were behind in their orders to the extent of over a thousand carloads of coal, and I believe that this firm made representations to the government that on account of the income tax regulations it was difficult to get the miners to work the last day of the week. I know that this firm still had many orders unfulfilled two months after this date in September, and they tell me it was the result of difficulties about getting the miners to work the last day of the week because they felt they were penalized for so doing. I believe the same sentiments are prevalent in many important industrial plants throughout the country, and I think the minister should give serious consideration to this fact.

The Minister of Munitions and Supply said last year that people could have purchased fuel had they gone about the matter in time. I know that many people in my district were not able to lay in fuel before the snow came, and that this was on account of absenteeism in the mines on the last day of the week. Representations to this effect were made to the government last fall. I trust the minister will be able to recommend some change in order that these workmen may work full time, which is most desirable in connection with our war effort at the present time.

Mr. ILSLEY: I should not like the hon. member for Danforth to think that I did not pay respectful attention to the suggestions he made in his speech on the budget. I thought his observations with reference to absenteeism were a constructive contribution to the debate, and I certainly appreciated it.

Any steps to be taken along the line of changing the scale or table of deductions can be done administratively and do not require an amendment to the act. But we have been extremely busy. I have started to discuss the matter several times with my colleague the Minister of National Revenue, and he has given some thought to it.

Absenteeism is a disturbing element in the life of the country. It is surprising to me that absenteeism should develop as a result of the income tax provisions. No doubt, however, there is some on that account. At the same time it is undoubtedly true that there is a danger of overemphasizing the income tax effect. Absenteeism takes effect also as the result of other causes. I point to the United States. In the United States they have no such income tax incentive to absenteeism as we have here; either they have no tax, or a flat tax is deducted. I think they have a tax which they call the victory tax, which is five per cent, and is deducted. Yet one has only to pick up United States papers and periodicals to see that absenteeism in that country is rampant. I have no reason for supposing that it is not just as prevalent there as it is in Canada. As to the causes of absenteeism, I would not care to enumerate them, though I have some ideas about them. But in so far as our income tax structure contributes to absenteeism it is a source of great worry, and if there is any way in the world we can overcome it we will do so, administratively.

Resolution agreed to.

4. That the date of filing annual returns of income by taxpayers other than corporations shall be the 31st day of March in the year following the receipt of the income.

[Mr. J. A. Ross.]

Mr. ILSLEY: There is an amendment which we wish to propose, to change the 31st day of March to the 30th day of April.

Mr. GIBSON: I move:

That resolution No. 4 of the resolutions to amend the Income War Tax Act be amended by deleting the words "the 31st day of March" and substituting therefor the words "the 30th day of April".

Mr. NEILL: Does that refer to the 1942 incomes?

Mr. ILSLEY: That does not apply to 1942 income; it applies to 1943 income and thereafter.

Mr. NEILL: Perhaps the minister would advise me—I have heard many people debating it—when does the 1942 income return have to be put in?

Mr. ILSLEY: The 1942 income tax return must be filed on or before the 30th day of June, 1943.

Mr. NEILL: No matter what class?

Mr. ILSLEY: That applies to taxpayers other than corporations.

Mr. NEILL: Regardless of whether they belong to the class where they pay quarterly, or where it is taken off at the source?

Mr. ILSLEY: Yes, that is correct.

Amendment agreed to.

The ACTING CHAIRMAN (Mrs. Casselman): Shall the resolution carry?

Mr. FRASER (Peterborough West): No, Madam Chairman. I have a letter before me with regard to payments by sole proprietors, and I think it is relevant to this resolution. What people are complaining about is the way in which payments have to be made. Before this amendment was adopted just now, they figured out that a man in business either as a sole proprietor or partnership would make payments in 1943 as follows:

March 31, which will now be April 30, he estimates his income tax and pays the first instalment of 1943 tax.

April 15, he pays his third instalment of 1942 excess profits tax.

June 30, he pays his estimated second payment of 1943 tax.

July 15, he pays his final payment of the 1942 excess profits tax.

September 30, he makes his third payment on his estimated 1943 tax.

October 15, he again estimates his 1943 income and pays the first instalment of 1943 excess profits tax.

December 31, he pays his fourth instalment of estimated 1943 tax.

January 15, 1944, he pays his second instalment of 1943 excess profit tax.

The writer ends up by saying that the business man in general simply gives up because he cannot figure out when he has to pay his taxes and how he is going to pay them. I think that should be made as clear as possible.

Mr. ILSLEY: I think the best way to handle this is to have my colleague look at the information the hon. gentleman has put on *Hansard* and see what remedy, if any, should be applied. I am informed by the officials that something will have to be straightened out because there seems to be a clash.

Mr. FRASER (Peterborough West): There is a definite clash. I never finished this. It goes on:

March 31, 1944, pays his fifth and final instalment of 1943 tax. Pays his first instalment of 1944 tax.

Then again on April 15, pays his third instalment of his 1943 excess profits tax.

Sounds rather confusing, does it not, but nevertheless a fact. However, the argument might be advanced that the excess profits tax is a profit on the business, but in the vast majority of cases the business and the individual are the same, and then we wonder why the average business man simply says: "I give up".

I will send this over to the minister, and he can have the matter looked up.

Mr. ILSLEY: I will read what the hon. member has put on *Hansard*.

Mr. FRASER (Peterborough West): If the minister can straighten it out, I think the business men of Canada will be very much pleased.

Resolution agreed to.

5. That the date of filing annual returns of income by corporations shall be six months after the close of the corporation's fiscal period;

Mr. FRASER (Peterborough West): I think when the minister is trying to straighten out the dates, he will find that that has some bearing on this resolution.

Resolution agreed to.

6. That in respect of the taxation year 1943 and for each year thereafter sole proprietors (other than farmers) and taxpayers whose income from sources other than salary and wages exceeds 25 per cent of their total income, shall pay by quarterly instalments as follows:

20 per cent on the 31st March,
25 per cent on the 30th June,
25 per cent on the 30th September, and
30 per cent on the 31st December.

Mr. FRASER (Peterborough West): The largest percentage, thirty per cent, comes due on December 31, which is the wrong time of the year. Is there any chance at all of the minister dropping, say, five per cent, and making it twenty-five per cent instead of thirty per cent; forgiving five per cent? That would work out much better, especially for the working people.

Mr. ILSLEY: They are not affected by this resolution.

Mr. FRASER (Peterborough West): Some of those who are not working for corporations or plants, who are storekeepers and people like that are affected by this.

Mr. ILSLEY: Yes.

Mr. FRASER (Peterborough West): This comes due at Christmas time when many of them have no money. Many of these storekeepers carry their customers over that period, and they do not get their money until later.

Mr. ILSLEY: The point was made under another resolution that the taxpayer who paid an instalment on January 15 is obliged to make another payment on March 31, which is rather close to January 15. The first payment was made twenty per cent in order that the burden in the early part of the year would not be too heavy. Then the payment at the end of the year was made thirty per cent, with two payments of twenty-five per cent in between.

Mr. ROSS (Souris): I think it was finally decided that the question of business people estimating their incomes for the current year could be discussed on this resolution. I was not able to follow much of the discussion that took place this afternoon. It was argued that most business men should be able to estimate their incomes pretty accurately, but I know that the business man operating in a grain growing country has no idea to-day whether he will lose money or will make money during the current year. That fact has been proved by past experience. A whole district may be hailed out, and a business man may lose a good deal of money.

If a man is charged interest on the balance owing at the end of the year, I think it is only fair that if he has overpaid, the government should pay him interest. I think it would be good business for the government to encourage these people to pay all they thought was due, or even a little more, and then allow interest on overpayments. A point was raised this afternoon by the hon. member for Renfrew South (Mr. McCann) in connection with deductions on indemnities paid to members. Many members carry on businesses of their own, and I know they have a great variation of deductions. I think it was agreed that the question would be answered under this resolution.

Mr. GIBSON: The indemnity is considered as being paid throughout the whole year and on the assumption that it is the only income, and the tax is worked out upon the basis of that income. However, it is actually received in less than twelve months, and consequently there have to be adjustments because deductions must be made during the period in which these payments are being made to the member. However, allowances were made for offsets for marital status, dependents and compulsory savings, the details of which had been filed with the treasury. After the total tax has been estimated, a proportionate part is deducted from each monthly payment.

Mr. ROSS (Souris): Supposing a member who was in business had a large loss? Would he have a rebate?

Mr. GIBSON: He would have a rebate coming to him in that case.

Mr. FRASER (Peterborough West): Has the Minister of Finance anything to say with regard to the payment of interest on overpayments?

Mr. ILSLEY: It is a fairly fundamental principle that the crown does not pay interest. I am not impressed with the hardship the hon. gentleman is seeking to show. It may be that the taxpayer cannot estimate his income accurately, but he can come pretty close to it. Let us say he overpays a little on March 31, June 30 and September 30, or on one or more of those dates; then he pays just that much less on December 31, because by that time I think he will know pretty well what his income is. All he has to complain about is that the government has had for a few months a little more in instalments than it was entitled to. In order to cure that, it is proposed that the government pay interest. Well, the bookkeeping, the administrative difficulty would be out of proportion to the hardship it was designed to alleviate.

Of course it may be said that he would not know his income at the end of December, that his books would not be audited for three or four months after that. I suppose that would be true in a good many businesses. But I think most taxpayers will keep pretty close to their real income and not overpay very much.

Mr. STIRLING: Then what about the other side of the picture? Suppose he underestimates and pays too little?

Mr. ILSLEY: The point there is not so much the value of the interest to the government as the salutary effect of there being interest payable, tending to keep them up to a proper estimate.

Mr. STIRLING: What about the penalty?

Mr. ILSLEY: I am assuming that the only penalty would be fair interest. The act is not drafted and is not before the committee, but I would assume that we could not go much further than that. If we make the interest too low, no doubt we shall be lending a good deal of money to the taxpayers; if we made it nothing, as suggested this afternoon, we would be lending a great deal; taxpayers would be underestimating and paying up at the end of the year. So that it takes some judgment to know just what the interest or the penalty should be.

Mr. MacNICOL: Has the change in resolution 4 from March 31 to April 30 any effect in connection with the twenty per cent?

Mr. ILSLEY: It has nothing to do with it at all.

Mr. FRASER (Peterborough West): These forms T.7-B when sent in with quarterly payments sometimes come back signed by the receiving officer, at other times they come back with perhaps just one initial and a number. How should they be signed? Should they not be stamped at the office?

Mr. GIBSON: Usually there is a date stamp and the initials of the accountant who receives it.

Mr. FRASER (Peterborough West): Sometimes there is not even a date stamp; it is just marked in pencil.

Mr. GIBSON: In addition, the taxpayer gets a receipt for the amount paid. This is a record that comes back to the taxpayer and is supposed to be sent in with each payment. It shows the amount of the tax paid, and the date received is stamped on by the office and the initials of the accounting officer are put on the form. But besides that the taxpayer gets his interim receipt for the amount paid.

Mr. FRASER (Peterborough West): Would it not be more businesslike if they put a stamp on this form showing that they got the money?

Mr. GIBSON: This is not a receipt. Our receipts are serially numbered. We would not want to have two receipts for the same payment.

Mr. COLDWELL: The hon. member for Souris brought up a point which I think the minister should consider. I have thought of it, but I cannot suggest a way out. He mentioned the position of the professional and business men on the prairies particularly, who

have to pay their quarterly instalments in June and September. Those of us who come from the prairies know well that doctors, lawyers, dentists and small business men have to carry the farming community very often from the spring until the fall. There is no income on many of these farms, and no matter how you try to arrange the law that accounts must be paid within certain times, it is impossible for people on the farms to meet their obligations during those months. It will be difficult for the business and professional people in the prairie towns to meet their obligations under this proviso. All I can suggest is that persons on the prairies who are liable under this resolution will of necessity have to make rather a low estimate of their income for the year in order to protect themselves, because, as has also been noted, we often find that in May or June there is a good prospect of a yield which will enable farmers to meet their obligations, but by the fall hail or frost will have entirely wiped out their ability to pay. I am thinking of the area around Rosetown. Two years ago when we had every prospect of a crop the farmers expected to be able to meet their obligations; then the crop deteriorated and the returns did not come in. I know one or two storekeepers who had thousands of dollars out that they could not collect that autumn. The method of delivery this year will also make it difficult for debtors to meet their obligations. Perhaps it will not be difficult for some business men to estimate; they know what deliveries will be, but it will be a difficult situation for the prairie creditors and also, I believe, for collectors. I do not know how you will get around it, but I wish to support the hon. member for Souris in the views he expressed, and I hope the department will give consideration to this problem.

Mr. ILSLEY: Under our system of taxation as it existed up to two or three years ago these taxpayers would be paying last year's taxes through this very period.

Mr. COLDWELL: I see that point.

Mr. ILSLEY: They would be paying last year's taxes beginning in April, two-thirds by the end of August.

Mr. COLDWELL: They would not be guessing and estimating though.

Mr. ILSLEY: No; they would know. But they would not be paying any more because they were guessing than if they knew. If anything, it makes it, I think, easier for them. Normally that person with the forgiveness of fifty per cent will be paid up for last year by this time, and then he starts to pay one year's taxes in the present year. Had there been no transfer to the pay-as-you-earn system, he would be paying last year's taxes in the present year. Instead of that, he is paying this year's taxes this year, and those taxes are being strung out throughout the year.

Mr. ESLING: In past years the minister has recognized the necessity of giving three months in which to file the income tax return for the previous year, but I understand that the return for the 1943 tax must be in by December 31. Is that correct?

Mr. ILSLEY: No; payments on estimates must be made during the year, and the fourth payment is made at the end of December. The return, however, for the year 1943 is made on or before April 30, 1944.

Mr. ESLING: Does that mean the adjustment in connection with the 1943 taxes nust be made by April 30?

Mr. ILSLEY: The complete and final return, in which the taxpayer says what his income was, in which he declares his income after he knows it, must be made on or before April 30, 1944.

Mr. LOCKHART: I wish to add just a word in connection with another class of people who will be definitely under a disadvantage by reason of these regulations. I believe these people were referred to this afternoon by the hon. member for Brantford City, who mentioned the people engaged in the construction industry, but I do not think the hon. member had very much knowledge of the situation. I should like to point out one or two of the highlights in that connection, in order to show the difficulties facing this large group of people of whom I am speaking. I am not referring to the large contractor, the man who is building factories and airports. I am referring to the man who at the present time is sending in applications for permission to build those urgently needed homes in our larger urban centres, where the Minister of Munitions and Supply has so definitely requested that such construction be stepped up as much as possible.

It was stated to-day that these men can estimate their income. In the first place they are definitely at a disadvantage because they do not know even yet what materials they can get. Many of us know of home builders' associations which have been organized in many of the large centres in an effort to protect this particular industry and prevent Wartime Housing Limited from taking away the benefits of private enter-

prise. Just to-day I had two applications come forward for houses of the type prescribed by the controller of construction, who has placed a limit on the sort of accommodation that may be provided. These men of the construction industry across Canada are only now sending in their applications. These applications must be approved and permits issued; the need for the materials must be established; all those small details must be cleared away before they can even commence to build these small houses. They are unable to make any sort of accurate estimate by April 30, even with the extra month, because just now their work is only in the embryo stage. I suggest to the Minister that these people will be discriminated against because, unless they can get the materials and are allowed to continue their work—and rumours would rather indicate that they may have some difficulty—by the end of the year many of them may have but very little income to declare. Therefore I would point out to the minister that it is most unfair to require this large number of construction men to file their returns by April 30.

Mr. ILSLEY: There is no return made on April 30.

Mr. LOCKHART: They must estimate their income.

Mr. ILSLEY: No; it must be on March 31; there has been no extension of that date.

Mr. LOCKHART: That is what I mean, and I say it is impossible for that large number of people in this country to estimate with the faintest degree of accuracy the income they may have during 1943.

Mr. HOWE: Since my name has been mentioned, perhaps I may be allowed to say a word. The position of the construction man is no different from what it always has been. He has a fluctuating income; he can estimate high, or he can estimate low. If he estimates low, he borrows money from the government at an interest rate which may be a bit high; that is the only penalty. If he estimates high, he puts out a little money before it is due. But the small builder, and the gentleman referred to by the hon. member for Rosetown-Biggar, is accustomed to borrowing money in hard years and banking money in good years. I think too much is being made of the fact that he may not be able to estimate his income exactly.

Mr. GLADSTONE: I wish to bring up the matter of improved facilities for assisting taxpayers to make out their returns at other than income tax centres, if it is appropriate to bring up that point under this resolution. There are many centres which do not have an income tax office. There are also numerous customs offices and ports all over the country, far too many, I am sure, in view of the fact that only a limited number of citizens ever have occasion to visit a customs office. I should like to invite the cooperation of hon. members who live in centres where there are income tax offices, such as Windsor, London, Hamilton, Toronto, Kingston, Montreal and so on, right across the country. The making out of income tax returns is becoming more complicated each year. I understand that some effort is being made this year to simplify the form, and that should be helpful. Nevertheless, many new income taxpayers are being added, and they find difficulty in understanding the forms and arriving at what they should pay. In this parliament I have been one who has stood against mounting expenses, and waste of every description. I want it to be understood that will always be my attitude. But I raise this question: Would it not now be almost a good investment for the government to improve the facilities for numerous people throughout the country who will now be faced with the problem of making out income tax returns.

Some of the larger cities will be affected. My own city of Guelph, for instance, with a population of around 23,000, is the centre of a large farming community. There are many other towns north of it, and others extending, I should imagine, almost to the lakes, that have to report to Hamilton. Guelph is twenty-eight miles from Hamilton, and some other places would be probably a hundred miles away. For instance, I understand Sault Ste. Marie has to report to Toronto. In respect of applications and misunderstandings the taxpayer is often at a loss to know just what he should do. He has difficulties in that connection. Under the system of gasoline rationing our people cannot travel to Hamilton to the income tax office in the same way as they used to, in order to get assistance there.

What is the situation in the cities? People in Ottawa and Toronto who do not understand how to make out their returns simply walk down the street and get assistance. The same applies in Hamilton, and in other cities. I would hesitate to recommend the opening of new income tax offices in every town, or even in some of the smaller cities; but I am wondering if the government could not work out a system whereby it could give assistance even in the smaller places by some form of itinerancy of experts from income tax centres. In some places I do believe income tax offices should be established throughout the year.

Guelph city council has sent a resolution to the Minister of National Revenue making this request.

Then there are other places where, while it may not be possible to have income tax offices open the year round, the department might find it possible to have experts present at least one day a week. Such experts from established income tax centres would be qualified to assist taxpayers in their difficulties. I have a feeling that this would be money well spent, and certainly it would be rendering a great service to many people. While the minister may not be able to give an immediate answer—and I would not expect him to do so—possibly some other hon. members will express their opinions, so that the department may give consideration to the request now coming from Guelph. I am sure a similar service would be helpful in many other places.

Mr. FRASER (Peterborough West): On April 1, I asked the Minister of Finance if it would not be possible to open an income tax office in Peterborough. He said he did not feel that the government should do so at the present time, but that he would bring the matter to the attention of the Minister of National Revenue. On that date I said this, bearing out what has been said by the hon. member for Wellington South:

> Even if you do not establish an office in Peterborough, would it not be possible to have a man there at certain times during the year to explain the income tax forms to those desiring further information? Ottawa has an income tax office; Kingston has one; Belleville has one; so have Toronto and Hamilton, but Peterborough has none, and it is a large city. In fairness to the taxpayers themselves, I think some representative of the income tax division should be there, even if he were there only at certain times of the year before payments have to be made.

Mr. GIBSON: I think the problem mentioned by the hon. member for Wellington South will be cured to some extent by the new simplified form being produced this year. That will take care of about eighty per cent of the individual taxpayers. The suggestion has been made from time to time that more district offices should be opened. While the matter has been carefully considered, it is not one which can be readily approved, on account of the difficulty in getting qualified and experienced accountants, particularly in these days of war. Consequently it has been found more efficient to concentrate the work in fewer offices, where such work can be distributed among the staff who have varying degrees of experience, the more difficult work being handled by those with greater experience.

In the past we have had requests from Guelph for an income tax officer to help the residents to fill in their returns, and I believe an officer from Hamilton has on former occasions gone to Guelph about the time the returns were to be filed. I believe that practice can be continued. I do not think any such request has come from Peterborough, but I shall look into the matter and see if some arrangement can be made for that point.

Mr. GRAYDON: There is always the danger of those connected with income tax work, or, indeed, with any kind of governmental work, not being close enough to those who make out the various forms now required by so many departments of government. I am not raising any particular criticism of those in the departments. I realize the tremendous amount of work they have to do, and the further fact that we have in Canada a shortage of men accustomed to doing something. This condition is no doubt brought about by the additional burdens now placed upon qualified accountants by war. Coincidental with the whole matter of taxation is that of accounting. I am sure the minister would be the first to admit that there is a shortage of trained men to take care of the filling in of forms and the making of computations now so complicated with respect to taxation. I sometimes wonder whether income tax officials, and others who have charge of various taxing methods so necessary to-day to raise money for our war effort, realize just what it means when a man on a farm has to prepare a return. The managing of a farm is difficult work, but it becomes much more difficult when at the same time he must be an expert accountant and bookkeeper. I do not know what other hon. members representing farming constituencies may feel in this matter, but it has been my personal experience to find that the keeping of books on a farm is a most difficult procedure. There are many farmers who do, but the average farmer has so little time at any season of the year that even if he were able to keep books, he would have little opportunity to keep his books in order. I am sure that members representing rural sections can recall at a moment's notice many instances of farmers who with their wives have come in to see them, perhaps in a legal office or in some place familiar with bookkeeping methods.

Mr. CASTLEDEN: Has this resolution to do with farmers or with other than farmers?

Mr. WOOD: Other than farmers.

Mr. GRAYDON: I thank the hon. member for Brant and also the hon. member for Yorkton, so that he will not feel offended.

Mr. CASTLEDEN: I agree with what the hon. gentleman is saying.

Mr. GRAYDON: Farmers and their wives will come in, and when they see the income tax forms they are required to fill out they will throw up their hands—I have seen them by the dozens—and say: There is no way in which I can possibly make out this form and still come within a reasonably accurate statement of my income. The farmer cannot do it unless he is to have someone on the farm to keep track of all that he sells and of all that remains by way of inventory. He is in an entirely different position from the ordinary businessman because his whole mode of living is entirely different from that in the urban centres.

I am glad to hear that the minister is to simplify some of the income tax forms because, if they are continued as before, it seems to me that the farmer will be faced with an almost hopeless situation in making out his income tax return. There must be a simpler way of doing it. There must be some means provided whereby the average farmer can readily calculate his income tax.

Mr. GIBSON: The trouble is to calculate his income.

Mr. GRAYDON: That is the point I was about to make. I understand that the Minister of National Revenue is to provide some form of assistance for those with incomes of less than $3,000 in making out their income tax forms. Some assistance is to be provided, or they are to have their income tax forms filled out for them, I understand, free of charge.

Mr. GIBSON: No, the tax will be shown on the form for incomes up to $3,000, within ranges of ten dollars.

Mr. GRAYDON: Then I misunderstood. No one receiving an income of less than $3,000 is to receive any assistance in filling out the forms other than the information that is to be given on the back of the form in a table?

Mr. GIBSON: The table on the form will show what the actual tax is on incomes above $660 for single persons, and $1,200 for married, those being the exemption levels, and up to incomes of $3,000, within ranges of ten dollars. The tables also show the tax for different classes of taxpayers according to the number of dependents, so that a man with a certain number of dependents will be able to see from the table the amount of tax he must pay on his salary.

Mr. GRAYDON: That may be a help, but it does not go very far in helping the average person to make out his income tax return. It is of no help to the farmer.

[Mr. Castleden.]

Mr. GIBSON: The farmer's trouble is to find out what his income is.

Mr. GRAYDON: That is the point I was trying to make, and I am quite sure that the minister will be one of the first to recognize the difficulty the farmer has in that respect. When I hear people saying here and there that the farmers are not making out any income tax returns I want to tell them and the minister that many people in other walks of life would almost throw up their hands if they had the same difficulties in calculating their income that the average farmer has. My experience in agricultural sections has been that the farmer wishes to pay to the government every five-cent piece that the government asks him to pay. On the other hand, I think the government ought to provide some simpler method, if at all possible, and there should not be one standard form applicable to the farmer just the same as to everybody else. The minister mentioned that there is to be a simplification in the form for salaried workers. Their income is much simpler to calculate than agricultural income. Once the salaried or professional man has figured out his income there are certain calculations to be made so that he can easily arrive at the tax. But I think the minister ought to give consideration to providing some simplification by which the farmer might more easily arrive at the income upon which his income tax is based.

Having in mind the suggestions which were made by the hon. member for Wellington South, I think we sometimes forget that there are other places besides the large centres of population. The difficulties in meeting the requirements of government taxing bodies and government offices generally are, I believe, more difficult the farther you get away from the large centres. The whole thing boils down to a matter of inconvenience. A farmer in the constituency of my hon. friend the member for Wellington South comes from north of Guelph, we will say. He has to go to Hamilton to see the income tax inspector, and there is a whole day lost. But a man in the city of Ottawa can take half an hour off at lunch time or half an hour off from his business, go into the income tax office and complete his form in a comparatively short time. The same is true, of course, of Montreal and Toronto. The question of convenience enters into the picture so far as rural Canada is concerned.

I have some sympathy with the suggestion made by the hon. member for Wellington South, but I am afraid I cannot follow him the whole distance. I am not sufficiently familiar with the circumstances he described. But,

generally speaking, I think we should carefully guard against setting up an extensive system of offices all over Canada, although somewhere in between there must be a happy medium which would help to meet to some extent the problem of the rural man and the man in the small town. This is something to which I believe the minister might well give consideration. I have seen this thing worked out from a practical aspect so long that I should like to see the minister look at the matter from the point of view of the average rural dweller, and, having gained that perspective, find out if the position cannot be reviewed and something done. I realize the difficulties which face him. On the other hand, we have surmounted many difficulties in days gone by. I will add nothing more at the moment, but I submit the suggestion for his earnest and serious consideration.

Mr. FURNISS: I happen to be a farmer, and I agree with what the leader of the opposition has said regarding the bookkeeping of farmers. I do not suppose one in five hundred keeps track of his costs of production or of what he gets for the products he sells. The reason, as I see it, is that there is no object in the farmer doing so. In business, bookkeeping is done for the sake of estimating costs. To the costs the business man adds a profit, and in that way he arrives at his selling price. But no matter what pains the farmer goes to in keeping his costs of production, he has no ability to add to them a profit, so that there is no object, as far as money making goes, in keeping books on the farm.

I might suggest to the minister that if, when these income tax forms are simplified, a simple book were prepared and sent out with them, so that the farmer would have it handy to mark down what he sells and what he gets for it, that would enable him to arrive at his income. So far as expenses are concerned, the greatest difficulty the farmer has is in estimating depreciation on his buildings and equipment. The first year that the farmer pays income tax is the most difficult, for upon what he makes his return that year depends his depreciation for years to come. The biggest difficulty I see in connection with his paying an income tax is to estimate a proper value of buildings and equipment. The higher the valuation is, the longer the depreciation lasts. The only suggestion I have to make is that some simple form of book be sent out which the farmer would find handy to mark down his receipts.

Mr. COLDWELL: Since the leader of the opposition has introduced this particular phase of the discussion—

Mr. ILSLEY: Yes; but could we not put these matters under their proper headings? It takes me all my time to keep them under their proper headings. The right place for a discussion of the farmers' situation is the next resolution.

Mr. GRAYDON: May I say to the hon. member for Rosetown-Biggar that I came in at the middle of the address of the hon. member for Wellington South, and he was speaking about the problems of rural people in connection with taxation. If I have transgressed, I am very sorry.

Resolution agreed to.

7. That taxpayers whose chief business is that of farming shall in respect of the year 1943 and for each year thereafter pay two-thirds of their income tax liability for the current year on or before the 31st day of December and the remaining one-third on the following 31st March;

Mr. COLDWELL: May I say a word on this?

The CHAIRMAN: I saw the hon. member for Qu'Appelle.

Mr. COLDWELL: I gave way just before, purposely. It is immaterial; I do not mind.

The CHAIRMAN: The hon. member for Rosetown-Biggar will follow immediately after the hon. member for Qu'Appelle.

Mr. COLDWELL: I do not mind; but I think, having given way before, I have precedence at this time. I am, however, willing to forgo it.

Mr. PERLEY: We have been listening to a discussion which has got a little out of order. The leader of the opposition stole some of our thunder; however, he put the case on record so well that I hardly think it is necessary to repeat much of it.

Resolutions 7 and 8 deal in the main with people whose chief business is farming. In speaking on the budget, the minister made the statement, dealing with the farmers, that the department were somewhat lenient this year, that they were making it a little easy for the farmers, not only by extending the period for making out the forms and paying the tax, but by providing, under resolution 8, that they can carry forward the loss in any one year for even two years. As I said when speaking on the budget, I think the minister was quite right in saying that this does ease the position of the farmer to a great extent.

There are one or two matters I wish to have straightened out. I agree with what the leader of the opposition and the hon. member for Wellington South have said with respect to

forms. Farmers and ranchers have been making out form T.1-A. It is certainly complicated, and I favour the adoption of a much simpler form so that it may be made out by the farmer much more readily. Numbers of farmers come to me from time to time with the complaint that they cannot prepare a statement by filling out the form. They do not keep the very best system of books, we know, and I think it is a good suggestion that the forms should be simplified.

I wish the minister would tell us just where the farmer members of this house stand with respect to the deduction which has already been made from their indemnity. This point might have been raised even on the first resolution. Some farmer members make out form T.1-A. They cannot possibly estimate yet what will be their income for 1943. They may be hailed out and have a total loss on their farming operations. If in the end, when they make out their tax form, a loss has developed on their farming operations, will a return be made of the tax which has already been taken from them monthly by deduction from their indemnity?

I myself make out form T.1-A. I went to the office in Regina and filled it up to the satisfaction of the income tax inspector there, but I could not possibly estimate my operations for the 1943 season.

Speaking on the budget, I made one or two suggestions, and I ask the minister if there is any possibility that he will consider them favourably. In view of the man-power difficulty which the farmer is up against at the present time, when his wife, his daughters and his young sons of necessity have to work to take the place of other labour, the other sons being in the armed services, and the farmers themselves being unable to compete with the wages of industry, will consideration be given to making some allowance to the farmer, in respect of his cost of production, for the services of his wife and children?

Mr. MAYBANK: As wages, the hon. member means?

Mr. PERLEY: Yes, as wages. I think it would be only fair and right to make some allowance in this respect.

When speaking on the budget, I also remarked on the fact that only 1,488 farmers out of 780,000 made returns and that all together they paid only $150,000. I think under the circumstances they should be given greater exemptions.

The form provides for depreciation on buildings, implements, machinery and so on. The allowance varies according to the number of years depreciation has been allowed in the past. The period of depreciation will soon expire or has already expired in connection with many buildings in the west, and where this period has expired I think further consideration should be given. The same should apply to machinery.

These are just one or two matters that I wished to bring to the attention of the minister. I shall not dwell upon the difficulty the farmer has in making out his return because the previous speaker has covered that point quite thoroughly. Will the minister explain just where the farmer members stand when they have losses on other operations? Will any consideration be given to an allowance for wages to the wives and daughters of farmers?

Mr. ILSLEY: There is a good deal in that speech to answer, and I think I had better let it stand for the time being because it would be embarrassing to give a wrong ruling on the spot.

Mr. COLDWELL: In making out his form, is the farmer to enter what I might term the perquisites of the farm? This would cover income received from butter, eggs and other produce of that description. In my opinion some allowance should be made for the labour of the family of the farmer who often produce these side-lines without receiving any payment. When a farmer makes up his income tax form he places on record not only the income he has made by his own labour but the income produced by the labour of the whole family. In my opinion some allowance should be made for the labour expended by the family on the farm. I do not think it is fair that the product of the labour of the farmer and his family should be lumped together as the income of the farmer. The farmer ought to be entitled to estimate the value of the services of the farm family and be able to pay to the members of his family who helped him with his production an amount for their services, or he should be allowed to charge that as an expense.

I am thinking particularly of the farm wife who is frequently the farm baker, who raises the poultry, attends to the garden and, at times in the west, even drives a tractor or rides a binder. I have seen them working on the combines. In my opinion this is something to which serious attention should be given by the minister and his advisers and by this house. A questionnaire was sent out to the farmers in Saskatchewan. I discovered that this was not sent out by the Department of Labour; it apparently was circulated by an organization fostered by the provincial government. One question was: "What help have you in your family over the age of twelve years?" I have

no doubt that this year many children over the age of twelve will be working in Saskatchewan. They should be paid. This money should be placed in an account for them to use later on. I would add that I disapprove taking these children out of school and going back to the use of child labour, but if it is done, an amount should be allowed as wages for such children. Certainly some consideration should be given to the production by the woman on the farm. It should not all be lumped as farm income. I should like to know if this matter has been considered and if any policy has been adopted. Will the minister give consideration to the point I have raised?

Mr. MAYBANK: I do not oppose the suggestions which have been put forward, but I would point out that there are other cases where a similar situation exists. I am sure all hon. members will support what has been said by the last three or four speakers with reference to the difficulty faced by the farmer. Certainly, as one coming from the city I would not oppose that point of view. However, I find that a considerable number of people in the cities have a similar problem. I am thinking of the small corner grocery store run by different members of a family. In my city they are known as "pa and ma" stores. In these cases the wife nearly always works just as long hours as the husband, and quite often other members of the family work as well. As I stand here I can picture some twenty, thirty or forty of these stores on corners throughout Winnipeg. I am entirely sympathetic with what has been said about the farmer, but I feel it is my duty to point out that there are others in the cities of whom account will have to be taken by the minister when he is figuring some way round this difficulty.

Mr. WRIGHT: As a farmer from western Canada I must say that the first problem of the farmer is to get enough income on which to pay an income tax. This is borne out by figures which have been tabled in the house and which show that only 1,488 farmers out of 700,000 paid income tax on their 1941 incomes. However, when the farmer has reached the point where he is paying income tax there are several matters which should be taken into consideration. The hon. member for Rosetown-Biggar brought up one, namely, the allowance of some wages to the farmer's wife. I am in agreement with the other hon. members who have spoken with regard to simplifying the forms. That is essential.

There is also the matter of depletion of capital assets. If I am a storekeeper, carrying a stock of $10,000 and have a turnover during the year which makes a profit of $3,000 and I have depleted my stock in that store by $2,000, thereby receiving $5,000 for the year, that $2,000 is not income; it is depletion of a capital asset. But if I am a farmer and have 100 head of beef cattle and during the year I sell, say, $3,000 worth of those cattle from the increase, and deplete my herd by selling an additional twenty head, with the result that I obtain an income of $5,000, I pay income tax on the $5,000, although $2,000 is, in reality, depletion of capital assets. That is not fair.

Another matter has to do with depreciation of special equipment which farmers have to buy at this time in order to obtain the increased production that is required of milk, cheese, et cetera. Many farmers have increased their herds and are buying milking machines. They are also farming more land and buying combines, so that they can grow the things that are needed. If I am a contractor and buy special equipment to fill a government contract, I am allowed special depreciation on that equipment, the government taking the view that after the war I may not get contracts and that the equipment may not be of value. I maintain that special depreciation should be allowed to farmers who buy special equipment in order to produce the larger amounts of things the country needs at this time.

There is also the matter of additional buildings. In western Canada there has been extensive construction of piggeries in order to increase pork production. No special depreciation is allowed on those buildings, although, if an addition is built to a factory to produce additional war equipment, special depreciation is allowed to wipe it out in perhaps three years' time. Some special allowance should be made to farmers on special equipment which they had to buy for a similar purpose, and on special buildings. If a man is operating a cheese factory and has to put in special equipment, he is, I understand, given a government grant to put it in and allowed special depreciation on it.

There is also the allowance made for board to men working on farms. For income tax purposes I believe $15 a month is allowed for board and lodging. This was the amount allowed prior to the war, and I think it should now be raised to at least $20 a month. I hope the minister will take these matters into consideration because they are matters which have to be reckoned with in fixing farm income.

Mr. ROSS (Souris): I should like to support the request of the hon. member for Qu'Appelle, the hon. member for Rosetown-Biggar and the hon. member for Melfort who spoke before me. When I was speaking on the budget on March 11, I mentioned these matters, pointing out that women and teenage boys and girls should be allowed to be placed on the payroll of the farm in reckoning income tax. The point raised by the hon. member for Melfort has been a problem for me for some years past. I have discussed it with the income tax officials. Take the case of a farmer who is not able to take his inventory at the end of the year, for instance where he has been building up a good herd of live stock over a period, and happens to sell them in one year. That was treated as income for that year; at least it was in past years. That is very unfair. That pure bred herd should be considered as a capital investment. It was not a matter of purchasing feeder cattle and fattening and selling them. If that has not been changed this year, I hope it will be. I have discussed the matter with the officials in Winnipeg, and they say it is the fault of the farmers who do not want to keep books. But it is most unfortunate and most unfair.

When I was speaking on the budget I think I also asked that depreciation should be allowed on new power machinery on the same basis as is allowed in industry, writing off depreciation during the war, because unless something develops in the near future, of which I have not seen much sign yet, to create a parity for the future, agriculture will not have the demand for its products that there is during the war. We are required to purchase expensive equipment, on account of lack of efficient help as much as anything, in order to produce this necessary food. Then I think power machinery should be depreciated over three to five years rather than as in the past when we were allowed twenty per cent the first year and ten per cent a year for the remainder of its life. Agriculture should be placed on the same basis as industry in that respect; its production of foodstuffs is just as essential as that of industry. I trust the minister will give these requests serious consideration, because it means a great deal in the production of essential foodstuffs as well as for the welfare of farm families in the future.

Mr. FURNISS: The hon. member for Rosetown-Biggar brought up the very subject about which I had intended to say something. Perhaps he expressed it in better terms than I can, but I believe that in the computation of the income tax that the farmer has to pay some tangible recognition should be given to the work that farmers' wives are doing. Today farmers' wives are doing almost every kind of work that in ordinary times would be done by men, and would be now if men were available. Last summer, at various times and in different places I saw women doing almost every kind of work that men are accustomed to do. I have seen them working in the harvest field; I have seen them coiling hay, driving almost every implement on the farm, building loads, and I even saw one woman driving a walking plough, getting land ready for planting.

I can produce a few figures that will show the result of women's work on the farm. Poultry raising falls to the lot of the women nearly all the time. I have here the figures showing the number of poultry on the farms in 1939 and 1942. In 1939 the number of poultry on our farms was 62,405,000, while in 1942 that had increased to 73,805,000, or an increase of 11,400,000. That increase is reflected also in the production of eggs, which in 1939 amounted to 221,000,000 dozen, and in 1942 to 265,500,000 dozen, or an increase of 44,763,000 dozen. In addition, there are the poultry meat products produced on the farm, which in 1942 amounted to 251,000,000 pounds. The figure for 1939 is not given.

I understand that there is a provision in the income war tax regulations whereby a woman doing war work, say in a munition factory, may earn up to $660 without affecting her husband's income tax. I believe the women on the farms are equally important to the war effort; yet, on account of the fact that a farmer cannot pay his wife any wages, there is no method by which he can obtain the benefit of her work in connection with his income tax. I understand this regulation in regard to war work was passed in order to keep women in the munition factories, but the thought just comes to my mind: what would be the result if the farmers' wives should say, "If we cannot get some recognition for our work, we will quit."

I wish to offer a suggestion to the Minister of National Revenue. I do not know whether it would be workable or whether he will consider it, but in this return there is one item, under the general heading "income received during the calendar year" which reads, "produce raised on the farm and consumed in the farm home."

Mr. GRAYDON: Is that the new return?

Mr. FURNISS: No; I understand this is just a sample. I would suggest that this item be

obliterated and forgotten, in recognition of what the women do on our farms. I do not say it should be taken off the form altogether, but a line should be drawn across it and the explanation given, "This is in lieu of what the wife does on the farm." I think that would please the farmers very much indeed.

Mr. FAIR: I have listened attentively to all the remarks that have been made, and I note that a number of hon. members were in such a rush to get to the question of the farmers' income tax that they jumped a resolution in order to do so. I have heard several suggestions made, and I wish to offer one also which I hope the Minister of National Revenue and the Minister of Finance will take seriously into consideration. I made the same suggestion on March 15 while speaking on the budget, and I believe that we shall be giving the farmer only a little bit of that to which he is entitled if we take him out of the income tax group entirely.

Before going further, let me read some figures contained in a return brought down for me on March 5 last, giving the number of farmers who have paid income tax each year since 1930, together with the amount of such income tax paid. Before reading these figures, let me state that we have more than 700,000 farmers in Canada, and this might be borne in mind as I give the number of farmers who have paid income tax:

	No. of farmers	Amount of income tax
1930	2,626	$123,909
1931	2,276	131,910
1932	653	36,379
1933	249	27,620
1934	262	22,334
1935	416	24,083
1936	694	46,609
1937	921	76,395
1938	1,000	78,081
1939	1,309	124,836
1940	1,721	151,549
1941	1,869	204,319
1942	1,488	150,102

Therefore we find that an average of 1,191 farmers paid an average of $92,163 each year. If the government wish to save a little money, they might cut out the salaries of those who look after the collection of these taxes, and they would be money ahead right there. I am satisfied that directly or indirectly the farmer is paying a very large share of the income taxes of every other class in Canada. The company that manufactures farm implements includes in the prices of those implements provision for its income tax, and the same applies to all the others right down the line to the retailer of the machine. They all include their costs, and the farmer pays the whole shot. I wonder whether anyone can successfully refute that argument. On the other hand, when the farmer takes his produce to the elevator or to the market he goes in and asks what they will give him for this or for that, and the actual cost of production of the commodity is never taken into consideration. Some sort of gambling market is usually devised and set up, and the farmer has to accept what the gamblers want to offer him.

Mr. MacNICOL: I agree that the farmer does not get a square deal.

Mr. FAIR: I am glad the hon. member agrees with me on that. At the present time we are having brought forcibly to our attention the question of farmers' debts. I will not deal with that question to-night, but I am quite satisfied that the farmers are in debt through no fault of their own. During one of the first sessions I was here, we on the farms were accused of being extravagant. One hon. member had the—I do not know what you would call it; I know what I would call it if I were out on the farm, but that might not be the thing to say here—nerve, I will say, to tell us that because we had a radio, a car, or something like that, we were extravagant. In describing his own position, he said that he did not have a car; that he did not have a radio and did not have a bathtub; that if he wanted to have a bath he could use the wash basin. Let me say that no man in Canada is more deserving of a bathtub than the farmer, who has to be out in the fields all day. If you are a real dirt farmer, working out in the field, you are bound to collect some dirt.

Mr. MacNICOL: Rain or shine.

Mr. FAIR: Yes, rain or shine.

Mr. GRAYDON: Did you ever stook barley?

Mr. FAIR: No man needs a bath more than a farmer, and there is no class in Canada which has less bathtub accommodation than has the farming community. So that the farmer may have the kind of life enjoyed by the average citizen I am asking that the government free him from this added penalty of paying income tax. To make him do so is simply adding insult to injury.

On one occasion after another we have asked that farmers be given the cost of production. Not very long ago we were told that the present price on wheat is 54½ cents below the 1926-29 price; that the price of oats is nine cents lower; that the price of barley is 11·2 cents lower and that of rye, 38½ cents lower. If those in authority will see to it that the farmer is given back those increased prices for his grain, then I would be content to have him pay the income tax. The present situation is, however, that receipts of farmers

are not satisfactory, because they are paying off the mortgages plastered on their farms in the years of depression, particularly between 1930 and 1939. That which would be classed as income is not real income, because it goes out by way of expenditure in payment of debts.

Prices now fixed by the wartime prices and trade board in accordance with government policy do not permit the farmer to receive the prices to which he is entitled. Until farm prices are on a proper basis I fear the farmers and the Department of National Revenue will have their troubles. There is no way out of it. As I said before, we had in the past and we still have our prices fixed, not at cost of production but at a level which satisfies someone else, someone who is getting a nice living off the farm, but who does not contribute anything to farm production.

There is a way out of this difficulty, if the farmer wishes to take it. Therefore, with costs increasing as they are, and the other inequalities the farmer must put up with, I feel quite satisfied I am not asking anything out of the way when I ask that they be exempted from payment of income tax.

It has been said that the farmer should be allowed to include in his cost of production wages for his wife and those members of his family who work on the farm. If the government does decide—and I hope it does not—to have the farmer pay income tax, then I do not see why the farmer's wife and those of his family who work should not receive wages. It has been pointed out by the hon. member for Muskoka-Ontario that the wife of a man living in the city can work in a factory, from which she collects wages. Against those wages her husband is exempted to the extent of $1,200, and I understand the wife can also claim the exemption of a single person, namely, $660, making a total exemption of $1,860. If that is allowed in the city, why not extend the same privilege to the farmer in the country? It is just one more case of adding a little more insult to injury.

Another reason why the farmer should not pay income tax is that, on the average, he works time and a half, or one and a half times as many hours as any other class of workers in Canada. In some instances farmers work twice as many hours; and when they work on the farm they certainly do not fool around. I can make that statement clearly to the committee, because after twenty-nine years of experience in western Canada I know something about it.

I should like to commend the Minister of Finance for his policy with respect to the collection of taxes from farm help. In 1941 farmers were asked to collect the national defence tax. I know of some farmers who collected that tax, and then lost their help to those who did not collect it. If a tax of this kind is imposed, I would ask the Minister of National Revenue not to ask the farmer to collect the tax from his help.

Possibly I should not say anything further until I hear from the minister as to what he intends to do about leaving the farmer out of the income tax class. In connection with bookkeeping on the farm, it is my belief that books are not kept on more than one per cent of farms. On the average, the farmer is not trained to keep books; and if he did keep them, I do not think he would stay on his farm more than a year, because only a very small percentage of farmers can show an actual profit.

Mr. GRAYDON: He has not the time to keep books, anyway.

Mr. FAIR: I know that. But that is one more penalty being imposed upon him. After the minister gives his reply I may have something further to say.

Mr. WOOD: Mr. Chairman, I wish to say—

Mr. PERLEY: How about the bathroom?

Mr. WOOD: Farming is such a clean life I do not need one. Is it eleven o'clock?

The CHAIRMAN: Shall I report progress?

Mr. NICHOLSON: The Minister of Finance has pointed out that my figures were not accurate. I wish now to make a correction in the figures I quoted from the pamphlet. The amount left for a person with a $14,000 income is—

Some hon. MEMBERS: Order.

Mr. NICHOLSON: I am simply making a correction before eleven o'clock.

The CHAIRMAN: The hon. member for Brant will have the floor to-morrow.

Mr. GIBSON: Before the committee rises I move the following amendment:

That resolution No. 7 of the resolutions to amend the Income War Tax Act be amended by deleting the words "31st March" in the last line thereof, and substituting therefor the words "30th of April."

Resolution stands.

Progress reported.

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

Friday, April 9, 1943

The house met at three o'clock.

EXTERNAL AFFAIRS

ESTABLISHMENT OF CANADIAN CONSULATE GENERAL IN NEW YORK

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I wish to make an announcement with respect to the establishment of a Canadian consulate general in New York city.

The government has decided to establish a Canadian consulate general in the city of New York. It is expected that the new office will be opened about May first under the direction of Mr. Hugh D. Scully as consul general.

This will be the first Canadian consulate general, and it is fitting that it should be opened in the largest city of the United States of America. The immediate need for the establishment of the new office is the great increase in Canadian activities in the New York area. Under pressure of war conditions these activities have taken on a new variety, and a new urgency; and the government believes that these facts make it desirable that we should have in New York a central agency under the direction of a capable and experienced administrator to keep in close and effective touch with all aspects of Canadian interests in that area. The new consulate general will be able to relieve the British consulate general of the considerable volume of work it has for so long and so ably carried on for Canadians residing or doing business in this district.

The Canadian government trade commissioner's office in New York city, which has been under the direction of Mr. Douglas S. Cole for the last nine years, will be incorporated in the consulate general. Mr. Cole will continue to perform his present duties with the title of Senior Trade Commissioner in the United States; he will also be a member of the staff of the consulate general with the rank of consul.

The New York office of the wartime information board under Mr. Harry Sedgwick will be attached to the consulate general.

In addition to acting as a central agency for the organization of Canadian activities in New York, the new consulate general will conduct the usual business of a consular office. This includes work in the fields of shipping, nationality, passports and other documentation, estates, customs, taxation, and in general the protection and furtherance of Canadian interests.

In addition to Mr. Scully and Mr. Cole the staff of the consulate general will include, as consul, Miss K. Agnes McCloskey, whose long and efficient service in the Department of External Affairs is well known throughout the public service. Miss McCloskey will be the first woman to receive a senior appointment in the Canadian external service. Mr. L. B. Ausman, assistant Canadian government trade commissioner in New York city, and Flying Officer P. E. Morin, D.F.M., will be appointed vice consuls. The consulate general will be established at Rockefeller Center on the corner of 5th avenue and 50th street in New York city.

The jurisdiction of the consulate general will cover the states of New York, Connecticut and New Jersey except for the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem.

While it is not proposed to establish any other consular offices at the moment, it is a reasonable assumption that expanding Canadian interests and responsiblities will require that the situation be reviewed from time to time.

Mr. GORDON GRAYDON (Leader of the Opposition): May I ask the Prime Minister if this is the first consular office to be opened in the United States of America?

Mr. MACKENZIE KING: Yes—Canadian consulate.

Mr. GRAYDON: The Prime Minister made reference to the attachment of Mr. Harry Sedgwick, of the wartime information board, to the consular office which is to be set up in New York. I assume that does not mean that Mr. Sedgwick will be under the direct supervision of the consul general, but rather that he will be just attached to the office.

Mr. MACKENZIE KING: Yes; not incorporated in the office but attached to it.

Hon. R. B. HANSON (York-Sunbury): Will Mr. Scully be under the Department of External Affairs? Will he be leaving the Department of National Revenue?

Mr. MACKENZIE KING: Mr. Scully will be retiring from his present position in the Department of National Revenue and will become the head of the consulate general in New York. That office will be under the Department of External Affairs.

Mr. POULIOT: Would the Prime Minister be kind enough to table the orders in council concerning these appointments?

Mr. MACKENZIE KING: Yes.

THE WAR

REQUEST FOR GOVERNMENT STATEMENTS FROM TIME TO TIME AS TO PROGRESS OF OPERATIONS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Before the orders of the day are called I wish to make a suggestion to the Prime Minister in connection with the house procedure. I shall be only a moment; I thought this was the most appropriate time to present it.

In some of the remarks made by hon. members from time to time during the last couple of weeks, it has been brought to the attention of the Prime Minister and of the government that there should be some announcement, some governmental statement, preferably by the Prime Minister, from time to time with respect to the progress of the war generally.

On one occasion it was suggested that a statement on the war might be made periodically to the house by the Prime Minister. If my memory serves me well, during the session of 1940, and again in 1941 the Prime Minister did make to the house statements which, while perhaps not comprehensive, did at least inform the house and the country of the progress of the war with more emphasis than would be given in the ordinary press statement. I am sure the Prime Minister and the members of the house will agree with me that at the present moment we are passing through one of the most serious stages of our whole war effort. We have a victory loan campaign coming on, with appeals being made to the people from time to time, and a foundation for their success is that the people should be made fully aware of the seriousness of the war. I therefore respectfully suggest to the Prime Minister that he should on auspicious and appropriate occasions follow the practice he followed in previous sessions of giving to the house and the country a statement on the war, giving us the bad news and also the good news where it may be appropriate to do so. None of us would ask that the Prime Minister should make public information which would in any way be of comfort or aid to the enemy, but I do believe that it would strengthen the morale of our country if on particular occasions when a statement could normally be expected from the Prime Minister he would make such a statement to the house and the country.

Before I conclude, there is one other matter I wish to mention. I think we should have more of a war mood in this house than we have had during this session. I do not intend in saying that to reflect upon anyone in this chamber, because what I have said may be but a reflection of general conditions throughout the country. Nevertheless, I feel it is our duty to develop more of a war-time psychology in this house, and the Prime Minister can give leadership in this matter. The Department of National Defence and the press from time to time give out reports with respect to medals and decorations that have been won by individual members of our armed forces for gallantry on the sea, on the land or in the air. We have speeches made in this house from all sides which, in my opinion, are of much less importance to the people of Canada than the announcements of these decorations for gallantry, and I suggest that such announcements might well be made to the house and the country by the Prime Minister himself or the Minister of National Defence. I know that the Prime Minister will accept my suggestion in the spirit in which it is offered. I believe that such a practice would improve the tenor of our proceedings here, and I make the suggestion with the sincere desire that the country shall know that we really have our minds on the war.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I accept in the spirit in which my hon. friend has offered it the suggestion which he has made. May I say to him that no one in this house has emphasized more strongly than I have from time to time the importance of the house giving its attention to matters pertaining to the war rather than to some of the domestic questions which it has been discussing. If my hon. friend will look over the proceedings as recorded in *Hansard* he will find that the time of the house which has been taken up by the matters other than those relating to the war has not been so taken up by hon. members from this side to anything like the extent that it has been by hon. gentlemen opposite. There has been, I think it is reasonable to say, far too much time taken up with discussion of domestic questions to the exclusion of more important matters pertaining to the war.

As my hon. friend will recall, in order to facilitate and expedite the business of the house, he and I and other leaders of the house met together and decided upon a programme which we thought would serve that end, and certain measures were made a sort of "order of the month", and the order which was then set down has been strictly followed ever since.

I must say that I was surprised that in the appointment of some of the standing committees the time of the house should have been taken up longer than was necessary simply to appoint the committees. Matters were discussed which might well have been left until after the committees had had opportunity to go ahead with their work.

Mr. GRAYDON: Of course there was a reason for that.

Mr. MACKENZIE KING: We spent a week or more on the appointment of the committees with respect to social security, reconstruction and rehabilitation. There may have been a reason for the long discussion that took place at that time but I submit that it would have been much better to have the discussion at a later period in the session after the committees had had a chance to get on with their work and make some report. Similarly a lot of time was taken up in discussion on the appointment of other committees. There have been motions on going into supply and ways and means, and matters discussed which might well have been deferred until a later time. I do not want to take exception in particular to that, but I must say that there has been a great waste of time in the discussion of many matters here. I cannot think of anything which could be described as a greater waste of time than the discussion we had in the house the day before yesterday in regard to an address which was delivered the other evening by Mr. B. K. Sandwell of Toronto. The thought that Mr. Sandwell or anybody else in this country holding a prominent position and having to do with the moulding of public opinion is disloyal because he ventures to suggest that there is such a thing as loyalty to humanity at large as well as to other institutions seems to me quite ridiculous. That the greater part of the afternoon should have been taken up in a discussion of that character shows how far remote hon. members are in some parts of the house from realizing that a war that affects the whole future of mankind is being waged at this moment.

I am only too anxious to make in this house what contribution I can in the way of informing hon. members of the situation as it exists in the world to-day. May I say that I hope I have reason to believe that every hon. member of this house reads from day to day something of what appears in the press, and not only that but listens attentively to broadcasts made by Mr. Churchill, commentators and others with respect to existing conditions. Such contributions as I might make would of necessity be in large part simply a rehearsal of much with which hon. members ought already to be familiar.

The making of a special statement in parliament with respect to the present position of the war is not something which a prime minister can take on lightly. Mr. Churchill himself when making an important speech, as he did some days ago directed the attention of the British parliament to the fact that the last time he had made a speech dealing with the war situation as a whole was in November last. Of necessity Mr. Churchill speaks in the British House of Commons on the different situations as they arise and as they are known to him before they are known to anyone else in the world, unless it be also to the President of the United States on matters affecting particularly the United States. I cannot reveal matters which should not be disclosed, and for me simply to reecho what is known already to all hon. members might be a somewhat questionable procedure. I might be accused of unnecessarily taking up the time of the house. I have had in mind making a statement with respect to the situation in the world generally when we come to deal with external affairs. I have hoped that a statement of the kind might be made approximately at the time the war appropriation bill was being considered. That I think would be the proper time. I hope to be able to make a statement touching on different aspects of foreign and other external relations, which I think hon. members may wish to hear, soon after the Easter vacation. But I can only do so much in the course of a day and a week. I assure hon. members that if I am not speaking or listening to what others are saying in this house, I am working as hard as I possibly can somewhere else. If there were others to whom I could delegate some of the responsibility that I have to carry I would do it this afternoon. All of us in the administration are working as hard as we possibly can, but there are some things which from the point of view of responsibility are greater than others, and for a prime minister of any one of the countries that are at war to-day to speak with respect to the war situation as it is affecting the world is a very large responsibility and one which has to be exercised with a great deal of discretion and, in so far as one can command it, wisdom.

I have in the last day or two been endeavouring to get my thoughts sufficiently upon the existing situation in a comprehensive way to be able to deliver in Toronto a week from next Monday an address in particular on Canada's position in relation to what I regard as the most serious of all

aspects of the war as it affects us. I hope that what may be said in the way of a nation-wide broadcast will be regarded as equally important as if the same pronouncement were made in this chamber.

Mr. GRAYDON: Will the speech of the Prime Minister on that occasion be broadcast?

Mr. MACKENZIE KING: I understand it will, but I may be mistaken. I hope that if it is not broadcast but should be printed, or both, hon. members will not by any chance feel that the government has been over extravagant in having spent the money necessary for that purpose.

I have tried from time to time as important announcements have to be made affecting Canada in particular to make them in this house. I shall continue so to do, and so far as my limited abilities and time and strength will permit I shall be only too happy to give such reviews from time to time as I think hon. members may wish to have.

Mr. HANSON (York-Sunbury): I think what my hon. leader had in view was brief statements from time to time on the opening of the parliamentary period. We have been in session now for eleven weeks and we have not had anything from the ministry on the state of the war.

Mr. HOWE: We have not been able to get to it.

Mr. HANSON (York-Sunbury): Oh, yes, there has been ample time. The ministry has so shaped things to suit its own purposes—I am not saying that in any critical way—

Mr. MACKENZIE KING: May I say to my hon. friend that we are far from having shaped things as we wished ourselves. We consulted with the different leaders and had general agreement in regard to what should be done.

Mr. HANSON (York-Sunbury): Yes, I am not saying that in any critical way at all; the right hon. gentleman has misapprehended what was in my mind. We have been here since January 27 and have not had a word from the government as to the progress of the war. The Prime Minister has correctly stated that when he did speak with regard to the attitude of the nation toward the war he did emphasize on every occasion—and I give him full credit for it—the critical position of the war and made it clear that he did not want that position to be clouded by discussion of less urgent matters. I tell him that I also have had that in mind. Whenever I have made what might be termed a major address in this house I have emphasized that position, and I think the message has got across to the people of Canada. Nevertheless I do feel that in recent months the people of Canada and their elected representatives have not been taken fully into the confidence of the government as to the progress of this great world event. That is all we mean and we think we ought to have it often.

Mr. J. H. BLACKMORE (Lethbridge): Inasmuch as the Prime Minister has referred by implication directly to my group I think it is fitting that I should say a word or two. With respect to the discussion of a speech given by Mr. Sandwell the other day, I would point out to the Prime Minister that that question was raised on Wednesday afternoon, and if he will look over *Hansard* he will find that the proceedings of this house on that afternoon occupied twenty-nine pages, and that the discussion of this speech occupied six pages. The question was raised by two members of my group and we occupied altogether one page of *Hansard*. In the light of that I think the Prime Minister is rather overstating the case.

A word with respect to this matter of cooperating. I was one of those who conferred with the Prime Minister to lay down a plan, and up to this moment this group has cooperated with the Prime Minister as no other group has done. For the Prime Minister to make any criticism as regards the raising of this question, which to us is one of vital concern, I think is not quite fair.

There is a good deal of loose talk in this house as to what chiefly bears upon the prosecution of the war. Perhaps it would be a good thing for a committee of this house to meet and decide what matters do pertain primarily to the conduct of the war. I find that everyone who speaks thinks that what the other man is talking about has nothing to do with the war but what he thinks important has all to do with the war. In the interests of clear thought both in the house and in the country I think it would be well for us to draft a list of subjects that we consider of vital import in respect to the conduct of the war.

With regard to the matter that was raised, if I am at all able to judge of the significance of things I would say that the speech which was delivered the other day by Mr. Sandwell advocated the accomplishment of an object which is diametrically opposed to the object for which the united nations are fighting. If he gains his objective, all is lost; this war will have been fought in vain. If there is anything that will deaden the enthusiasm of the people

in regard to the conduct of this war, it is the discussion of such matters as this, of supra-national governments, which need not be discussed while this war is being carried on; if they are not discussed by irresponsible men like Mr. Sandwell, they will not be discussed in this house.

Mr. MACKENZIE KING: I should not like to let pass the statement of the hon. member for York-Sunbury (Mr. Hanson) that nothing has been said by myself in this house with regard to the progress of the war since this session opened. If my hon. friend will look at my address in the debate on the speech from the throne, he will find that I took a good deal of time to make the position clear as it existed at that time, particularly in regard to such matters as the Casablanca conference and so on. He will find also that I have spoken on other occasions. It is true that I have not put my remarks in the form of special statements, but from time to time, as the opportunity has been afforded and as I thought the occasion required, I have endeavoured fully to acquaint hon. members with the various aspects of the war which I thought should be brought to their attention. I have made some allowance, however, for what I assumed hon. members would know from their own reading, and have not attempted to traverse a great deal of ground which would not have served any useful purpose.

Mr. GRAYDON: May I just say to the Prime Minister that in regard to any suggestions on my part, I was only asking that the practice which the Prime Minister himself adopted in previous sessions be restored in this session.

Mr. J. W. NOSEWORTHY (York South): Apropos of the point raised by the leader of the opposition I should like to ask the Minister of National Defence for Naval Services if he will consider the advisability of giving to this house, at as early a date as possible, some statement regarding the extent of the submarine menace and the steps being taken to offset it. In this connection I should like to direct his attention, if by any chance he has not seen it already, to a devastating editorial on this subject appearing in to-day's Ottawa *Citizen*.

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services): I have not seen the editorial in to-day's *Citizen*, but I shall be glad to look at it shortly. As to the remainder of the question, I am governed, I think, by the arrangement that was made by the Minister of National Defence (Mr. Ralston) on behalf of the three defence ministers with the leader of my hon. friend's group, the leader of the official opposition and the leader of the Social Credit group. As I recall that arrangement, it was that there would be no speeches on war matters by the defence ministers until the war appropriation bill came up for discussion, and until the appropriate parts of the bill were reached dealing with the respective departments. The Minister of National Defence, the Minister of National Defence for Air (Mr. Power) and I are all ready, I think, to make statements at any time or to proceed with the discussion of the appropriation measure, whenever the house wishes that done.

MILITARY HOSPITALS

REQUEST FOR RECONSIDERATION OF DECISION IN REGARD TO FACILITIES IN WINNIPEG

On the orders of the day.

Mr. S. H. KNOWLES (Winnipeg North Centre): I wish to direct a question to the Minister of Pensions and National Health concerning a matter which must be given immediate attention or it will be too late. Has the minister received a copy of the resolution adopted by the Winnipeg board of trade on April 5, a copy of which I have sent to him, asking for reconsideration of the government's decision in the matter of increasing military hospital facilities in greater Winnipeg, as between Deer Lodge and the Winnipeg General hospital? Further, I would ask the minister what steps he has taken to obtain such reconsideration.

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): I had not seen the resolution referred to by the hon. member until I received the copy he sent me just a few minutes before entering this chamber. In reply to the second part of the question I may inform my hon. friend that this matter has been given most careful consideration not only by the officers of the department over which I preside but also by the war hospitalization committee, and it is their conjoint judgment that the best methods and policies have been pursued in this case from the point of view of economy as well as of the interests of members and ex-members of the forces.

WHEAT

ANNOUNCEMENT OF SALE OF 7,000,000 BUSHELS TO BELGIUM

On the orders of the day:

Mr. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, I wish to make the following announcement with reference to a wheat sale to the Belgian government.

An agreement has been reached between the Canadian wheat board and the Belgian ministry of economic affairs covering the purchase of 200,000 tons of wheat, or 7,000,000 bushels. This contract was subject to certain financial arrangements which are now completed and a first token payment has been effected. This tonnage will be made available upon demand by the Belgian government, which request will be put forward as soon as part or the whole of Belgium is liberated. The first shipment of 50,000 tons will be made within ten days of this demand, the remaining 150,000 tons to be shipped during a period of from two to three months later.

This tonnage represents, in normal times, one-seventh of all Belgian yearly requirements and one-fifth of the annual imports. At the present time it would cover the consumption in bread for two and a half months for the whole of Belgium.

I think I should supplement this announcement by mentioning that this agreement for the sale of 7,000,000 bushels of Winnipeg December wheat futures was entered into last December, but there were certain financial details which could not then be finally arranged and which rendered it impractical to make any earlier announcement. The announcement to be made from London and Ottawa simultaneously, as agreed upon, made no reference to the purchase price. I immediately cabled the Belgian authorities for permission to state the price and have just received their consent. Although negotiations for this sale were commenced last July, an agreement in substance was not reached until December, and the price agreed upon is ninety cents per bushel basis Fort William, with the buyers paying carrying charges at the rate of four-fifths of a cent per bushel per month from that December date.

OIL BEARING SEEDS

ANNOUNCEMENT OF GOVERNMENT POLICY IN RELATION TO PRODUCTION

On the orders of the day:

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I have a further announcement to make on behalf of my colleagues the Minister of Agriculture (Mr. Gardiner), and the Minister of Finance (Mr. Ilsley), and in so far as my own department is concerned, as to government policy relating to the production of oil bearing seeds.

Members of the house will recall that on January 29 last I announced that the fixed price for No. 1 C.W. flaxseed, basis in store, Fort William-Port Arthur, would be continued at $2.25 per bushel for the 1943-44 crop year. I wish at this time to state that the fixed price of soybeans in effect for the present crop year will be continued through the 1943-44 crop season at $1.95 per bushel, basis No. 2 yellow, delivered at Toronto.

The Department of Agriculture on the advice of the oils and fats administrator of the wartime prices and trade board is most anxious that the production of sunflower seed and rape seed be stimulated within Canada. Excellent edible oil, of which we need all we can get, is obtainable from the sunflower seed, and in addition the by-product cake provides a very good stock food of particularly high protein content. Rape seed oil is used as a marine engine lubricant for which there is no satisfactory substitute. It is also valuable as an edible oil, and the by-product likewise provides a high protein food.

For the purpose of encouraging the production of both sunflower seed and rape seed, the government is arranging through the Canadian wheat board to pay 5 cents per pound for sunflower seed and 6 cents per pound for rape seed, in reasonably clean condition, moisture content not exceeding limits to be determined and announced by the board, delivered f.o.b. shipping points named by the board and in accordance with such instructions as are issued by the board. The Canadian wheat board will be empowered to establish discounts for sunflower seed and rape seed which fails to meet the standards of quality I have just mentioned.

Arrangements are being undertaken by the seeds administrator of the agricultural supplies board for as wide a distribution as possible of available seed supplies. Because of the need for encouraging the wartime production of sunflower seed and rape seed over wide areas of the country where such crops are not usually grown, it has been decided to fix the prices on the basis of local shipping points in order that the full prices will be available to the growers.

Mr. T. C. DOUGLAS (Weyburn): With regard to the minister's statement as to the desirability of having farmers produce sunflower and rape seed, I regret that it has been made so late, although some may still be interested. Are any steps being taken by the government to make this type of seed available to farmers? Are any facilities being set up through which they can get it?

Mr. MacKINNON (Edmonton West): If the hon. member will read the last paragraph of my statement in connection with sunflower and rape seed he will find therein the arrangements provided.

Mr. DOUGLAS (Weyburn): Is there a quantity of this seed on hand?

Mr. MacKINNON (Edmonton West): It is understood that sufficient seed is available.

HOUSE OF COMMONS

SEATING ACCOMMODATION IN GALLERY RESERVED FOR DIPLOMATIC SERVICE

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I would ask you, sir, kindly to look straight in front of you, above the clock, where Your Honour will see a long row of empty seats. For many years it has been the privilege of members of parliament to use for their guests the accommodation offered in the members' gallery, and also the first row of what is known as the ladies' gallery. For a week or more no one has sat in that row in the ladies' gallery; it has been vacant. You will see, sir, that no one sits there now.

I have been informed that the row has been reserved for members of the diplomatic corps. I have no objection to that, provided that they are interested enough to attend our sittings. But if they are not interested in those sittings, and do not attend, then why do we reserve places for them, when that accommodation would seat the guests of many members of parliament? If the diplomatic corps snubs the House of Commons, what is the use of caring so much for them?

Mr. SPEAKER: I must reply to what has been said by the hon. member for Témiscouata. The house will realize that conditions now with regard to the diplomatic service are entirely different from what they have been in the past. We have now eighteen legations in Ottawa. It has always been the practice to have members of legations sit in the Speaker's gallery. However there are only thirty-two seats in that gallery and on some occasions it would be difficult to accommodate all members of legations. For that reason it has been thought advisable to reserve two rows in what was known as the ladies' gallery. Those two rows are now to be known as the diplomatic gallery, and are to be reserved for members of the legations.

It may be that in the course of their duties they are not able to attend sittings of the house. But I am quite sure the hon. member for Temiscouata is wrong when he referred to their snubbing the House of Commons. I am certain there is no intention on the part of a member of any legation to do that. In fact it has been my experience that they are extremely anxious to have most cordial relations between themselves and the government of this country. For that reason it has been thought advisable to extend to them the courtesy of placing these seats at their disposal, in order that they may come here, if they so desire, and be assured of seats.

Mr. POULIOT: Perhaps I should not have used the word "snub"; may I say that they ignore us.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I was going to suggest that on special occasions when members of the diplomatic corps might specially desire to be present in the House of Commons the reservations to which they are entitled should be kept for them. But when there is no special occasion I should imagine they would be the last to wish to have the seats unoccupied. No doubt an arrangement could be made which would permit of their use by the general public at other times.

SYNTHETIC RUBBER

INQUIRY AS TO PROGRESS IN DEVELOPING PRODUCTION

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): In view of rumours in Canada concerning the dangerous situation in respect of our rubber supply, and in view of statements abroad that rubber can be made successfully from wheat, would the Minister of Munitions and Supply (Mr. Howe) at an early day give the house a detailed statement of the steps Canada is taking toward establishing a plant through which she can produce an adequate supply of synthetic rubber?

Hon. C. D. HOWE (Minister of Munitions and Supply): A plan for producing an adequate supply of synthetic rubber in Canada is very well advanced. We hope to have a plant in operation by late summer.

Mr. DOUGLAS (Weyburn): From grain alcohol?

Mr. HOWE: No.

Mr. DOUGLAS (Weyburn): A petroleum product?

Mr. HOWE: Yes.

WHEAT ACREAGE REDUCTION ACT

AMENDMENT AS TO PAYMENTS FOR 1942 AND 1943

Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to amend the Wheat Acreage Reduction Act, 1942, by clarifying in certain respects the basis of payment in respect to wheat acreage reduction in the year 1942 and to provide that payments may be made in respect of wheat acreage reduction in the year 1943.

Motion agreed to and the house went into committee, Mr. Bradette in the chair.

Mr. GRAYDON: Mr. Chairman, I have no doubt the Minister of Agriculture has a comprehensive statement to make on this resolution. Perhaps it would be more appropriate to have that statement now, if the minister is prepared to make it.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Chairman, hon. members will recall that in 1941 a policy was introduced to the house through which the government was empowered to pass orders in council for the purpose of encouraging reduction in wheat acreage in the three western provinces, and part of British Columbia. The objective at that time was to reduce wheat acreage and to substitute for it summer-fallowed land, or lands which would be seeded to feed grains or grass. In that year the policy resulted in a very considerable acreage being taken out of wheat and put into other grains. I am not in a position to state exactly what that acreage was.

The department paid through the prairie farm assistance organization in western Canada an amount calculated upon a reduction of more than 10,000,000 acres. That acreage was arrived at by an adjustment or averaging of the crops of 1939 and 1940; therefore it did not constitute a reduction from the actual acreage of 1940 to whatever acreage was seeded in 1941. A total of $34,557,200 was paid out on account of the year 1941. Payments have been made partly in 1942, and probably some early in 1943. I can give the exact figures of payments up to date if hon. members desire them, but I think it would be better to give them later, when questions are asked.

In 1942 we passed a bill to replace the regulations of 1941. The reason for following up the policy in 1942 was to emphasize the seeding of feed grains and grass to a greater extent than was done in the regulations and the statements made in 1941. Rather than placing the emphasis upon the further reduction of wheat acreage, we placed the emphasis upon the necessity of producing feed grains and oil producing plants, because animal fats and vegetable oils would be required in greater volume owing to the advances of the Japanese during the preceding winter. The result was that we had a further reduction in wheat acreage of something over a million acres, and we did grow a considerable crop of coarse grains and some crop of oil producing seeds during that year, as the announcement just made by the Minister of Trade and Commerce emphasized.

When passing the bill last year we retained the wording of the regulations of 1941 in relation to certain matters, more particularly in relation to rye; at the same time we took the word "rye" out of the definition of coarse grains in the act of 1942, whereas it had been contained in the definitions of 1941. The net result was that when we began to make payments on rye we found we had no authority under the bill to make payments on that part of the rye which was seeded in 1941. Hon. members who are familiar with the growing of rye in western Canada, and those who are familiar with the growing of fall wheat in eastern Canada, will realize what I mean when I say that any acreage taken out of wheat in 1942 as a result of sowing rye was taken out because the rye had been sown in the fall of 1941 to produce a crop in 1942. The act as it was passed last year made it doubtful whether payment should be made on rye other than that which had been sown in 1942. Therefore those payments have been withheld until the act could be amended. This bill is to amend the act in order to make possible payments on rye which was seeded in 1941 and payments on grass which was seeded prior to 1942. These provisions are contained in section 3.

That is the only change made in relation to the payments in 1942, other than defining clearly the means by which the second payment in 1943 is determined and to make clear the methods of computation as to whether the land is still in grass or rye. It will be recalled by hon. members that under the regulations and under the act of 1942 we arranged for a payment of $4 per acre provided the land taken out of wheat was put into rye or into grass. On coarse grains the payment was $2 per acre. Last year the payment on summer-fallow was $2 per acre, whereas the year before it had been $4. What I want to emphasize at the moment is that both the regulations and the act of 1942 provided that the $4 per acre was to be paid for grass and for rye provided that those crops replaced acreage which had previously been seeded to wheat.

The government and the house, in an attempt to safeguard the payments which were made, divided the payment in two, $2 to be paid after July 1, 1942, and $2 to be paid after July 1, 1943. The reason for this is obvious. Rye sown in the fall of 1942 will not

produce until 1943, and rye which was sown in 1941 did not produce until 1942. The same is true of all grasses. The biennial plants are in the same classification as rye and the perennial plants would all have been seeded previous to the year in which they produced. This bill provides that one of the things that must be shown in order to draw the second payment is that the wheat acreage reduction has been followed from one year into another. That is, at least whatever wheat acreage reduction prevailed in 1942 must prevail in 1943 in order to obtain the entire second payment in 1943. I might say that that had to be done before, but it was not definitely stated in the act and in some cases mistakes have been made in making payments.

The other stipulation in the bill is to provide for payment in 1943 for wheat acreage reduction. In making this provision it is necessary to amend the act of 1942 by changing dates here and there, and it is also necessary to state the basis upon which payment in 1943 is to be made. We have had some difficulty in connection with the administration of the act because of our efforts in the past to be fair to everyone. In trying to be fair to the small percentage, sometimes we have been compelled by the provisions of the act to be more or less unfair to the greater number. This year we are trying to simplify the payments as much as we can. We are simply stating that we are going to pay $2 per acre on all acreage that has been reduced as between 1940 and 1943. To illustrate, if a man had 100 acres in wheat in 1940 and he has 50 acres in 1943, he would be entitled to a payment of $2 per acre on the reduced acreage.

We are not asking him to sow either coarse grains or rye or grass or to summer-fallow or do anything in particular with it, but if he abandons the land he will not be paid. In other words he can sow it to any crop he chooses other than wheat, or he can summer-fallow it. In that case he will be paid $2 per acre for the number of acres by which he reduces his acreage in 1943 as compared with 1940.

Mr. DOUGLAS (Weyburn): He must do something with it.

Mr. GARDINER: He must do something with it. There is no provision for a second payment on rye or grass in 1944. This means that from now on the payment will be $2 per acre on rye or grass. In explanation of this I may say that when we first brought down this measure in the form of regulations it was stated clearly to the house that it was not anticipated that the policy would be followed for more than one year. Believing that it would not be continued over a term of years was our chief reason for bringing it down in the form of regulations rather than as a bill. However, so many complications have entered into the calculation of the payments in relation to grass and rye that it would be most difficult to continue on from year to year if this measure is to be necessary for the duration of the war, say for another two or three years. Therefore we are providing for a payment of $2 per acre for every acre that is taken out of wheat but which is still continued in cultivation.

Those are the main features of the bill. There is one other matter some hon. members will be interested in. We are stating that in future a landlord will have to make application for payment under the act before June 30 and that in order to have the right to apply for payment he must have a signed statement from the operator of the land to the effect that the operator recognizes a certain individual or company as the landlord.

Mr. SENN: The minister was speaking about grasses. I am not certain whether in the western provinces you grow perennial grasses. If so, do I understand that each year the land is under grass they will be paid $2 an acre, or just for the year that it is seeded and the following year when it comes into production? That is one question I would like answered, for my own information.

In the estimates there is a reduction of some $23,000,000 in the vote, No. 31, for this very purpose. Will further estimates have to be brought down to cover operations for this year?

Perhaps the minister will bear with me while I ask a third question. Could he tell us how much of that $35,000,000 in respect of that ten million acres was expended in 1941, and what amount in 1942; and how it was divided—so much, I understand, into summer-fallow, so much into rye, so much into coarse grains, so much in grasses. Could he give us any indication of the acreage average of these different products?

Mr. GARDINER: To answer first the question with regard to the estimates, I will point out that each year it has been the custom in connection with this legislation to bring down a supplementary. The provision in the estimates as we now have them is only for the amount which would still have to be paid out after March 31, 1943, on the liabili-

ties for 1942; and whatever amount is necessary for 1943 will still have to be brought down as a supplementary estimate.

Mr. SENN: How does the department estimate so far ahead what its requirements for the next year will be when it brings down the supplementary estimates?

Mr. GARDINER: Our reduction in wheat acreage up to date is pretty well known. I can give these figures in a moment in answer to the other question. We are asking this year for an increase in that acreage reduction of between three and four million acres. That increase, if we obtain a considerable part of it, will probably bring about a decrease in wheat acreage of ten million acres. Ten million acres at $2 per acre is $20,000,000. That is the way we make the estimate. We ask the people to do a certain thing and we set aside a certain amount of money to pay them for it. It will be recalled that when we brought down the regulations we asked the people to reduce by a certain acreage and stated to the house that we estimated it would cost the government $35,000,000 to bring about the reduction asked for. The actual cost was $34,557,200, so that we got just about all we expected and paid for it.

A question was asked as to what payments were made in 1941. There have been some hang-overs and payments about which there is dispute, but down to February 20, 1943, we have paid on account of 1941:

Manitoba	$ 4,408,225
Saskatchewan	19,824,841
Alberta	10,324,134
A total of	$34,557,200

In the three provinces we estimated the number who were grain growing farmers and who could be affected by this, to be 273,193. The number of farmers paid was 178,014. The coarse grains increase in 1941 was 3,621,014 acres. The grass increase was 347,136 acres. The summer-fallow increase was 6,206,913 acres. The wheat acreage reduction on this basis would be 10,175,063 acres. The average payment, including landlord's share, was $192.74 per farm.

I wish to state again with regard to that figure of 10,175,000 acres that there were not that many acres taken out of wheat. It will be recalled that in 1941, under the regulations, we made provision that where a man had grown a certain percentage of his acreage—more than eighty per cent—in wheat in 1940 we averaged the two years, provided that 1939 was lower, and that required the averaging of coarse grain crops as well as others; and these acreages are based upon the basic acreage of that time rather than upon the actual acreage. So that when we have the complete figures for 1942 they will be more exact, because we based the decisions in 1942 upon the actual acreage of 1940, not upon a calculated acreage as between 1940 and 1939.

Just before leaving that, I should say that there would be a difference to this extent, that where a man had no acreage at all in wheat in 1940, but where he had been accustomed to growing wheat, probably summer-fallowing half his land one year and putting it into wheat the next, we took 1939 instead of 1940. So that some of this acreage thus contained is not actual acreage of 1940; we go back to 1939 to get part of that acreage.

Mr. SENN: There is some feeling of dissatisfaction throughout the east regarding this wheat acreage reduction and the bonuses which have been paid. Some of the farmers in eastern Ontario argue in this way. The production per acre of coarse grains is naturally very much larger, if the crop is fair, than it is of wheat, and they are wondering whether, with the fairly high prices which prevail for barley and oats and sometimes for rye, the western producer would not get as much out of his land by sowing it in barley and oats rather than in wheat. It seems to me that if the western farmer can get as much money from sowing to barley and oats or coarse grains as he does by sowing to wheat, there is no great reason for giving him a bonus to reduce his wheat acreage and put it into these coarse crops. Will the minister say whether that has ever been considered?

Mr. GARDINER: Well, it has been considered, but that question is not involved in the reason for starting the policy.

Mr. SENN: Oh, I know.

Mr. GARDINER: What we started out to do was what had been done in another way in the United States previously. What we were really asked to do under the proposed wheat agreement among the different countries which were producing wheat in surplus was to reduce our wheat acreage in Canada, and we adopted this particular method of getting it reduced. One of the objectives we had in mind was to avoid putting a sum estimated at the time to be about $100,000,000—government money, of course, which would come out of all the people of Canada—into wheat; and we had it in mind to cut down the amount by having land taken out of wheat. In doing that, as hon. members will recall, in 1941 there was some fear that we might injure other parts of Canada, and we started that year on a policy of assisting in paying freight on these coarse grains down to eastern Canada, so that farmers in the east

would have an advantage over what would otherwise be their position in getting their grain here. I must say that the policy proved much more successful than probably we anticipated it would, and also much more necessary. So that in 1942, instead of paying only half the freight to a province which would pay half, we agreed to pay all the freight, and not only that, but we set a ceiling price on the coarse grains. We said, no matter what the farmer could obtain elsewhere for them, when they were sold in Canada they were to be sold under a certain ceiling price. Speaking from memory—I have not the actual figures in front of me, but I can get them later—I think we paid out last year considerably more than $10,000,000 in bringing coarse grains east.

Mr. SENN: About $9,000,000.

Mr. GARDINER: Up to a certain date, but it has gradually been building up, and when the accounts are all in I think it will be $10,000,000. It is a considerable amount of money, and that is being paid to put grain on eastern farms at a lower price. Some objection was raised at the time that it might affect the corn-growing area, which is largely located in two counties, and some other areas where feed grains are grown to advantage. Probably they have suffered to some extent as the result of this policy, but outside of that I do not think there has been any great complaint against the policy. I think it is considered to have been helpful to the western farmer through the payment for wheat acreage reduction. It has helped him to sell that amount of grain at a lower price, and it has also been helpful to the eastern farmer to have the grain laid down here with that ceiling price on the grain, which is not as high at present as it would be if the grain were going elsewhere.

Mr. SENN: The minister has not answered my question whether the returns to the western farmer from a greater production of coarse grains have been as high as what he would have received if he had been sowing wheat and getting the price set by the wheat board from time to time.

Mr. GARDINER: I answered that by saying that it was really not involved in what we did. I will answer it as nearly as I can. This year, if we were to take just the yields of 1942 and the price of 1942 and the fact that we can deliver only half our wheat—of course, up to date we have not been able to deliver half our coarse grains either, but if we were able to deliver our coarse grains at present prices and take the yields of last year into consideration we would probably have as high returns from coarse grains as from wheat. But generally speaking that is not the case, particularly through those areas where drought prevails at times and where the rainfall is particularly low. Coarse grains sown on summer-fallow on some of those lands go down very badly on account of heavy straw and do not yield as well as they otherwise would, when rainfall is good. But in a fairly good year the summer-fallowed land in those areas would produce more from wheat if the wheat could be marketed. In addition, there are areas in the west where the farmers have been pretty well convinced over a long period of years that it is very difficult to grow coarse grains. Even yet they hesitate to do it, in spite of the experience of last year. But last year was an exception. You could grow coarse grains anywhere in the west. There are years when that is difficult. Your seeding time is at a difficult period, and also your maturity time, and if you sow barley or oats around the first of June and you get what we often do get—a dry, warm season when germination is taking place—the barley or oats simply just does not come, or if it comes at all it comes too late to produce a crop. In those areas there is no doubt that there is more return from wheat than from coarse grains. But our objective in dealing with it has not been concerned with that. It has been to take care of the reduced earning he might have obtained had it not been agreed that these grains would be needed in great volume in eastern Canada.

Mr. ROSS (Souris): I am not sure that I followed the minister correctly in connection with rye, but if I did his statement means, I think, that many farmers who seeded rye last fall under the agreement set out in last year's act will be disappointed now.

Mr. GARDINER: No, they will be very well pleased. They have not been paid yet.

Mr. ROSS (Souris): For the sake of argument, say a farmer has 400 acres of wheat as his basic acreage in 1940. He has seeded 100 acres to rye in 1942 and 100 acres of coarse grains. He was paid in 1942 how much money?

Mr. GARDINER: It would depend on what they knew at the time. The fact I tried to make clear was this. A man does not have wheat acreage reduction in 1942 as a result of sowing rye in 1942. He has a wheat acreage reduction in 1942 as a result of sowing rye in 1941. That was not covered in the act of last year. There are about 2,000 farmers who have not been paid on their rye. Some of them have not been paid on anything, awaiting the passing of this legislation.

Mr. ROSS (Souris): On the rye they seeded in 1941?

Mr. GARDINER: Yes. Their land was out of wheat in 1942 as a result, and they have not been paid.

Mr. ROSS (Souris): Many have been paid on that basis.

Mr. GARDINER: Unless they seeded again in 1942 they have not been paid. Under the act if a farmer did seed rye in 1942 he could be paid, but if he had something else in he could not be paid.

Mr. ROSS (Souris): How would the officials know? Farmers would in some cases seed in 1942 after the payments were made.

Mr. GARDINER: The payments were not made until after August in many cases.

Mr. ROSS (Souris): I happen to know a bit about rye because it is grown in our country. The farmers who seeded rye in 1941 were paid for it in 1942. They have filed no return as for rye seeded in 1942. The officials do not know whether they seeded rye or not. They reduced their wheat acreage by growing coarse grains and they were paid for that. Many of them would not have sown rye in 1942 had it not been stated that they would be paid in 1943 after July 1. They will not be paid for the coarse grains as they were paid in 1942.

Mr. GARDINER: They will be paid for land out of wheat through seeding rye.

Mr. ROSS (Souris): They will receive for both acreages? Is that right?

Mr. GARDINER: The different years should be dealt with separately. If a man reduced his wheat acreage in 1941 and he did it by having rye seeded, he drew $2 in 1941. That man was paid another $2 after July 1, 1942. The hon. member will find that many payments have been made to the farmers of whom he is speaking. If a farmer carried his rye seeding acreage through into 1942 he got his second $2, because he reduced wheat acreage in 1941, not in 1942. He gets $2 for having reduced his acreage in 1942, and if he carries his wheat acreage reduction through seeding rye into 1943, he gets another $2 after July 1, 1943, but from now on we are only paying the $2 once on all of it.

Mr. ROSS (Souris): Let me see if I understand it. A man grew rye in 1941 and in 1942. He has 400 acres as his basic wheat acreage. He reseeded rye in 1942, on which the minister says he will be paid in 1943. He is also going to sow 100 acres of coarse grains. He is going to reduce his basic wheat acreage by 100 acres. Will he be paid $2 an acre on coarse grains and $2 on rye in 1943?

Mr. GARDINER: He will be paid $2 on the 100 acres in coarse grains and $4 on the rye —$2 in 1942 and $2 in 1943, if any part of it was in rye. I think the difficulty which my hon. friend has is one which many have had who have been considering this question. He is thinking in terms of this same acreage. It is not necessarily the same acreage at all. A man must reduce his wheat acreage; it does not matter whether it is in the same field or in some other field. But he must reduce his wheat acreage before he can get any payment, and then he ought to be paid for every acre by which he reduces his wheat acreage.

Mr. ROSS (Souris): He was paid $4 on rye at one time.

Mr. GARDINER: Right up until now he got $4, made up from two payments of $2 each in two successive years.

Mr. ROSS (Souris): So that now he is going to be paid $2?

Mr. GARDINER: Yes.

Mr. ROSS (Souris): That is not carrying out the agreement.

Mr. GARDINER: We are still carrying out the agreement of 1942.

Mr. ROSS (Souris): But he will not get it on coarse grain in the same manner as in 1942 and 1941.

Mr. GARDINER: He does not get it twice on any land. He has not been paid twice; he gets one payment divided into two, whether it is grass or rye. If it is coarse grain he gets one payment. If in the fall he seeds that same land to grass or rye he will get another two dollars the next year, but not a second two dollars in 1942.

Mr. ROSS (Souris): Have all payments been made on the same basis for grass and rye?

Mr. GARDINER: Except where mistakes have been made.

Mr. ROSS (Souris): Then there have been hundreds if not thousands of mistakes made.

Mr. GARDINER: No; the payments are not yet completed.

Mr. ROSS (Souris): I am not trying to embarrass anyone, but I know something about it; I have spent a good deal of time tracing farmers' cases at the superintendent's

office. It has been very confusing, and difficult to follow through. I happen to know a superintendent who was working under it and he admitted it was confusing, and that the treasury board also were confused—and I quite agree. Many payments on grass have been withheld because this superintendent did not know whether the same interpretation should hold for grass as for rye, and when he gave orders the treasury board refused to make the payment.

Mr. GARDINER: Yes, that is one of the reasons why we are simplifying it this year. There has been a great deal of discussion and some misunderstanding on the part of inspectors and superintendents. I have had them all in the office at Regina on two or three occasions myself and tried to explain the matter and I found out later that it was not fully understood. There was an additional complication in that the act said "sown to rye in 1942," and those of us who put that measure through the house last year thought it did not matter when it was actually seeded as long as it was in rye in 1942 and replaced wheat. But when it got before the Department of Justice that was not the interpretation given, and we have to have this amendment to make the payment. Payments have not been made up to date except those that went through on the interpretation of the old regulations which had rye defined as coarse grain. In this bill it is not defined as coarse grain. Some payments did go through on the basis on which they should be paid before this amendment was made, but payments were stopped because it was realized that the wording of the bill did not authorize payment, and payment will be held up until this bill goes through.

Mr. ROSS (Souris): In the future everyone will be paid on the basis of $2 an acre on the reduction now over the 1940 period, irrespective of whether it is grass or rye? I can assure this committee that a great many people who seeded rye are going to be disappointed. It may be no one's fault but this has been very confusing. Some have been paid on the basis that I have set forth, and others have been held up. Certainly many people seeded rye this fall expecting to be paid for that rye plus another $2 an acre for reduction for coarse grains next year. In other words, where they counted on receiving $4 an acre for wheat acreage reduction they will be paid only $2.

Mr. GARDINER: They could not get the next payment unless they seeded again this fall.

Mr. WRIGHT: Will a man who has bought or rented land this year on which there was no wheat in 1940, be able to get any bonus in respect of that land?

Mr. GARDINER: There are two provisions that may make it possible for him to obtain payment. If the land was out of wheat in 1940 and there was wheat on it in 1939, then he goes back to 1939. If it was new land that was broken in 1940, there is the provision that eighty per cent of the breaking is estimated as wheat in 1940, and any reduction from that is allowed.

Mr. DOUGLAS (Weyburn): The minister gave the amount of $34,000,000 a short time ago as the amount paid on the 1941 crop year. Has he any figures for the last crop year? Could he give the total in each province and the total number of individual bonuses paid?

Mr. GARDINER: I have the figures here, but they are not complete because some payments are still to be made. This is as of March 23, 1943. The payments were:

Saskatchewan	$ 9,324,804
Alberta	5,090,882
Manitoba	2,953,814
	$17,369,500

There is an estimate that when the final payments are made they will total $18,704,218. The greater part of that reduction as compared with the previous year is because of the cutting down of the amount of summerfallow at $4 an acre. In 1942 it is $2 an acre. The other part of the reduction is owing to the fact that we paid on probably more than a million acres of reduction as between 1940 and 1941 which did not actually take place as the basic acreage was an average between two years, in many cases.

Mr. DOUGLAS (Weyburn): Would the minister give the number of individual bonuses paid for the 1942 crop year?

Mr. GARDINER: I am afraid I have not the total of the number of payments made this year.

Mr. DOUGLAS (Weyburn): It was some 178,000 the year before?

Mr. GARDINER: It was 178,000 in the previous year. I imagine it will be about the same this year, perhaps a few more.

Mr. DOUGLAS (Weyburn): Has the minister any figures on the actual reduction of wheat acreage? Last year was down from 1941, was it not?

Mr. GARDINER: The estimate is that it was something over one million acres more

last year than the year before. Probably what would give it as nearly as we can get to it is the acreage upon which payments have been made up to date. The figures are:

Saskatchewan	Acres
Coarse grains	2,716,029
Grass	134,144
Rye	159,039
Summer-fallow	1,653,190
Total upon which payment has been made	4,662,402

Manitoba	
Coarse grains	1,000,591
Grass	90,228
Rye	18,967
Summer-fallow	367,121
	1,476,907

Alberta	
Coarse grains	1,424,678
Grass	119,612
Rye	73,443
Summer-fallow	927,708
	2,545,441

The grand total is:

	Acres
Coarse grains	5,141,298
Grass	343,984
Rye	251,449
Summer-fallow	2,948,019
Total	8,684,750

That is what is paid on up to date, and there will still be something like $1,300,000 to be paid out.

Mr. DOUGLAS (Weyburn): Then the wheat acreage has been reduced by something over 8,000,000 acres?

Mr. GARDINER: The wheat acreage reduction is 8,684,000 acres, based on the actual 1940 acreage. It was about seven million last year, based on the actual 1940 acreage, so that it is up about a million and a half acres.

Mr. DOUGLAS (Weyburn): I am not sure this is the place to raise the question, but in view of the statement made by the Minister of Trade and Commerce to-day, and the fact that there has been a growing interest in the west in getting farmers out of wheat and into the production of crops that will produce edible oils, could we have some statement from the minister in regard to this matter. A great many farmers are anxious to know where they can get sunflower and rape seed, and are interested in getting some information about putting it in and what facilities there will be for disposing of it. In my own constituency there was a great deal of interest in the experiment carried on by the hon. member for Moose Jaw, who I understand was very successful in growing sunflower seed. If the minister or the hon. member for Moose Jaw has any information it would be a good thing to give it to the committee and to the farmers of the west.

Mr. GARDINER: I think the information is really given in the statement that was made, as the hon. member will see when he reads it in *Hansard*. Under the regulations the wheat board is given authority by the various departments concerned, and directly by the government, to go out and purchase these different kinds of seeds. Then provision is being made for the agricultural supplies board to take a hand in the distribution of the seed. I imagine that the wheat board will make provision for buying the seed at certain points where it is to be had, across Canada; the seed will be accumulated, and people will be able to purchase it back either from the wheat board or from the agricultural supplies board. In any case the set-up will have to be formulated, and information will be put out indicating exactly where the seed is, how much there is, what will be the price, and all that sort of thing.

Mr. DOUGLAS (Weyburn): Do I understand that there are special combines for taking off the sunflower seed?

Mr. GARDINER: I think the hon. member for Moose Jaw can tell you more about that than I can, because he harvested a crop of sunflower seed last year.

Mr. ROSS (Moose Jaw): In reply to the hon. member for Weyburn, it might be well to give some information in regard to the growing of these crops, and I need take only a few moments to do so.

Sunflowers are sown by an ordinary seed drill, the ordinary grain drill that is used by farmers throughout the west and the east, by plugging up a certain number of the feeder holes in the drill. The rows are seeded either thirty-six or forty-two inches apart, as the farmer may desire. The seed in the row should be sown from four to six inches apart; that is, the seed should be dropped so that the plants will be four to six inches apart. The land is prepared just as for any coarse grain or for wheat; just a good seed bed. Packing after seeding is a good practice. The seed should be sown about one and a half to two and a half inches deep in the ground. It can be sown any time after the frost is out of the ground, but preferably in the first two or three weeks of May. After the crop comes into the four leaf stage it can be harrowed. It should not be touched until the plant has a good root and is fairly strong; then it can be harrowed

to kill the small weeds that are in the field. From then on, cultivation with a corn cultivator, a scuffler or an ordinary cultivator with certain teeth taken out, is carried on once or twice during the season.

The sunflower is left until heavy frosts come in the fall, before harvesting, in order that the heavy stalk and leaves may be dried up with the frost, and it can then be harvested by using a combine. What is known as the rub-bar cylinder combine can be used if certain adjustments are made. The cylinder speed must be slowed down considerably in order to keep from cracking the seed. The reel has to be closed in order that the heads do not wind through the reel of the combine. Ordinarily harvesting does not take place until late September or early October. As a matter of fact this year we did not start to harvest sunflowers on my farm until it was impossible to harvest anything else. The crop was harvested after there was too much moisture, too much snow, to harvest any wheat or coarse grains; after that we successfully harvested the sunflowers.

In regard to the amount of seed, I understand that this year in Canada there is sufficient to sow between 70,000 and 80,000 acres of sunflowers. Much of that seed is now in the hands of farmers throughout western Canada. A considerable quantity was produced by the experimental farm, which seed I think was sold through Doctor White of the university of Saskatchewan. Sunflowers were grown by many people in Manitoba and parts of central Saskatchewan and the seeds sold locally or to farmers throughout the country. The seed that I produced I sold in Manitoba, Saskatchewan and Alberta.

In regard to rape seed, this crop does not take so long to grow as sunflowers. It takes about seventy-five days to produce a crop of rape seed from what is known as black Argentine rape. It can be sown in rows about three feet apart, and cultivated; that is the way I think it will be done in eastern Canada. In western Canada it will be sown broadcast, like any field crop. The rape which is seeded in the rows will be more difficult to harvest with a combine but it can be harvested with a binder or by some other method, though there may be a little loss of seed if it is done in that way. In western Canada I think the only successful way will be to sow it broadcast in the fields. It takes about ten pounds of seed to the acre if sown broadcast, and about three pounds to the acre in rows. I understand the black Argentine rape seed on hand in Canada for distribution this season amounts to about 46,000 pounds. Sunflowers will yield from 500 pounds up to the acre; rape is supposed to yield about 600 pounds to the acre. Both can be harvested by combines; both should be profitable crops to grow, especially in view of the fact that all the seed produced can be sold to the department or to the controller of fats and oils. If there are any other questions I shall be glad to answer them.

Mr. DOUGLAS (Weyburn): There is pretty well an assured market for the seed that is grown?

Mr. ROSS (Moose Jaw): Yes; the statement of the Minister of Trade and Commerce this afternoon assures that price to the farmer. Apparently it is five cents for sunflower seeds and six cents for rape seed at the point of shipment.

Mr. GRAHAM: What is the relative resistance of sunflower to drought as compared with wheat?

Mr. ROSS (Moose Jaw): It resists drought much better than wheat, or any other crop in western Canada.

Mr. WRIGHT: Does the hon. member sow in single or in double rows?

Mr. ROSS (Moose Jaw): Single.

Mr. GRAHAM: Why was it suggested that the act contain a provision that the landlord making a claim must file a statement by the tenant to the effect that the landlord is indeed the landlord?

Mr. GARDINER: There has been great delay in making payments. Many of the payments not yet made with regard to 1943 are the result of persons continuing to make claims that they have an interest in the land, but claims that they have not been able to establish. In such circumstances payments have not been made. The provision is made to facilitate the payment of the amount due to the farmer.

Mr. QUELCH: I understood if a farmer made application in 1941 he did not have to make application in 1942. If he did not make one in 1941 he had to make it prior to May 31, 1942. But I know of several cases where applications by farmers were turned down because they were made too late in 1942, although they had made application in 1941. Was that a mistake?

Mr. GARDINER: I take it that it would be a mistake. I have had one come to my attention within the last week. I turned it back to the office and pointed out that I thought a mistake had been made.

Mr. GRAHAM: I assume that the provisions dealing with the landlord can be discussed when the bill is brought down.

Mr. GARDINER: Yes.

Mr. GRAHAM: I suggest to the minister that he consider this: the statement of a tenant as to who is the landlord might present an added difficulty rather than minimize the difficulties which have already presented themselves.

Mr. GARDINER: That can be considered when we have the bill before us.

Mr. CASTLEDEN: Assuming that a man's wheat acreage in 1940 was 400 acres and that he reduced it in 1942 to the point where he had 300 acres of wheat and 100 acres of grass, I understand he would have received last fall $2 on his grass. Assuming this year he lets the grass grow and maintains 300 acres of wheat, is he entitled to another $2 this year for that grass, after July 1?

Mr. GARDINER: He is entitled to $2, provided that the grass represents wheat acreage reduction. He is entitled to the $2 paid in 1941, and another $2 paid in 1942, if he maintains his 1941 position.

Mr. CASTLEDEN: The same applies for 1942 and 1943, with this measure.

Mr. GARDINER: Yes.

Mr. CASTLEDEN: I suggest to the minister that in cases where the farmer insists he did make application, but the officials say they have no record of it, some arrangement should be made under which he could be given a duplicate copy of his application so that he would have evidence of having made it. I know of several cases where the farmers have been turned down. He is told that there is no record of it; the secretary of the municipality has no record, and the claim never came to the office. The man's word was all he had to bear out his contention.

Mr. GARDINER: Where we have been able to establish that a man did make application, even though the record may not have been properly kept in the municipality, payment has been made. But there have been cases where payments have not been made, where applications were not made until a later date. There might be a few exceptions, but I can say there are some who did make application as late as October and November. Those have been refused. In cases where individuals have been able to show that they did write a letter, or where they have shown that others have seen a letter, even if they could not produce it, payments have been made.

Mr. CASTLEDEN: If they had duplicate copies that would not occur. I have known several cases where claims have been thrown out.

Mr. GARDINER: That is why some complained. Where they are able to prove their claims they did keep duplicate copies. It is up to the individual to keep a duplicate. Farmers who did keep duplicates have been able to prove their positions; but those who have not have had difficulty from time to time.

Mr. DOUGLAS (Weyburn): Are they given two forms?

Mr. GARDINER: There are two, anyway.

Mr. ROSS (Souris): I believe duplicate forms are made out in the municipal office; one is retained and one sent to the provincial superintendent. There is a good deal of merit in the suggestion of the hon. member for Yorkton. If the applications were made in triplicate rather than duplicate the farmer would have something to show that he had made the application. We know that we farmers are not good bookkeepers. If copies were retained by the applicants they would be of assistance to the farmers as well as to the officials.

Mr. HANSON (York-Sunbury): In regard to this $2 an acre wheat acreage reduction bonus, as I understand it the policy put into effect in 1940 provides that payments may be made in 1941 and in 1942 on the same acreage. Now the minister says he is going to make the same payment in 1943. Is that to be a continuous process? Is the bonus to be the same each year for the same area, without additional acreage reduction?

Mr. GARDINER: The fact that the act expires each year indicates there is no determination to make it permanent. It applies from year to year.

Mr. HANSON (York-Sunbury): How long will it last?

Mr. GARDINER: I am not in a position to say. If someone starts taking the wheat I suppose it will be discontinued.

Mr. HANSON (York-Sunbury): During the war.

Mr. GARDINER: Probably.

Mr. DOUGLAS (Weyburn): Perhaps this question might be asked more properly when

the estimates are before the committee, but can the minister give us any idea of the administrative costs last year and the previous year?

Mr. GARDINER: That information is contained in a return. I can look it up; but if it would be satisfactory I will give it when the estimates are before the committee.

Mr. CASTLEDEN: In spite of the fact that many farmers have complied with the department's request to reduce their wheat acreage, and in spite of the fact that the government said they could take 280,000,000 bushels of wheat this year, so far they have taken only about 170,000,000. I would say there are about 400,000,000 bushels of wheat out on the farms. Could some provision be made through this measure by which an advance could be given to the farmers who have complied with the regulation? It would give them some compensation as an advance for wheat on their farms; it would not be considered as a gift. The money would be there, and that is just as good as the wheat in the bin. It would give tremendous relief to farmers in that part of the country who have not been allowed to deliver grain.

Mr. GARDINER: I am afraid that is somewhat outside the scope of this bill. I should not like to get into a discussion of that, because it really does not concern my department. It is the concern of the Department of Trade and Commerce.

Resolution reported, read the second time and concurred in.

Mr. Gardiner thereupon moved for leave to introduce Bill No. 66, to amend the Wheat Acreage Reduction Act, 1942.

Motion agreed to and bill read the first time.

Mr. GARDINER moved the second reading of the bill.

He said: There is a copy of this bill available for each member of the house. As I have stated already, farmers have been waiting since last September for these payments. If it meets with the approval of the house I should like to go right ahead with the bill because these payments cannot be made until it is passed. They should have been made last September.

Mr. HANSON (York-Sunbury): I would not want to take the responsibility of holding up the bill if it is urgent, but it is regrettable that it has been brought up on a Friday afternoon when a number of members who are interested in it are absent. Perhaps that is their fault. If the minister will give an undertaking that this is an urgent matter, I will not invoke the rule which would prevent him from going on.

Mr. GARDINER: It is most urgent. If I did not get an opportunity of going on with it next week, it would have to go over until the first of May which would prevent farmers getting their payments before entering into seeding.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Bradette in the chair.

On section 1—definitions.

Mr. HANSON (York-Sunbury): Would the minister read section 2 of the act which this section amends.

Mr. GARDINER: This is the interpretation section which gives the definitions of the different terms used in the act.

Mr. HANSON (York-Sunbury): This is adding one further definition.

Mr. GARDINER: We say that no payments are to be made in respect of abandoned land, and we define "abandoned". The definitions in the act read:

In this act unless the context otherwise requires,

(a) "area" means the provinces of Manitoba, Saskatchewan and Alberta and the Peace river and Creston districts in the province of British Columbia;

(b) "basic acreage" means, with respect to coarse grains or grass, the acreage as of the first day of July in any year;

(c) "coarse grains" means barley, oats, corn and peas;

(d) "farm" means the total land being operated as a unit;

(e) "farmer" means an owner operator, or tenant operator of a farm;

(f) "grass" means all grasses, clover, alfalfa and millet;

(g) "landlord" means an owner of a farm operated by another person and includes a mortgagee or unpaid vendor who by contract or by law has a right to or a lien on or ownership in a part of the crop grown on a farm;

(h) "land newly broken" means land ploughed for the first time;

(i) "minister" means the Minister of Agriculture;

(j) "summer-fallow" means the cultivation or management of fallow land in such a way as to conserve soil moisture or to prevent soil drifting, or both.

Then we have the amendment provided by section 1 of the bill:

(aa) "abandoned" with reference to the cultivation of any land, means that such land is not in crop or in summer-fallow or, if sown to grass, has lost its productivity.

Mr. HANSON (York-Sunbury): Who is to be the judge of the loss of productivity?

Mr. HANSELL: In my constituency there is a tremendous amount of land that is not cultivated or in summer-fallow owing to soil drifting conditions. In some instances the land is left untouched for an entire year. Would this be regarded as abandoned land? I have had some difficulty in getting payments through on account of this fact. It was not thought wise to summer-fallow this land by reason of soil drifting.

Mr. GARDINER: Paragraph (j) of section 2 of the act reads:

(j) "summer-fallow" means the cultivation or management of fallow land in such a way as to conserve soil moisture or to prevent soil drifting, or both.

The amendment is intended to cover just such cases as the hon. member for Macleod has in mind, but in order to prove whether land is abandoned or whether it is in summer-fallow a person must be able to show that his plan of operation is being carried on by other persons in the community.

Mr. WRIGHT: It seems to me that the definition of productivity is rather wide. Is there any regulation covering this that could be issued to the inspectors so that the method used might be uniform over the whole area?

Mr. GARDINER: I think we have to depend pretty largely upon the judgment and the common sense of the inspectors. Where there is any dispute about it, we generally send in a second man to reinspect.

Section agreed to.

On section 2—Basic wheat acreage or basic acreages.

Mr. DOUGLAS (Weyburn): I do not know whether my knowledge of sentence structure is bad, but this section seems to be poorly worded. I can see what it means, but it is a most difficult sentence to follow. It reads:

The basic wheat acreage or the basic acreages in summer-fallow, coarse grains or grass on any farm consisting in any year of lands not operated as a unit in the year 1940 or, where there was no wheat acreage thereon in the year 1940, in the year 1939, shall be computed in the manner set out in subsections one, two and three of this section as if such lands had been operated as a unit in the year 1940, or where there was no wheat acreage thereon in the year 1940, in the year 1939.

Mr. GARDINER: I must say that when I read that, I went back and read it the second time, but I finally came to the same conclusion as the hon. member for Weyburn, that I knew what it meant after I read it. These regulations and this legislation have been changed so much that quite often after we got through with them they did not mean what we wanted them to mean. I would hesitate to change the wording because I think it means just what it is intended to mean.

Mr. HANSON (York-Sunbury): What does it mean?

Mr. GARDINER: It means that we are not going back of 1940 as the basic year, unless there is not any wheat in 1940, and then we go to 1939. If it becomes necessary to take 1939, then you have to adjust your other crops as well as wheat to 1939 instead of 1940.

Mr. FAIR: There are cases where people attempted to cooperate with the government, and the result was that in 1939 they had considerable wheat in crop. Then in 1940 they cut down their acreages. What would their position be?

Mr. GARDINER: What the bill says is that if there is no wheat in 1940, then we take 1939.

Mr. FAIR: What I meant was that if on a quarter-section a man had fifteen or twenty acres in 1940, and in 1939, before the wheat acreage reduction measure was brought into effect, he had, say, a hundred acres on the quarter-section, he would be penalized for cooperating with the government.

Mr. GARDINER: We provided for that in the regulations of 1941. That is what gave us all the difficulty in making payments. We tried to correct the few cases where probably a small percentage of people were involved, and in doing so we made it difficult for the other ninety per cent or whatever it might have been. We had to try to cover all cases where adjustment might be necessary, and making those adjustments involved us in all kinds of complications. When the farmer got his return back he said, "I never did have that number of acres of coarse grains", or "I never did have that number of acres in summer-fallow at any time", and by the time we got through trying to explain to him we were in the middle of the next summer.

Mr. FAIR: What these farmers will say is, "We have tried to cooperate with the government, and now we are paying the price, by way of reduction of wheat acreage reduction bonus."

Mr. GARDINER: That will be true in some cases.

Section 2 agreed to.

On section 3—Payments on acreage reductions.

Mr. DOUGLAS (Weyburn): I notice that this includes rye and coarse grasses. Will the oil-producing crops which we were speaking about a while ago, sunflower seed and rape seed, be included? There is no provision in the act for them.

Mr. GARDINER: They are not included in 1942, but they will be included in 1943. The amendment which appears in section 3 is to make possible payments under 1942 which we are not yet able to make. Section 4 deals with 1943 and covers everything, whether a man puts in turnips, or sugar beets, or anything.

Mr. HANSON (York-Sunbury): Does the minister intend to pay a bonus on the raising of turnips? Surely he is not serious.

Mr. GARDINER: There are not very many grown.

Mr. ROSS (Souris): If the land is taken out of wheat.

Mr. HANSON (York-Sunbury): It should be planted or sown to some useful crop which will serve the purpose of production of live stock, or oil seeds, or what-not. This gives, I suggest, a very wide power.

Mr. GARDINER: It will be a very small acreage. It does cover sunflowers, but we do want sunflower oil; and it would cover turnips, which are a very good feed for live stock. As a matter of fact, however, there are very few of them grown in the west.

Mr. SENN: Section 4 covers distinctly anything if the acreage is cultivated and sown to crop.

Section agreed to.

On section 4—Payments on acreage reductions.

Mr. JOHNSTON (Bow River): The minister says that anything which is sown on such land would be considered all right. That would include mustard?

Mr. GARDINER: Yes, the kind of mustard about which my hon. friend was writing me some time ago. I would say, yes.

Mr. JOHNSTON (Bow River): I had a letter the other day with regard to the matter. This farmer wanted to know in order that he could make preparation for the spring, and I told him I would let him know.

Section agreed to.

On section 5—Sworn statement of claim by farmer.

Mr. CASTLEDEN: Difficulties have arisen from the fact that farmers did not know the date on which they had to make their declarations and their applications, particularly in regard to the farm income bonus. In many cases these farmers do not have radios and they do not read their newspapers because they have not the time. I see that this section leaves it open for the date to be set by regulation. Unless the date is set a sufficiently long enough time prior to the provision going into force, some severe injustices may ensue.

Mr. GARDINER: As the Wheat Acreage Reduction Act reads now, application must have been made before the 31st of May, 1942. It might have been in 1941 or 1942 under the regulations made in the previous act, but the first application must have been made before then. Then the sworn statement can be taken at any time after July 1. Until the sworn statement is made no payment is made. That provision is already in the act, but there is no provision in the 1942 act, and there was none in the regulations, to say that we could establish a date beyond which we would not receive any more applications. The result is that we are getting applications now, in 1943, in respect of claims for payment in 1941. We have to have a cut-off at some date; we cannot go on forever; and we want to be able to state at some time, "You must make your application before a certain date."

Mr. DOUGLES (Weyburn): The date will be widely publicized?

Mr. GARDINER: Yes.

Section agreed to.

On section 6—Landlord's application.

Mr. GRAHAM: I would urge on the minister the advisability of deleting that particular portion of section 6 which is comprised in the words, "on which shall be endorsed the tenant's acknowledgment that the applicant is his landlord." I think it will cause a great deal of unnecessary criticism of the application of the act to the landlord class. I noticed in the act itself that the definition of "landlord," as I expected, is:

> . . . an owner of a farm operated by another person and includes a mortgagee or unpaid vendor who by contract or by law has a right to or a lien on or ownership in a part of the crop grown on a farm.

The tenant certainly does not want to determine any point of law by deciding

whether a mortgagee is a landlord. I take it that in the tenant's application he is required to answer the ordinary question, "Who is your landlord?" I suggest that that is as far as the tenant should be expected to go and as far as the landlord should be required to go if the matter is not in dispute. If the matter of who is the landlord and who is entitled to the landlord's share becomes a question which must be settled, it has to go to a court of law, and is often a point of great difficulty. I could suggest to the minister the case of a landlord who might be a long way off, who could not get in touch with the tenant in order to obtain that particular acknowledgment by his tenant; and, if this section is not complied with, I take it that the landlord would be precluded from securing his proper share of the payment made under the provisions of this act. I can imagine, as the minister can, the landlord and the tenant having a row, and the tenant saying, "I won't sign anything," and there is nothing in the act which would compel him to do so. So that I submit to the minister that the act will cause less difficulty—I suggest it will cause him less trouble in answering complaints on the part of landlords—if he eliminates that provision completely from the section. I think it will be only a source of trouble and vexation. There would be nothing at law to permit the Prairie Farm Assistance Act branch to rely upon the statement of the tenant. Let the tenant in the application declare who is commonly known to be his landlord, and let the landlord make application for payment.

Mr. DONNELLY: I wish to support the hon. member for Swift Current in what he has said with regard to this section of the bill. I can imagine a case such as this, that a landlord has his farm mortgaged and has it rented to some tenant. The mortgagee company makes application to the representative of the wheat acreage reduction branch, and so does the landlord. Under this section as it reads at present, the tenant is asked to decide which man is the landlord. In nine cases out of ten the landlord has assigned his mortgage to the mortgage company, but the tenant will say that the landlord is the man who has rented him the farm, and this section makes the tenant the one who is to decide who shall get the third or other portion of the wheat acreage reduction. My opinion is that this should be left out entirely. The tenant should not be required to do that sort of thing. There will be difficulty in getting the tenant to sign. We are here, and we have to send a document out to the tenant and get him to sign it. We shall have all kinds of difficulty in getting that done. I do not think that should be asked to be done.

[Mr. Graham.]

Mr. GARDINER: I quite agree with the two hon. members that this is an extraordinary thing to do, but the situation itself is extraordinary. We have constituted ourselves collectors of rent for landlords. The fact that we do not pay this money does not establish the fact that the landlord has no right to it. He owns the land. He has the right to put the renter off the land, or take other legal action if the renter does not pay the rent. But we do not want to hold up payment to the farmer himself over a long period of time, and that is what we have to do now. Here is a certain amount of money. We have paid two-thirds to the farmer, and we think one-third might be due to somebody else, but the farmer will not admit that this other party has any claim. Some of these payments have been due as far back as 1941. We hope to make these payments at some time. The legal advice we received is that under the act we have no authority to pay that money to anybody but the landlord, and we cannot prove that he is the landlord. We do not want to hold up payment to the farmer himself. I can understand the concern there might be for landlords in certain cases, but I can assure the committee that these payments will be withheld in cases where there is extraordinary difficulty.

Mr. HANSON (York-Sunbury): On principle, why should the department intervene as a collecting agency for the landlord or mortgagee, who has now more than common law rights? He has lien rights and the right of distress and distraint. I do not know much about this, but I suggest that for the department to constitute itself a collecting agency for the landlord is going a long way. I would leave these people to their rights under the law.

Mr. GARDINER: There is one reason. The landlord has entered into an agreement with the renter, under which the renter agrees to summer-fallow so many acres, to sow so many acres to wheat, so many acres to coarse grains, and so many acres to be in grass. Then we come along and say that in spite of what is in that agreement the renter does not need to sow any wheat; we pay him for not growing wheat. The agreement probably says that the only rent the owner gets is a certain proportion of the cash wheat crop. But we say to the tenant: You do not need to grow any wheat at all; in fact we will pay you for not growing wheat. Therefore, to protect the landlord we propose to send one-third—

Mr. HANSON (York-Sunbury): Of the bonus?

Mr. GARDINER: Yes, as a result of the land having been taken out of wheat. We think that is fair, and although it may seem an extraordinary thing to do, it is justified by the fact that we broke his agreement.

Mr. ROSS (Souris): I cannot agree with the hon. member for Swift Current. I wish to support the minister. From practical experience that I have had in my part of the country, I think section 6 is all to the good. I am glad to see the section there. I think it is unjust that these payments should be held up. All that needs to be done is to submit the matter to the secretary, and in the vast majority of cases it will be found that the tenant is only too pleased to sign. He has had to sign a lease with the landlord in the first place. If there should be any difficulty, that is covered by section 7. Section 6 would assist in overcoming some of the present difficulties, and I submit that it should remain there. I know there have been disagreements, but section 7 covers that point.

Mr. MacNICOL: What would the disagreements be over?

Mr. GRAHAM: If the section would accomplish the purpose of the hon. member for Souris I would be in agreement with him, but a tenant's statement that the landlord is the landlord does not establish in law that the person claiming is in fact the landlord. It still leaves the minister and the department in exactly the same difficulty as they are in now. If it did solve the difficulty which the minister suggests I would be in hearty agreement, because I think we should see to it that the actual farmer gets paid promptly when the bonus becomes due and payable. But this provision will not settle anything. It will not relieve the department from any responsibility it has now. I know that the relationship between the farmer and the landlord is in many cases friendly and cooperative, but in the very class of cases where disputes might arise, where it is impossible for the landlord to get in touch with his tenant, you are binding the department by a statutory provision, and any regulation or ministerial act cannot change the effect of that statutory provision. I suggest to the minister for his own peace of mind and that of the department that this does not help to solve the difficulty with which he is presented. It is only adding another class who will rise up in arms at the unfairness of this particular provision. If that unfairness is caused by an unwilling or unfair or difficult tenant, I would say this has no value and will only cause considerable criticism. I am quite certain that this will not cure the difficulty.

Mr. DOUGLAS (Weyburn): I wish to support the minister. The real purpose is to help to cure at an early date, a lot of misunderstanding, to help the tenant and the landlord to come to some clear understanding of the allocation of the bonus prior to the time the money is available for payment. There have come to my attention several cases where one or two parties have made application for a share of the bonus. The operator of the farm did not know that somebody had made application, and when he got his cheque he did not get as much as he thought he should have got, because other people had made application for a part of the bonus. There are other cases where the person making application for a share of the bonus, namely, the mortgagee or landlord, would make some slight error in the legal description of the land, and through that clerical error the person who expects to get the bonus finds that he gets only part of it. If the application made out by the landlord were submitted to the tenant, and the tenant signed it, there would be no danger of that clerical error. It would be known exactly who had made the application, and if there were any dispute the dispute could be settled prior to June 30, instead of having to wait until next fall when the operator of the farm is expecting payment.

As far as the protest of the hon. member for Swift Current is concerned, the landlord has plenty of protection now. The man operating the farm is operating it under a lease.

Mr. GRAHAM: If I may interrupt to ask a question, would it not be better to pay the tenant two-thirds and hold the remainder in escrow until the question of who is the proper landlord is settled by a court of law or some other proper tribunal. Do not hold up the tenant when you can hold the landlord's share in escrow until the question of who is the landlord is settled.

Mr. DOUGLAS (Weyburn): That could be done, but under the next section the minister is to decide between two or more landlords. It is not a matter for the courts. The matter will be more quickly settled if the tenant has to sign an application form of the bona fide landlord, and if there is a dispute as to who is the bona fide landlord they can deal with the matter now.

As I was saying, the landlord after all holds the lease; he has adequate protection. He can refuse to renew the lease if there is some dispute; he has recourse at law.

Mr. DONNELLY: That is after the money has gone to someone else.

Mr. DOUGLAS (Weyburn): He has adequate protection to recover money which belongs to him, or if the tenant has signed an applcaition form to some other landlord. It seems to me that the section as proposed by the minister will give all reasonable protection and will help to settle some of these cases during the summer months and will not hold up payment as it has sometimes been held up on account of different claimants for the bonus.

Mr. DONNELLY: All who have been renting land in western Canada for years know that a tenant can leave his farm at any time he likes, and that the landlord sometimes has great difficulty in getting rid of a tenant. Take the case of a man who has land which he has bought under agreement of sale and has rented. You are asking the tenant then to decide whether the money is to be paid to the man who has bought the land or to the original owner, if there is a dispute, as there often is, between the tenant and the landlord. The tenant is the one who is to decide who will get this one-third bonus. I do not think that is right. I can see all kinds of difficulties. There are cases where there are disputes between landlord and tenant, and the tenant will do anything in the world to make trouble for his landlord.

Mr. GARDINER: We are just asking if the other individual is his landlord; then we settle the rest. In the form the farmer fills out he is asked to indicate whether anyone else is interested in the land. The cases intended to be dealt with by this section are cases where I would say that ninety-nine people out of a hundred would say the individual is not a landlord at all. It is a case where a man has borrowed some money, say from some institution, that writes in and says, I have an interest in that land. Maybe indirectly he has, but he has never ben considered the landlord, never been considered the man who had rented the land to anyone. That is the only kind of case about which we have any difficulty. I would think that almost everyone with whom we have had any dealings has said quite frankly whether he has a landlord or not, and we deal accordingly. But these other cases have been dragging for a long time; we are satisfied there was never any intention that the man should be considered a landlord, and yet we cannot make payment at present until they agree.

Mr. HANSON (York-Sunbury): Where there is a tenancy there must be a letting, either verbal or in writing. A tenant in law cannot deny his landlord's title under whom he holds; he is estopped. I do not understand the legal position to which the minister is referring. Who is this mysterious person who puts in a claim, having borrowed money from an institution, I suppose on a mortgage?

Mr. DONNELLY: Then he assigns his lease.

Mr. HANSON (York-Sunbury): Very often the mortgagee takes an assignment of lease so that he will be in a position to collect the rent. There is nothing wrong about that. The question then is, who becomes the landlord? Of course the assignee of the lease is the landlord involved.

Mr. DONNELLY: But the tenant is being asked to decide.

Mr. HANSON (York-Sunbury): The tenant may not be in a position to know. I think the minister is asking for a lot of trouble here.

Mr. ROSS (Moose Jaw): Section 6 reads:

> A landlord, to be eligible for any payment under this act in respect of the wheat acreage reduction on any farm in any year, shall make application, on which shall be endorsed the tenant's acknowledgment that the applicant is his landlord, not later than June 30 of that year. . . .

In other words, this section will preclude any actual landlord from getting any payment unless he has that application signed by the tenant.

Mr. HANSON (York-Sunbury): I think the department is looking for a lot of trouble.

Mr. ROSS (Moose Jaw): You might be able to determine who is the landlord at some time after June 30. But if this landlord prior to June 30 has been unable to have his tenant sign an application form and get it into the office, even though the tenant might want to have the landlord get his share, it cannot be done.

Mr. DOUGLAS (Weyburn): It says that in the event of any dispute between a landlord and a farmer, or between two or more landlords, the minister may order a division of the payment.

Mr. HANSON (York-Sunbury): Does the hon. member approve that principle?

Mr. DOUGLAS (Weyburn): I am saying that it answers the argument of the hon. member for Moose Jaw.

Mr. ROSS (Moose Jaw): It says that any landlord to be eligible must have this application signed by the tenant before June 30. If it has not been made and signed before June 30, it cannot be decided by the minister or by anyone.

Mr. DOUGLAS (Weyburn): I take it for granted under the next section that if a man makes application and the tenant has not signed as a result of some dispute between a landlord and a farmer, or between two or more landlords, the minister has discretion to make payment to one or other of the parties or divide it between them.

Mr. ROSS (Moose Jaw): But the section says that a man is not eligible for payment at all unless this is done.

Mr. DOUGLAS (Weyburn): In order to be a bona fide application, but if it is not signed the minister then steps into the picture.

Mr. ROSS (Moose Jaw): No; it cannot go in as an application until it is signed by the tenant.

Mr. GRAHAM: I suggest that the minister in order to escape the necessity of exercising the discretion as contained in section 7 adopt the long-standing practice of paying to the tenant the share that is his and taking the amount in dispute and, if the disputants will not reach a speedy agreement, pay the amount into court and let them interplead and pay the costs of settling who is entitled to the landlord's share.

Mr. HANSON (York-Sunbury): Or ask the court for a declaration.

Mr. ROSS (Moose Jaw): Section 7 allows the minister to determine who the landlord is if there is a dispute between two who claim to be landlords.

Mr. DOUGLAS (Weyburn): Or a dispute between landlord and tenant.

Mr. GARDINER: The landlord has to be admitted as such first.

Mr. ROSS (Moose Jaw): And he cannot get in unless he makes application signed by a tenant prior to June 30.

Mr. JOHNSTON (Bow River): He is not a landlord until that application is signed.

Mr. ROSS (Moose Jaw): That is right. Therefore there cannot be any dispute about that landlord because he is not there.

Mr. DOUGLAS (Weyburn): I take it that the application is not eligible for payment unless signed by the tenant. But a man could make application to the municipal secretary even if the tenant refuses to sign. The application could be received, but would not be eligible for payment until either it is signed by the tenant or the minister makes a decision.

Mr. GARDINER: As it is now, a landlord to be eligible for any payment under this act shall make application not later than June 30, 1942, to the secretary of the municipality in which his land is located or, in the case of unorganized areas, to the provincial government. In practice, if the renter does not admit that this man is the landlord, the government just keeps the money until it is admitted. The only difference is that he may admit it after June 30.

Mr. HANSON (York-Sunbury): In which event the landlord would get his share.

Mr. GARDINER: This simply says that the man must admit it before June 30; after that the government will pay the money to the renter, if that admission has not been made. As it is now, if the renter does not admit that the man is the landlord; if he says the man has nothing at all to do with the land, unless they go to court to settle it we just keep the money.

Mr. JOHNSTON (Bow River): Then a landlord would have to take the tenant to court before June 30 to establish his rights?

Mr. ROSS (Moose Jaw): That was what had to be done under the old section, but the new section says that the applicant, the landlord, must have the signature of the tenant prior to June 30.

Mr. GARDINER: We say that before we will pay we must have the signature of the renter. All we are saying now is that we must have that signature before June 30, or we will pay the money to the renter and let the landlord do his own collecting.

Mr. GRAHAM: If that date passes by and the landlord has not become eligible under the provisions of the act, he will have no claim; he is out of it.

Mr. HANSON (York-Sunbury): I suggest that the minister should give pretty careful attention to the representations which have been made pro and con, and that he should not have this section passed until there is some unanimity of opinion as to the construction of the section. I am impressed with the argument of the hon. member for Moose Jaw. In order that this payment may be made to the landlord there must be endorsed the acknowledgment of the tenant that the

applicant is the landlord; that endorsement must be secured before the landlord makes his application for payment, which must be prior to June 30. Is that not the position under the section as it now reads?

Mr. RALSTON: I was suggesting that the words "previous to payment" be inserted after the word "endorsed", so that the endorsement would not necessarily have to be before June 30.

Mr. GRAYDON: Would the minister say whether to his knowledge there are very many cases in which section 6 or section 7 would apply? Is it an extensive thing, or are there just a few odd cases before the department?

Mr. GARDINER: It is fairly extensive; if I were to go through the records carefully I could indicate the effect of it. Practically all the 1941 claims that we are still dealing with are in connection with cases of this kind. We have just held up one-third of the money, which is lying here in the treasury. The farmer says, "I am entitled to it; no one else has any right to it, because I own this land," and while that dispute goes on we just hold the money.

Mr. HANSON (York-Sunbury): Why should they not be left their remedy at law?

Mr. BOUCHER: It seems to me that we are leaving it to the minister to decide who is the landlord, the procedure being based upon the action taken by those who claim to be landlords, together with the statements of the tenants. In other words, we are asking that body of men actually to decide a point of law. Should there not be some provision in the act for some preliminary procedure in a court of law in order to have a declaration as to who is the landlord, with the proceedings to be filed with the minister on or before a certain date? In that way there would be no question of a hit-or-miss decision; there would be a clearly defined legal principle and a legal decision as to who is the landlord. That would take away from the minister the responsibility, which I am sure he would not relish, of deciding as between two opposing parties and saying who is the landlord and who is not. The landlord also would have the protection of not being dependent upon the tenant to get his application in to establish the basis for his claim.

Mr. GARDINER: I can give the figures which would indicate the outside number of those affected. Farmers making application numbered 191,334; farmers paid numbered 178,014. Those farmers have been paid up; there was apparently no question about those cases. That leaves some 13,000 farmers who have made claims but who have not been paid. All the cases of which I am speaking now, remaining from two years ago, will be included in the last figure, but I should say they would be a very small proportion even of the 13,000.

Mr. GRAYDON: Reading sections 6 and 7 together, since they relate to the same thing, I am wondering whether the minister has given serious consideration to the position in which he is placing himself. I should not like to see the minister being called Mr. Justice Gardiner in the days that lie ahead, but since I have come into the house I do not think I have ever seen a section quite like this. It may be that there is nothing seriously in dispute, but I do not think it is a good idea to place one of the executive, which is actually the government, in what might be called a judicial position.

I do not wish to argue the question from the point of view of dry law, because, after all, that might not meet the situation, but I think the minister should give some consideration to the fact that his is a busy department; that he himself has heavy responsibilities, and to me it would seem rather a dangerous procedure to place upon him the duty of rendering judgment in respect of what might amount to 13,000 disputes, though the number will probably be much less. The minister should reconsider the matter, because I think he will be letting himself in for a great deal of trouble that he might just as well avoid. I believe I know his desire and motive in this connection; it is to get this thing cleaned up as quickly as possible and to distribute the money. Nevertheless, there is a principle involved here, even apart from the whole question of constitutionality and the legal aspect of the matter. The minister might consider the matter from the practical point of view, because, after all, I hardly think he wants to make his a judicial as well as an executive department.

Mr. GARDINER: My colleague the Minister of National Defence has suggested that in line 11 of this page the section be amended to read:

> The landlord to be eligible for any payment under this act in respect of the wheat acreage reduction on any farm in any year shall make application, on which shall be endorsed previous to payment the tenant's acknowledgment that the applicant is his landlord.

Mr. HANSON (York-Sunbury): You would require evidence upon which you could base payment, in any event, and this change would not carry the principle any further. You would never pay unless you had evidence upon which to act.

Mr. GARDINER: We made payments in about 170,000 cases.

Mr. HANSON (York-Sunbury): I suppose those were cases in which there was absolutely no dispute.

I would ask the minister to review the position with respect to section 7. We are not really on that section, but a discussion has arisen in which it is involved. The leader of the opposition has said he has not known of a case where it has happened before. If he reads section 6 he will find that in respect of disputes the minister has constituted himself a judicial officer. That is a bad principle.

Mr. GARDINER: No; I have constituted the renter a judicial officer.

Mr. HANSON (York-Sunbury): Under this the minister is constituting the renter a judicial officer, or proposing to do something like that. But under section 7 the minister, who is an administrative and executive officer of government, is setting himself up as a judicial officer to decide a dispute between a landlord and a farmer, or between two or more landlords. That is the purpose of the amendment. He is including the larger class of cases. On principle, that is an improper piece of legislation.

Why in the world should the minister even seek to constitute himself an arbitrator between two classes of claimants, or two or more classes of claimants? That is the sort of position an executive officer of government and a member of a cabinet should seek to avoid. On what is he to act? Is there to be a hearing? What evidence is to be heard in support of one position or another. I think on reflection the minister ought to avoid this whole responsibility, and leave the parties in a position where they must take some other recourse. If necessary, set up an adjustment agency in the form of a county judge or a district court judge, and let the county or district court judge decide the dispute after the hearing; because after all, in this instance the civil rights of individuals are being dealt with. Here the minister is taking it upon himself to decide those rights. How is he to do it? Section 7 gives him authority; but by what procedure? How is he to determine the respective rights of the parties, and upon what evidence? Is there to be sworn evidence? Is there to be the right of cross-examination? Does the minister see the impossible position in which he is placed?

If I were the minister I would never yield to legislation like that, or allow myself to be put in that position. Politically I think it would be a very bad thing for the minister. He would be open to charges of favouritism. Where he may please one man he may displease another. The minister would be well advised to get rid of any jurisdiction of this kind. On principle he should not seek to place himself in this position. Here, under a statute, he would be acting in three different capacities. Surely he does not wish to assume a burden of that kind and, on principle, he ought not to assume it. This is bad legislation.

If I read the side-note correctly, subsection 2 of section 7 is to be reworded to take in cases of disputes between two or more landlords, as well as cases of disputes between landlords and farmers. He has that jurisdiction now; just why, I do not understand. I never paid much attention to the section before; but if my attention had been drawn to it I would certainly have pointed out to the minister that he will occupy a position he ought not to occupy, namely, that of exercising a judicial function between two claimants for the same sum of money. That is what courts are for. How is the minister to make the decision? What procedure is he to follow? What evidence will he have? How can he decide? Will his decision be made on the say-so of one of his inspectors? That is not good enough. There is such a thing as legal evidence, and there is hearsay evidence. There is a rule governing the best evidence.

I am trying to think out loud, and debate the matter on principle, not otherwise. I am not personally concerned with what happens to the measure. However, my view would be that they should fight it out in the courts. I suggest to the minister, in all sincerity, that if he takes on these judicial functions he is putting himself in an impossible position. He ought not to do so.

Mr. GARDINER: In reply I would point out that, at least in theory, I have to make that decision in every case. I have to decide whether or not a man is a farmer, before he can receive any payment. Under this definition I have to make all these decisions; but in practice I do not do so. It is done under the administration.

The only added power under section 7—which, by the way, is not at present before the committee—is that where there happened to be two landlords, the same authority is given that I had previously in connection with one. There has not been any great difficulty in the matter in the two years we have been carrying on. The other is simply a matter of

providing a means of getting the money out to someone whose money is held back, and who cannot be paid.

Mr. HANSON (York-Sunbury): That is under section 6.

Mr. GARDINER: Yes. Personally I have no definite feeling in the matter. I am quite prepared to leave it in the hands of the committee. This suggestion comes from those who are in charge of administration. They say they have had moneys lying there for two years, and they want to know what they are to do with them. In their opinion this is a method of getting the money out to the renter, and the landlord has his rights in law to collect. In the first instance we have put ourselves in the position of collectors, and we say we are quite prepared to go on and collect, where it is admitted between the parties that there is a landlord and a renter. But where it is not admitted, the landlord will have to prove he has the right to collect.

Mr. MacNICOL: Neither the landlord nor the tenant would get anything out of it.

Mr. GARDINER: Possibly not. The renter will get the money, and the other fellow will claim it, if he thinks he is entitled to it.

Mr. MacNICOL: And the lawyers will get it all.

Mr. HANSON (York-Sunbury): Never mind the lawyers. I am approaching the matter only from the point of view of principle. I am not concerned at all with the personal end of the matter. I know a great many lawyers, but I do not think a good lawyer drafted this legislation, because he never would have put a minister of the crown in a position where he must exercise administrative, executive and judicial functions at one and the same time. That is not the theory of our government. It ought not to be, and certainly it is most repugnant to any theory of government set out under the American constitution. The greatest injustice might arise.

No doubt the minister would act on the advice of his administrative officers. He could not possibly make his own judicial decisions, unless he held hearings. I suggest that, on principle, the whole thing is wrong, and cannot be defended. I suggest that the minister leave it until Monday.

Mr. GARDINER: I do not remember of a single case coming before me in the two years the act has been administered. There is just one case where there are difficulties in getting a decision. Here are two landlords, and the officials say they have power to deal with only one. They go to them and say, "Here is the settlement you ought to make", and it has always been made.

Mr. HANSON (York-Sunbury): Then why put it in the bill?

Mr. GARDINER: But the authority is there. A man may read it and say, if he wanted to, "The minister could do this, if he wanted to, and we had better settle it." That is the way it is.

Mr. HANSON (York-Sunbury): That is not the way in which the courts hand out justice.

Mr. GARDINER: I am afraid, as was said, that if it were done in any other way neither would have anything when they were finished.

Mr. HANSON (York-Sunbury): As a rule, how big are the payments?

Mr. GARDINER: The average payment was only $198, and a third of that would be the amount involved.

Mr. GRAHAM: I am sure all hon. members agree with the minister in his effort to get this bill through as quickly as possible. I suggest that the minister strike out of section 6 that portion—

Mr. GARDINER: If the hon. member will move what he wants struck out we will get it settled.

Mr. GRAHAM: I move that section 6 be amended by striking out the words, "on which shall be endorsed the tenant's acknowledgment that the applicant is his landlord." I suggest that the minister take up this matter with his legal advisers.

Mr. GARDINER: It has all been discussed. I am asking the hon. member to move the amendment and we will decide on it.

Mr. ROSS (Souris): Would this amendment permit the minister to clear up these overhanging balances?

Mr. GARDINER: I doubt it very much.

Mr. ROSS (Souris): They are small amounts, and I agree with the hon. member for Davenport that if you have to go to law, you will not have very much when you are through. I say that with all due respect to my legal friends. In many cases the interested party will not want to go to law. What we wish to do is arrive at some formula whereby the government can pay out these balances without any court action taking place. I doubt if there are many cases where the tenant would refuse to sign some acknowledgment.

Mr. GRAHAM: The section is not retroactive.

Mr. DOUGLAS (Weyburn): The hon. member for Swift Current has admitted the necessity of getting this bill through, and he then moves an amendment which will bring forth considerable discussion. We are not in favour of that amendment, and I think the hon. member ought to withdraw it.

Mr. MacNICOL: It was not seconded.

Mr. DOUGLAS (Weyburn): It seems to me that the section as it stands covers the situation very well and that these people could be paid. I do not think some of the difficulties that have been mentioned are as serious as they seem to be. The signature of the tenant is not necessary in order to make a bona fide application; it is only necessary to make the landlord eligible for payment. That is proven by the next section. There may be two landlords. A man may make an application before June 30 and become a potential landlord, but he is not eligible for payment until he gets the signature of the tenant.

Mr. GARDINER: We are not compelled to pay the money even after the tenant signs.

Mr. TRIPP: It is quite possible there might be a dispute over the amount, and if two landlords were involved the tenant might tell them to go ahead themselves, that he would not interfere.

Mr. GARDINER: That would be a foolish thing for a man to do, because in most cases he owes a certain amount of money to the mortgage company and he will not prevent the government from paying it out. Individuals will not do that; it is too unreasonable. The money would still be owing in spite of the fact that the tenant has not signed. The landlord could go on and collect just the same.

Mr. TRIPP: Would the landlord still have a claim on the money?

Mr. GARDINER: He has a claim.

Mr. TRIPP: There may be two apparent landlords, one the mortgage company and the other the owner of the land who has sold the property under an agreement of sale.

Mr. GARDINER: That would be covered by section 7.

Mr. GRAHAM: The mortgage company and the landlord could still make applications and have a dispute.

Mr. GARDINER: When it is determined what interest each landlord has, we divide up the one-third in proportion to their interest. They have nothing more to do about the matter.

Mr. TRIPP: Supposing a tenant refuses to sign the application?

Mr. GARDINER: Then he is refusing to allow the government to pay part of his debt.

Mr. BOUCHER: I wonder whether I could put a theoretical case to the minister.

Mr. GARDINER: I am arguing this question only because of my officials. I am somewhat in doubt about it myself. If the committee will vote on it, I shall be satisfied, because it does not matter to me which way it goes.

Mr. BOUCHER: There may be cases where commissions or temporary ownership of the property may be involved, and when it comes time to make the application the tenant may not be in position to decide who actually is his landlord. He may be loath to sign any certificate for either one. Then the time in which application may be made expires, and neither landlord has put in an application, with the result that the bonus may go by the board. Matters might be complicated with the use of strict honesty, and if there was dishonesty there would be havoc. The minister would be acting in a judicial capacity if he undertook to decide the question even though the formalities were followed. The result might be that some meritorious people would be excluded from making a proper application.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN: There is now an amendment before the committee. Those in favour will please say "yea."

Mr. FAIR: Before this amendment is passed I suggest that we find some way around the difficulty, by paying the tenant on the land and, as suggested by the hon. member for Swift Current, leaving in escrow, the landlord's share, if there happens to be any dispute. I know that in several cases since the act became operative tenants' payments have been held up on account of some difficulty with the landlord; and although I do not approve the present amendment, and intend to vote against it, I should like to see something done along the line I suggest.

The CHAIRMAN: In my opinion the yeas have it.

Mr. DOUGLAS (Weyburn): I ask for a recorded vote.

Amendment (Mr. Graham) negatived.

Mr. DOUGLAS (Weyburn): While I am opposed to the amendment moved by the hon. member for Swift Current, it seems to me that if there is any doubt about the meaning of the section, the minister might wish to have it referred to his officials for redrafting.

Mr. GARDINER: The section is as the hon. member discussed it before the dinner recess; that is the intention of it, and I think that is what it says.

Mr. DOUGLAS (Weyburn): I think it does, too.

Mr. FAIR: I understood the minister before the dinner recess to say that in any case where the landlord did not put in an application before the 30th of June, the total amount would be turned over to the tenant.

Mr. GARDINER: That is the case now. If the landlord does not put in a claim before the 30th of June, the total amount is paid to the applicant.

Section agreed to.

Section 7 agreed to.

Bill reported, read the third time and passed.

MUNITIONS AND SUPPLY ACT

AMENDMENTS TO BRING ACT OF 1939 INTO CONFORMITY WITH PRESENT PRACTICES

Hon. C. D. HOWE (Minister of Munitions and Supply) moved the second reading of Bill No. 7, to amend the Department of Munitions and Supply Act.

Mr. GORDON GRAYDON (Leader of the Opposition): I assume that the minister intends to give some detailed explanation in connection with this bill.

Mr. HOWE: The urgency of passing this bill arises out of the explanatory notes, which state:

> The Department of Munitions and Supply Act was passed at the fifth session of the eighteenth parliament held between September 7 and September 13, 1939, chapter three of the statutes of that session. The act was brought into force by proclamation on April 9, 1940.

The act limited the life of the department to three years, and to-day we have arrived at April 9, 1943. At midnight to-night the great department expires.

I wish to thank the official opposition for dealing with this bill to-night. I appreciate that the hon. member for Lake Centre (Mr. Diefenbaker) had made a special study of the bill and that he is absent from the house to-night, but hon. gentlemen opposite, in view of the emergency, are willing to proceed in his absence. For this I am grateful.

This bill is more or less a consolidation of amendments which have been made to the Munitions and Supply Act by order in council as the experience of the department has indicated the necessity. The act limiting the life of the department to three years is repealed. I think it is obvious that a definite limit to the life of the department should not be established at this time. The department is now the owner of real property in the right of his majesty to the extent of over $800,000,000, and it will, of course, take a considerable period after the war to liquidate these properties. I visualize that the department will continue until it is merged with one of the existing departments of government. I think that will probably be the aftermath through the years. But I am sure that, in the light of three years' experience, we shall all agree that it is not wise to fix a definite date for termination.

I believe we can deal more appropriately with each section in committee, but I will run through them briefly.

The first section brings the act into conformity with practice. Since the early days of the department appointments have in fact been made by the Civil Service Commission of Canada rather than by the governor general in council as prescribed in the act, and it is thought wise to correct the act in that regard.

Then, the ministerial powers were designated in the original act as "His Majesty's government in the United Kingdom of Great Britain and Northern Ireland whether through the medium of the British Supply Board or otherwise", and also mentions the "government of the Republic of France." Of course the British Supply Board has disappeared, and the department is buying to-day the purchases in Canada by all or practically all the united nations. This is amended accordingly.

Then there is the matter of signatures. The deputy minister or the acting deputy minister is required to sign all requisitions of $5,000 and over. In a department such as ours a number of signing officers are required for smaller purchases, and the act is amended to permit the delegation of signing authority up to $50,000. The amendment corresponds with the act in that the minister must sign any requisition for $50,000 or over.

Then, the original act provided that the minister had jurisdiction to purchase up to $5,000 without the consent of the governor general in council first having been obtained. That limit has been raised to $15,000. It was found that the volume of orders in council

ranging between $5,000 and $15,000 exceeded greatly in number the orders appropriating amounts more than $15,000. But there is a provision that each week the department must report to council purchases in the range between $5,000 and $15,000.

A further amendment was found necessary within the last few months. As hon. gentlemen know, it is becoming more and more difficult to purchase such commodities as meat, eggs, vegetables—commodities which do not keep for long periods—and to legalize action which was found necessary, the limit of purchases of food without an order in council was raised to $50,000, with the understanding that such a purchase would be reported to council at the first opportunity. That exception has been availed of on several occasions and has allowed us to meet a situation of emergency in a legal way.

The next section deals with a situation where the management of a war plant is found to be unsatisfactory or incompetent. This section permits the minister in such a case to appoint another manager to carry on. The section has been used on several occasions, perhaps as many as ten, where the management of a plant has collapsed and it has been found necessary for the government to appoint a controller to carry on operations.

The next section deals with relations between the department and its contractor. It requires the contractor to carry on accounting to the satisfaction of the department. It permits the auditing of the books not only of the main contractor but also of the subcontractors and provides for the recovery of overexpenditures and of profits unduly large.

The only new section, and by new I mean one which has not been operative for a considerable time, is section 23. The purpose of section 23 is to protect the title of the crown in property purchased by the crown. It deals particularly with machinery installed by the crown in a privately-owned factory with a structure that is so involved with privately-owned structures that it is not possible to obtain ownership of land and segregate government property from the privately-owned plant. I think that section will commend itself to all.

Then, I propose to offer a new section which provides for the re-negotiating of contracts where the margin of profit has increased unduly since the contract was placed. We find in many types of production that the cost of the article drops very rapidly as the workmen become more expert or as repetition work goes on for a considerable period. I think practically everything we make has been reduced very sharply in cost during the course of the war. This section will permit the government to re-negotiate the contract at any time it believes the margin of profit has become excessive.

That, I think, covers the scope of the bill, and we can and will examine the clauses in committee at the proper time.

Hon. R. B. HANSON (York-Sunbury): Mr. Speaker, generally speaking, there can be no objection to this bill, and that, after all, is the matter we are mainly concerned with in any discussion on the second reading. As I understand the position, it is absolutely necessary that this legislation should be passed in view of the limitation on the life of the legislation which was first passed in the short session of 1939 and brought into effect by order in council in the following year. I recall somewhat the discussions that took place in this house in the session of 1940 when substantial amendments were made to the measure. They will be found as originally passed, and about the time when the proclamation bringing the legislation into effect was issued, in chapter 31 of the acts of 1940.

Having said that, I should like to say this, that the present measure with the exception of one or two sections is really the incorporation in statute form of what is taken to be the law as a result of the passing of various orders in council passed since August, 1940, under the provisions of the War Measures Act, incorporating into legislation by way of order in council certain stringent and drastic amendments to the law which I assume experience has shown are necessary from time to time as the department has grown.

I would have hoped that the lawyers in the department, and they have many of them there would bring in a measure which would have been a real consolidation of the statute, if this is to be a continuing department for an indeterminate time, as the minister has indicated and as I think necessity demands. But as it is, one will have to go to three different statutes from time to time to find out just what the law is. This would have been a grand opportunity, I suggest, to have had a consolidation of all the legislation into one act. That would have been much more convenient in operation for the department and its officials and for those having to deal with the department or with the subject matter of the act. That is not possible now, but if we had plenty of time I would recommend strongly holding up the bill and reintroducing it in much better form than it is in at the present time. I offer that not

in any critical sense, but as a suggestion of what I think is proper draftsmanship in legislation of this kind. We have an example in the Income War Tax Act. Unless one is favoured with being provided with a copy of the office consolidation which the department issues from time to time, it takes the proverbial Philadelphia lawyer to know what the statute law is in relation to income tax. However, I mention that merely in passing.

One other general observation. I wonder whether hon. members, aside from members of the ministry and those who have given some attention to the subject, realize the enormous power that this bill confers upon the minister. I am sure he has a sense of responsibility for the powers vested in and conferred upon him. This is a statute which in peace time no parliament ought to pass. I realize, however, and, indeed I was one of the first to realize, that in time of war extraordinary powers must be granted to the executive. But for that I should be opposing this type of measure with all the power at my command. Those are powers that ought not to continue after the war or for more than a reasonable period thereafter. I put that on record as a suggestion to those who follow after us, that legislation of this kind should not be allowed to continue in the post-war period, because it delegates to the executive powers that ought to be reserved to parliament in peace time. These are general observations and are not made with the intention of in any way holding up the passage of this bill.

There have, I think, been experiences in the immediate past of the department which probably call for some of these drastic powers. Within the memory of all of us abuses have crept in. As far as I am concerned, and speaking for myself alone, I say that the minister did right in connection with certain prosecutions that were instituted in Montreal. Public opinion has supported the ministry in the action taken; public opinion will continue to support it if they operate in the same way. Anybody who conspires to make by fraudulent means undue demands upon or undue profit out of the heavily taxed people of Canada should get what is coming to him. I make that statement without any reservation and irrespective of any individual to whom it may apply. I only wish that we could be sure that all the guilty people are being properly looked after. I have no specific cases in mind, but it is almost certain that in the huge transactions being carried on by the department there will always be someone trying to make an undue profit by ways that will not bear the light of day. I am, however, glad to think that industry as a whole in this country—I am sure the minister will support me in this assertion—has gained favourable reputation by the way in which they have dealt with these great public contracts. I know one of the biggest corporations in this country, a corporation that some hon. gentlemen take occasion to throw mud at from time to time, that is carrying on huge operations for this department without one cent of profit, not even a management fee. I have pleasure in naming it; it is Consolidated Smelters. I know of no company which has a better record in that regard. It is a pastime with some people in Canada to throw mud at big business. Well, there is big business, which is giving an example to the people of Canada to-day of carrying on huge operations without a dollar of profit from the taxpayers of this country. I could name others, but I am not going to. I could tell of the paper companies—I am saying this for the benefit of those who criticize industry from time to time—who have put at the disposal of this nation at war all the facilities they have in certain instances with respect to mechanics and industrial production. I think this word of credit ought to be spoken regarding them at this time.

I am a little far afield from the purpose of this bill, and I am not going to follow that further. I say this to the minister, that the powers given to him under this bill are great powers, and arising out of that very fact they ought to be exercised with the utmost discretion. Under this bill power is given to go in and take over my plant if the minister in his judgment thinks I am not operating it properly. That is a great power to vest in any one man; it is a power capable of great abuses if one were so disposed. I am not suggesting that there has been in any specific case an improper exercise of the powers given to the minister, but I recall that with respect to one company the management of which was taken out of the hands of the directors, they did protest against the minister's action. I am not in a position to judge as to the merits of their claim, but it illustrates this point, that unless the greatest care is taken great injustice may be done under the powers conferred by this bill. Therefore I beseech the minister and those who are advising him—because he must depend upon the sagacity and wisdom and judgment of his advisers, those who are sitting around him in an executive capacity—that they will be as wise as Solomon himself when they come to deal with this matter.

There are some provisions in the bill which do not commend themselves to me. When we reach certain sections we shall take occasion to point them out to the minister; I do not know that we can do more than that. The section to which he has referred as being the only new section will repay careful reading on the part of hon. members. I ask everyone to read this bill. We are not in a belligerent mood; we are in a rather judicial atmosphere here to-night. I ask hon. members to read section 23, the last section of the bill. It conveys to the minister and the authorities very grave powers. If I interpret it correctly, it violates certain principles of property and civil rights, and under normal peace conditions would be wholly unconstitutional. I have grave doubt whether this should be done even in war time.

Then, there is another section that caught my eye as I hurriedly read the bill this morning, with respect to the legal rights of parties in regard to damages that might accrue to them as a result of certain actions by the department. This parliament should not, even in war time, lightly legislate to take away the legal rights of citizens of this country. If we are to err at all we should err in favour of the citizen as against the crown. Every taxing statute; every statute that I am aware of dealing with the rights of the subject as against the crown, is always interpreted, under the standard canons of construction, where there is any doubt at all, in favour of the subject. I place myself in the judgment of the Minister of Justice (Mr. St. Laurent) if that statement is not generally correct. There are one or two sections here which definitely take away from the subject his common law rights, his rights in the civil courts of the country, and I would ask this house to scan those sections most carefully when we reach the committee stage. It may be that we shall all have some views on the subject. I appeal to those in the house who are lawyers to bring to this discussion their best knowledge and ability, because I do not think any hon. member, no matter where he sits or who he is, would willingly be a party to injustice by passing a statute, or who would willingly by statute, deprive a subject of his rights at law. None of us wants to do anything like that.

At a later stage on one of these sections I shall raise a question with respect to the right of the department to do certain things for other governments. We are all, in the united nations, fighting a common enemy. We are proceeding on the principle that if one of the allied partners has something which is required by another member of the partnership, there is an obligation which will compel us to utilize our facilities for the benefit of each other. But I know of a case—I will not mention the names of the parties since the matter is more or less in litigation now—in which this government requisitioned a company's ships not for its own purposes but in order to hand them over to the United States, which at the time was not even in the war. The minister knows to what I am referring, and I do not intend to be more specific than that. I suggest to the minister that this was an abuse of the powers of the crown. If the nation to which I have referred had been a belligerent at the time, the action taken might have and possibly would have been justified; but to take the ships of a Canadian citizen, even in time of war, hand them over to a neutral country, and then pass a statute, as the Minister of Public Works had one passed in this house in 1940—I remember catching that statute as it went through—which derogated from the common law rights of the owner to protect his position, was an abuse of the powers of the crown that ought not to have been allowed. I am sure if the implications of the whole thing had been understood by the house; if it had been understood by the ministry to what uses these statutes would be put, at all events it would have caused them to pause before taking such drastic action. You see how easy it is to have this happen when you give such power to a minister, no matter how good he may be, no matter how conscientious he may be, no matter how sincere in the performance of his duties. Someone will advise him wrongly; some one will recommend that he do thus and so, perhaps without giving him full knowledge of all the implications, and injustice creeps in. The granting of extraordinary powers carries with it as a corollary the demand and the obligation that such powers shall be used with the utmost justice, and that injustice never shall creep in.

Having made these general observations, I am quite content to have this bill given second reading, with the understanding that we shall be able to discuss particular features of it in the committee stage. Before sitting down, however, may I renew the appeal which I have made to the minister, and may I repeat the fear I have expressed that some of these powers at some time will be used, by the operation of other sections of the statute, to inflict great injustice, and that the right of the subject to redress as against the crown will, to say the least, be greatly diminished. I regret to have to make that statement, but I think the minister is going too far in respect of certain provisions which have the effect of cutting down the operation of the common law as

between the crown and the subject. I appeal to the sense of justice of the membership of this house not to give the approval of their countenance to legislation of that kind without the utmost justification.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, there is more to this than has been pointed out by the hon. member for York-Sunbury (Mr. Hanson), although I agree with the hon. member that it is our duty to scrutinize carefully this legislation which makes some changes in the Department of Munitions and Supply, the largest government department we have in Ottawa. I do not believe only in the letter of the law. We must take the letter and the spirit together, and we must go back to the time when the first information was given in regard to this department. I am interested in that, because I took part in the discussions concerning the famous Bren gun probe. The first chapter of the history of this department was written at that time, when the present Minister of Pensions and National Health (Mr. Mackenzie) was Minister of National Defence, and when Mr. Dunning, who was a very close friend of Mr. Purvis, was Minister of Finance. The probe came to no conclusion; there was no report. During the sittings of the committee the present Minister of National War Services (Mr. LaFleche) was attacked—unduly, I thought—and at the time, strange to say, I was the only member of the House of Commons to defend the hon. gentleman from my place in this chamber. In similar circumstances I would act again in the same way.

The beginning of the Department of Munitions and Supply was an organization known at the time as the national defence purchasing board. It was created before the war, and for a time it was not put into operation, because no man could be found in the dominion service to head a board of that kind. Finally an appeal was made to the Canadian National Railways, and Mr. Vaughan, who was one of the vice-presidents of that railway, and in charge of the purchasing branch, was appointed the first temporary head of the national defence purchasing board. He had with him a well known business man from Montreal, namely, Mr. C. E. Gravel, and Mr. H. B. Chase, who represented the labour unions. All three were very able men.

But that is not the point. Although no specific accusation was then made against the then Minister of National Defence—and there was only one minister of national defence at the time—the Minister of Finance of that time took advantage of the occasion to take from the Minister of National Defence the right to make any purchases. The Minister of National Defence had no right to make any purchases, but only the right to make requisitions to what is now known as the Department of Munitions and Supply, and at that time as the national defence purchasing board. Imagine such a condition!

After the institution of the national defence purchasing board the Minister of National Defence was rated as a clerk. But the big man of the Department of National Defence, a man who had no particular knowledge of the needs of the army, was the Minister of Finance. He could say to the Minister of National Defence: "You have asked for a cap, and you have asked for a Sam Browne. You do not need them. I know that, because I am Minister of Finance. You have asked for a gun. You do not need it, and I will not pay for it."

From the time of the institution of the national defence purchasing board the Minister of National Defence had not the right to buy a cap for a soldier or a sword for an officer. All those rights were in the hands of the national defence purchasing board, and that was under the then Minister of Finance, who was close to the late Mr. Purvis.

I said at the time that it was an institution which could not work, and that its creation was nonsensical. The Toronto papers said that I was the only Liberal who was voicing any protest. I was not merely the only Liberal; I was, sir, to my great surprise, the only member of the House of Commons who protested against the creation of such a thing. In the name of patriotism all members of the house had been canvassed.

I hold in my hand a copy of the Montreal *Gazette* of July 13, 1939, announcing the appointment of Mr. Vaughan, Mr. Gravel, Mr. Chase and also Mr. Sherman to the board. Then, on October 7, there appeared in the same newspaper a dispatch from F. C. Mears, the Ottawa correspondent of the Montreal *Gazette*, headed with these words, "Ottawa Supply Board to act as agents for British purchases."

Then, the war supply board, an altogether different organization, was created on November 1, 1939, under the chairmanship of Mr. Wallace R. Campbell of the Ford Motor company. Mr. Campbell stayed in Ottawa for some time. I hold in my hand another newspaper article from the same newspaper, under the date line of November 22, 1939, and headed with these words: "Defence deals will be tabled in parliament"; and the subheading: "War contracts to be made public, Premier King states; good cause for delay; bigger flow of orders promised soon; propaganda bureau is planned."

Then, on November 24, two days afterwards, the present Minister of Munitions and Supply was named to head the board of war supplies. It was at first the Minister of Finance who had taken upon himself the very great responsibility of having the national defence purchasing board placed under his own direction. What happened? This was a little more than six months before the death of Mr. Rogers, who was then Minister of National Defence. At that time the present Minister of National Defence was Minister of Finance. The war had just started. He had under his jurisdiction that white elephant known as the national defence purchasing board.

In its article of November 24, 1939, the Montreal *Gazette* said: "Howe is named to head board of war supply", and carried the subheading "Move leaves Ralston free for finance duties." That is right; the Minister of Finance could not handle it any more, because the war had started. This proves clearly, beyond doubt, that the attitude of the member for Témiscouata when the national defence purchasing board was instituted was sound and right. Then, supervision over all those purchases was given by the Department of Finance to the Minister of Munitions and Supply, who was then holding the portfolio of Minister of Transport. Finally—

Mr. SPEAKER: If the hon. member will permit me, I understand there is likely to be a blackout in Ottawa this evening. Just when it will be I do not know, but it may be during the course of this sitting. I suggest that when the blackout occurs the house should suspend its sitting, because all lights in the building will be turned out. Hon. members may do as they think best, either remain here or go to their rooms.

Mr. POULIOT: I will try to throw some light on the subject. The Minister of Finance could not handle the job. What had been forecast by his predecessor, Mr. Dunning, proved to be wrong. The system would not work in war time. Therefore, it was transferred to the present minister of munitions at the time when he was Minister of Transport. When it was found that he could not handle both the supply board and the Department of Transport, another minister took charge of the Department of Transport, and he himself became the head of the Department of Munitions and Supply.

I cannot understand the present relations between the Department of Munitions and Supply and the Department of National Defence. I understand that the munitions department is really the storeroom for everything needed by the three branches of the service. I have no objection to that, but I understand also that the financial powers of the Department of National Defence were first transferred to the Department of Finance and then were given away by the Department of Finance to another department, the munitions department. How is it that the Department of National Defence has a financial adviser? He is Mr. Magee, president of Barclay's bank, a former co-director of the present minister. I mentioned Mr. Magee on February 21, 1941, but I also mentioned another gentleman. Mr. Henry Borden, a nephew of Sir Robert Borden, former leader of the Conservative party, was also a co-director of the present Minister of National Defence before the war. This gentleman has been climbing all the time, and he is now coordinator of controls and chairman of the wartime industries control board in the Department of Munitions and Supply.

It will be seen how this association of vested money interests holds the trumps. The three ministers of national defence gave out a statement at the beginning of the war to the effect that there would be no patronage in their departments. When I mentioned the fact that the Minister of National Defence had brought his old chums from Barclay's bank to his department, he protested and said that Mr. Magee was a good Canadian citizen.

Mr. SLAGHT: I did not catch whether Your Honour said that there would be an adjournment for half an hour, after which we would return, or whether we were adjourning for the evening.

Mr. POULIOT: I can tell my hon. friend that it is immaterial.

Mr. SPEAKER: The house was to be suspended during the blackout but was to resume when the lights come on again.

Mr. HOWE: If I may interject, the fates seem to be against us on this bill. It has been put off from time to time and to-night we seem to be working under difficulties. I would suggest that the debate be adjourned.

Mr. POULIOT: I move that the debate be adjourned.

Motion agreed to and debate adjourned.

On motion of Mr. Howe the house adjourned at 8.55 p.m.

END OF VOLUME II