

DEBATES  
OF  
THE SENATE

OF THE  
DOMINION OF CANADA

1937

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OFFICIAL REPORT

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**Editor: DAVID J. HALPIN**

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

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**Translators: THE BUREAU FOR TRANSLATIONS**

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SECOND SESSION—EIGHTEENTH PARLIAMENT—1 GEORGE VI



OTTAWA  
J. O. PATENAUDE, I.S.O.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1937

# SENATORS OF CANADA

ACCORDING TO SENIORITY

APRIL 10, 1937

THE HONOURABLE W. E. FOSTER, P.C., SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
RAOUL DANDURAND, K.C.	De Lorimier	Montreal, Que.
JOSEPH P. B. CASGRAIN	De Lanaudière	Montreal, Que.
JOSEPH M. WILSON	Sorel	Montreal, Que.
RUFUS HENRY POPE	Bedford	Cookshire, Que.
GEORGE GORDON	Nipissing	North Bay, Ont.
ERNEST D. SMITH	Wentworth	Winona, Ont.
JAMES J. DONNELLY	South Bruce	Pinkerton, Ont.
CHARLES PHILIPPE BEAUBIEN	Montarville	Montreal, Que.
JOHN STEWART McLENNAN	Sydney	Sydney, N.S.
WILLIAM HENRY SHARPE	Manitou	Manitou, Man.
GEORGE LYNCH-STAUNTON	Hamilton	Hamilton, Ont.
CHARLES E. TANNER	Pictou	Halifax, N.S.
THOMAS JEAN BOURQUE	Richibucto	Richibucto, N.B.
HENRY W. LAIRD	Regina	Regina, Sask.
LENDRUM McMEANS	Winnipeg	Winnipeg, Man.
DAVID OVIDE L'ESPÉRANCE	Gulf	Quebec, Que.
AIMÉ BÉNARD	St. Boniface	Winnipeg, Man.
GEORGE HENRY BARNARD	Victoria	Victoria, B.C.
JAMES DAVIS TAYLOR	New Westminster	New Westminster, B.C.
EDWARD MICHENER	Red Deer	Calgary, Alta.
WILLIAM JAMES HARMER	Edmonton	Edmonton, Alta.
PIERRE EDOUARD BLONDIN, P.C.	Laurentides	St. François du Lac, Que.
GERALD VERNER WHITE	Pembroke	Pembroke, Ont.
SIR THOMAS CHAPAIS, K.B.	Grandville	Quebec, Que.
LORNE C. WEBSTER	Stadacona	Montreal, Que.
JOHN ANTHONY McDONALD	Shediac	Shediac, N.B.

## SENATORS OF CANADA

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
WILLIAM A. GRIESBACH, C.B., C.M.G.....	Edmonton.....	Edmonton, Alta.
JAMES A. CALDER, P.C.....	Saltcoats.....	Regina, Sask.
ROBERT F. GREEN.....	Kootenay.....	Victoria, B.C.
ARCHIBALD B. GILLIS.....	Saskatchewan.....	Whitewood, Sask.
ARCHIBALD H. MACDONELL, C.M.G.....	South Toronto.....	Toronto, Ont.
FRANK B. BLACK.....	Westmorland.....	Sackville, N.B.
ARTHUR C. HARDY, P.C.....	Leeds.....	Brockville, Ont.
ONÉSIPHORE TURGEON.....	Gloucester.....	Bathurst, N.B.
SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G.....	North York.....	Toronto, Ont.
CLIFFORD W. ROBINSON.....	Moncton.....	Moncton, N.B.
JAMES JOSEPH HUGHES.....	King's.....	Souris, P.E.I.
CREELMAN MACARTHUR.....	Prince.....	Summerside, P.E.I.
WILLIAM ASHBURY BUCHANAN.....	Lethbridge.....	Lethbridge, Alta.
ARTHUR BLISS COPP, P.C.....	Westmorland.....	Sackville, N.B.
JOHN PATRICK MOLLOY.....	Provencher.....	Morris, Man.
DANIEL E. RILEY.....	High River.....	High River, Alta.
RT. HON. GEORGE P. GRAHAM, P.C.....	Eganville.....	Brockville, Ont.
WILLIAM H. MCGUIRE.....	East York.....	Toronto, Ont.
DONAT RAYMOND.....	De la Vallière.....	Montreal, Que.
JAMES H. SPENCE.....	North Bruce.....	Toronto, Ont.
EDGAR S. LITTLE.....	London.....	London, Ont.
GUSTAVE LACASSE.....	Essex.....	Tecumseh, Ont.
HENRY HERBERT HORSEY.....	Prince Edward.....	Cressy, Ont.
WALTER E. FOSTER, P.C. (Speaker).....	Saint John.....	Saint John, N.B.
HANCE J. LOGAN.....	Cumberland.....	Parrsboro, N.S.
CAIRINE R. WILSON.....	Rockcliffe.....	Ottawa, Ont.
JAMES MURDOCK, P.C.....	Parkdale.....	Ottawa, Ont.
RODOLPHE LEMIEUX, P.C.....	Rougemont.....	Montreal, Que.
EDMUND WILLIAM TOBIN.....	Victoria.....	Bromptonville, Que.
GEORGES PARENT.....	Kennebec.....	Quebec, Que.
JULES-ÉDOUARD PRÉVOST.....	Mille Îles.....	St. Jérôme, Que.
JOHN EWEN SINCLAIR, P.C.....	Queen's.....	Emerald, P.E.I.
JAMES H. KING, P.C.....	Kootenay East.....	Victoria, B.C.
ARTHUR MARCOTTE.....	Ponteix.....	Ponteix, Sask.
ALEXANDER D. MCRAE, C.B.....	Vancouver.....	Vancouver, B.C.
RT. HON. ARTHUR MEIGHEN.....	St. Mary's.....	Toronto, Ont.
CHARLES COLQUHOUN BALLANTYNE, P.C.....	Alma.....	Montreal, Que.
WILLIAM HENRY DENNIS.....	Halifax.....	Halifax, N.S.

SENATORS OF CANADA

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
JOHN ALEXANDER MACDONALD.....	Richmond— West Cape Breton....	St. Peter's, Cape Breton, N.S.
JOSEPH H. RAINVILLE.....	Repentigny.....	St. Lambert, Que.
ALBERT J. BROWN.....	Wellington.....	Montreal, Que.
GUILLAUME ANDRÉ FAUTEUX, P. C.....	De Salaberry.....	Outremont, Que.
LUCIEN MORAUD.....	La Salle.....	Quebec, Que.
ALFRED ERNEST FRIPP.....	Ottawa.....	Ottawa, Ont.
LOUIS CÔTÉ.....	Ottawa East.....	Ottawa, Ont.
RALPH BYRON HORNER.....	Saskatchewan North... West Central	Blaine Lake, Sask.
WALTER MORLEY ASELTINE.....	Saskatchewan.....	Rosetown, Sask.
EDGAR N. RHODES, P.C.....	Amherst.....	Amherst, N.S.
THOMAS CANTLEY.....	New Glasgow.....	New Glasgow, N.S.
FELIX P. QUINN.....	Bedford-Halifax.....	Bedford, N.S.
JOHN L. P. ROBICHEAU.....	Digby-Clare.....	Maxwellton, N.S.
JOHN A. MACDONALD, P.C.....	Cardigan.....	Cardigan, P.E.I.
DONALD SUTHERLAND, P.C.....	Oxford.....	Ingersoll, Ont.
JAMES ARTHURS.....	Parry Sound.....	Parry Sound, Ont.
IVA CAMPBELL FALLIS.....	Peterborough.....	R.R. No. 3, Peterborough, Ont.
GEORGE B. JONES, P.C.....	Royal.....	Apohaqui, N.B.
ARTHUR SAUVÉ, P.C.....	Rigaud.....	Saint Eustache, Que.
ANTOINE J. LÉGER.....	L'Acadie.....	Moncton, N.B.
BENJAMIN F. SMITH.....	Victoria-Carleton.....	East Florenceville, N.B.
HENRY A. MULLINS.....	Marquette.....	Winnipeg, Man.
JOHN T. HAIG.....	Winnipeg South-Centre.	Winnipeg, Man.
EUGÈNE PAQUET.....	Lauzon.....	Bonaventure, Que.
CHARLES BOURGEOIS.....	Shawinigan.....	Three Rivers, Que.
FRANK P. O'CONNOR.....	Scarboro Junction....	Toronto, Ont.
WILLIAM DUFF.....	Lunenburg.....	Lunenburg, N.S.
JOHN W. DEB. FARRIS.....	.....	Vancouver, B.C.
ADRIAN K. HUGESSEN.....	Inkerman.....	Montreal, Que.

# SENATORS OF CANADA

## ALPHABETICAL LIST

APRIL 10, 1937

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ARTHURS, JAMES.....	Parry Sound.....	Parry Sound, Ont.
ASELTINE, W. M.....	West Central Saskatchewan.....	Rosetown, Sask.
AYLESWORTH, SIR ALLEN, P.C., K.C.M.G....	North York.....	Toronto, Ont.
BALLANTYNE, C. C., P.C.....	Alma.....	Montreal, Que.
BARNARD, G. H.....	Victoria.....	Victoria, B.C.
BEAUBIEN, C. P.....	Montarville.....	Montreal, Que.
BÉNARD, AIMÉ.....	St. Boniface.....	Winnipeg, Man.
BLACK, F. B.....	Westmorland.....	Sackville, N.B.
BLONDIN, P. E., P.C.....	Laurentides.....	St. François du Lac, Que.
BOURGOIS, CHARLES.....	Shawinigan.....	Three Rivers, Que.
BOURQUE, T. J.....	Richibucto.....	Richibucto, N.B.
BROWN, A. J.....	Wellington.....	Montreal, Que.
BUCHANAN, W. A.....	Lethbridge.....	Lethbridge, Alta.
CALDER, J. A. P.C.,.....	Saltecoats.....	Regina, Sask.
CANTLEY, THOMAS.....	New Glasgow.....	New Glasgow, N.S.
CASGRAIN, J. P. B.....	De Lanaudière.....	Montreal, Que.
CHAPAIS, SIR THOMAS, K.B.....	Grandville.....	Quebec, Que.
COPP, A. B., P.C.....	Westmorland.....	Sackville, N.B.
CÔTÉ, L.....	Ottawa, East.....	Ottawa, Ont.
DANDURAND, R., P.C.....	De Lorimier.....	Montreal, Que.
DENNIS, W. H.....	Halifax.....	Halifax, N.S.
DONNELLY, J. J.....	South Bruce.....	Pinkerton, Ont.
DUFF, WILLIAM.....	Lunenburg.....	Lunenburg, N.S.
FALLIS, IVA CAMPBELL.....	Peterborough.....	R.R. No. 3, Peterborough, Ont.
FARRIS, J. W. DEB.....	.....	Vancouver, B.C.
FAUTEUX, G. A., P.C.....	De Salaberry.....	Outremont, Que.
FOSTER, W. E., P.C. (Speaker).....	Saint John.....	Saint John, N.B.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
FRIPP, A. E.	Ottawa	Ottawa, Ont.
GILLIS, A. B.	Saskatchewan	Whitewood, Sask.
GORDON, G.	Nipissing	North Bay, Ont.
GRAHAM, RT. HON. GEO. P., P.C.	Eganville	Brockville, Ont.
GREEN, R. F.	Kootenay	Victoria, B.C.
GRIESBACH, W. A., C.B., C.M.G.	Edmonton	Edmonton, Alta.
HAIG, JOHN T.	Winnipeg South-Centre	Winnipeg, Man.
HARDY, A. C., P.C.	Leeds	Brockville, Ont.
HARMER, W. J.	Edmonton	Edmonton, Alta.
HORNER, R. B.	Saskatchewan North	Blaine Lake, Sask.
HORSEY, H. H.	Prince Edward	Cressy, Ont.
HUGESSEN, A. K.	Inkerman	Montreal, Que.
HUGHES, J. J.	King's	Souris, P.E.I.
JONES, GEORGE B., P.C.	Royal	Apohaqui, N.B.
KING, J. H., P.C.	Kootenay East	Victoria, B.C.
LACASSE, G.	Essex	Tecumseh, Ont.
LAIRD, H. W.	Regina	Regina, Sask.
LÉGER, ANTOINE J.	L'Acadie	Moncton, N.B.
LEMIEUX, R., P.C.	Rougemont	Montreal, Que.
L'ESPÉRANCE, D. O.	Gulf	Quebec, Que.
LITTLE, E. S.	London	London, Ont.
LOGAN, H. J.	Cumberland	Parrsboro, N.S.
LYNCH-STAUNTON, G.	Hamilton	Hamilton, Ont.
MACARTHUR, C.	Prince	Summerside, P.E.I.
MACDONALD, J. A.	Richmond— West Cape Breton	St. Peter's, Cape Breton, N.S.
MACDONALD, JOHN A., P.C.	Cardigan	Cardigan, P.E.I.
MACDONELL, A. H., C.M.G.	Toronto, South	Toronto, Ont.
MARCOTTE, A.	Ponteix	Ponteix, Sask.
MCDONALD, J. A.	Shediac	Shediac, N.B.
MCGUIRE, W. H.	East York	Toronto, Ont.
MCLENNAN, J. S.	Sydney	Sydney, N.S.
MCMEANS, L.	Winnipeg	Winnipeg, Man.
MCRAE, A. D., C.B.	Vancouver	Vancouver, B.C.
MEIGHEN, RT. HON. ARTHUR, P.C.	St. Mary's	Toronto, Ont.
MICHENER, E.	Red Deer	Calgary, Alta.
MOLLOY, J.P.	Provencher	Morris, Man.
MORAUD, L.	La Salle	Quebec, Que.
MULLINS, HENRY A.	Marquette	Winnipeg, Man.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
MURDOCK, JAMES, P.C.	Parkdale	Ottawa, Ont.
O'CONNOR, FRANK P.	Scarboro Junction	Toronto, Ont.
PAQUET, EUGÈNE	Lauzon	Bonaventure, Que.
PARENT, G.	Kennebec	Quebec, Que.
POPE, R. H.	Bedford	Cookshire, Que.
PRÉVOST, J. E.	Mille Îles	St. Jérôme, Que.
QUINN, FELIX P.	Bedford-Halifax	Bedford, N.S.
RAINVILLE, J. H.	Repentigny	St. Lambert, Que.
RAYMOND, D.	De la Vallière	Montreal, Que.
RHODES, EDGAR N., P.C.	Amherst	Amherst, N.S.
RILEY, D. E.	High River	High River, Alta.
ROBICHEAU, J. L. P.	Digby-Clare	Maxwellton, N.S.
ROBINSON, C. W.	Moncton	Moncton, N.B.
SAUVÉ, ARTHUR, P.C.	Rigaud	Saint Eustache, Que.
SHARPE, W. H.	Manitou	Manitou, Man.
SINCLAIR, J. E., P.C.	Queen's	Emerald, P.E.I.
SMITH, B. F.	Victoria-Carleton	East Florenceville, N.B.
SMITH, E. D.	Wentworth	Winona, Ont.
SPENCE, J. H.	North Bruce	Toronto, Ont.
SUTHERLAND, DONALD, P.C.	Oxford	Ingersoll, Ont.
TANNER, C. E.	Pictou	Pictou, N.S.
TAYLOR, J. D.	New Westminster	New Westminster, B.C.
TOBIN, E. W.	Victoria	Bromptonville, Que.
TURGEON, O.	Gloucester	Bathurst, N.B.
WEBSTER, L. C.	Stadacona	Montreal, Que.
WHITE, G. V.	Pembroke	Pembroke, Ont.
WILSON, C. R.	Rockcliffe	Ottawa, Ont.
WILSON, J. M.	Sorel	Montreal, Que.

# SENATORS OF CANADA

## BY PROVINCES

APRIL 10, 1937

### ONTARIO—24

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 GEORGE GORDON .....	North Bay.
2 ERNEST D. SMITH .....	Winona.
3 JAMES J. DONNELLY .....	Pinkerton.
4 GEORGE LYNCH-STAUNTON .....	Hamilton.
5 GERALD VERNER WHITE .....	Pembroke.
6. ARCHIBALD H. MACDONELL, C.M.G. ....	Toronto.
7 ARTHUR C. HARDY, P.C. ....	Brockville.
8 SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G. ....	Toronto.
9 RT. HON. GEORGE P. GRAHAM, P.C. ....	Brockville.
10 WILLIAM H. MCGUIRE .....	Toronto.
11 JAMES H. SPENCE .....	Toronto.
12 EDGAR S. LITTLE .....	London.
13 GUSTAVE LACASSE .....	Tecumseh.
14 HENRY H. HORSEY .....	Cressy.
15 CAIRINE R. WILSON .....	Ottawa.
16 JAMES MURDOCK, P.C. ....	Ottawa.
17 RT. HON. ARTHUR MEIGHEN, P.C. ....	Toronto.
18 ALFRED E. FRIPP .....	Ottawa.
19 LOUIS CÔTÉ .....	Ottawa.
20 DONALD SUTHERLAND, P.C. ....	Ingersoll.
21 JAMES ARTHURS .....	Parry Sound.
22 IVA CAMPBELL FALLIS .....	R. R. No. 3, Peterborough.
23 FRANK P. O'CONNOR .....	Toronto.
24 .....	.....

## QUEBEC—24

SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
THE HONOURABLE		
1 RAOUL DANDURAND, P.C.....	De Lorimier.....	Montreal.
2 JOSEPH P. B. CASGRAIN.....	De Lanaudière.....	Montreal.
3 JOSEPH M. WILSON.....	Sorel.....	Montreal.
4 RUFUS H. POPE.....	Bedford.....	Cookshire.
5 CHARLES PHILIPPE BEAUBIEN.....	Montarville.....	Montreal.
6 DAVID OVIDE L'ESPERANCE.....	Gulf.....	Quebec.
7 PIERRE EDOUARD BLONDIN, P.C.....	Laurentides.....	St. François du Lac.
8 SIR THOMAS CHAPAIS, K.B.....	Grandville.....	Quebec.
9 LORNE C. WEBSTER.....	Stadacona.....	Montreal.
10 DONAT RAYMOND.....	De la Vallière.....	Montreal.
11 RODOLPHE LEMIEUX, P.C.....	Rougemont.....	Montreal.
12 EDMUND W. TOBIN.....	Victoria.....	Bromptonville.
13 GEORGES PARENT.....	Kennebec.....	Quebec.
14 JULES-EDOUARD PRÉVOST.....	Mille Iles.....	St. Jérôme.
15 CHARLES C. BALLANTYNE, P.C.....	Alma.....	Montreal.
16 JOSEPH H. RAINVILLE.....	Wellington.....	St. Lambert.
17 ALBERT J. BROWN.....	Repentigny.....	Montreal.
18 GUILLAUME A. FAUTEUX, P.C.....	De Salaberry.....	Outremont.
19 LUCIEN MORAUD.....	La Salle.....	Quebec.
20 ARTHUR SAUVÉ, P.C.....	Rigaud.....	Saint Eustache.
21 EUGÈNE PAQUET.....	Lauzon.....	Bonaventure.
22 CHARLES BOURGEOIS.....	Shawinigan.....	Three Rivers.
23 ADRIAN K. HUGESSEN.....	Inkerman.....	Montreal.
24 .....	.....	.....

NOVA SCOTIA—10

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

NEW BRUNSWICK—10

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

PRINCE EDWARD ISLAND—4

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

## BRITISH COLUMBIA—6

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

## MANITOBA—6

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 WILLIAM H. SHARPE.....	Manitou.
2 LENDRUM McMEANS.....	Winnipeg.
3 AIMÉ BÉCARD.....	Winnipeg.
4 JOHN PATRICK MOLLOY.....	Morris.
5 HENRY A. MULLINS.....	Winnipeg.
6 JOHN T. HAIG.....	Winnipeg.

## SASKATCHEWAN—6

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 HENRY W. LAIRD.....	Regina.
2 JAMES A. CALDER, P.C.....	Regina.
3 ARCHIBALD B. GILLIS.....	Whitewood.
4 ARTHUR MARCOTTE.....	Ponteix.
5 RALPH B. HORNER.....	Blaine Lake.
6 WALTER M. ASELTINE.....	Rosetown.

## ALBERTA—6

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

## CANADA

# The Debates of the Senate

### OFFICIAL REPORT

#### THE SENATE

Thursday, January 14, 1937.

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

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

Prayers.

#### OPENING OF THE SESSION

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

#### NEW SENATOR INTRODUCED

Hon. Adrian Knatchbull Hugessen, K.C., of Inkerman, Quebec, introduced by Hon. Raoul Dandurand and Right Hon. George P. Graham.

The Senate adjourned during pleasure.

#### SPEECH FROM THE THRONE

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

Honourable members of the Senate:

Members of the House of Commons:

It affords me much pleasure to meet you at the commencement of another session of Parliament.

The people of Canada, in common with the peoples of the other parts of the British Commonwealth of Nations, learned with deep

concern of the decision of His Majesty King Edward the Eighth to renounce the Throne for himself and his descendants. In accordance with the Statute of Westminster, steps were immediately taken to set forth the request and consent of Canada to the enactment of legislation by the Parliament at Westminster for the purpose of giving effect to His Majesty's instrument of abdication and providing for the succession to the Throne. In accordance with the same statute, the assent of the Parliament of Canada will be sought to the alteration in the law touching the succession.

You will be invited to adopt a resolution expressive of the loyalty of the members of both Houses of Parliament to His Majesty King George the Sixth.

His Majesty has been graciously pleased to set the twelfth of May as the date for his Coronation. Provision will be recommended for the appropriate representation of Canada at the Coronation ceremonies.

An Imperial Conference will be held in London, beginning in May of this year, for the consideration of questions of interest to the various members of the British Commonwealth.

The international situation continues to give much ground for anxiety. The September Assembly of the League of Nations gave earnest consideration to the bearing of recent developments upon the activities of the League, and a committee was appointed, on which Canada is represented, to consider the question of the application of the principles of the Covenant.

Happily, international relations on this continent, and conditions in Canada, present a striking contrast to those of many other countries.

The visit of the President of the United States to Canada in July last was a much appreciated expression of international friendliness and good-will.

The year just closed has witnessed a steady improvement in conditions throughout Canada, and has borne testimony to the beneficial effects of the fiscal policies of the Administration, and of other methods employed to achieve national recovery. A very definite restoration of confidence is in itself an augury of the continuance of recovery.

A marked increase in trade and commerce has been accompanied by a noticeable improvement in the general economic position. Outstanding features of this improvement have been an expansion of markets, a revival of industry, an increase in employment, ascending government revenues, and upward trends in wages and prices. In the primary industries improvement has been especially noteworthy.

There has been a pronounced increase in the volume of farm products exported. It is the intention of the Government to continue a vigorous promotion of the sale of agricultural products at home and abroad.

The Government's efforts to expand Canada's trade have been unremitting. Since the last session of Parliament Ministers of the Crown have visited Great Britain and other countries, to participate personally in the negotiation of trade agreements. At the present time, the Minister of Trade and Commerce is on the way to Australia and New Zealand to discuss the revision of existing agreements.

You will be pleased to learn that an agreement in principle has been reached between His Majesty's Governments in the United Kingdom and Canada with respect to a new trade agreement. The agreement itself will be submitted for your approval during the present session.

With the assistance and co-operation of the National Employment Commission, progress has been made in coping with unemployment and relief. Relief camps were closed on July 1. A registration of unemployed persons on relief has been completed. Dominion-provincial agreements have been entered into respecting a Farm Employment Plan, under the terms of which work has been provided for thousands of single homeless men. A Home Improvement Plan has been put into operation. Despite these measures, however, and the substantial increase of employment, the provision for large numbers still on relief remains a foremost problem.

Measures will be taken, in co-operation with the provinces, to assist in the establishment of unemployed young people.

A comprehensive program to meet the serious conditions created by widespread and intense drought in Western Canada was adopted during the summer months.

The amalgamation and consolidation of certain branches of the public service, for which provision was made at the last session, have been effected. The board of governors of the Canadian Broadcasting Corporation and the board of directors of the Canadian National Railways have been appointed and have entered upon their duties. Through the purchase of stock and the appointment of directors, authorized by Parliament, the Government has assumed a predominant interest in the ownership, and an effective control of the Bank of Canada.

Measures will be introduced to provide for the establishment of a trans-Canada air service; to extend the authority of the Board of Railway Commissioners, and to revise the capital structure of the Canadian National Railways. Among other proposed legislative enactments to which your attention will be invited, will be bills to facilitate the making of loans for the repair and improvement of rural and urban homes; to amend and consolidate the Acts which relate to combines in trade and industry, and to provide for pensions to the blind at a lower age than seventy years. A measure will also be submitted with respect to the discharge, in any coin or currency which is legal tender, of debt payment at present required to be made in gold or gold coin.

Members of the House of Commons:

The public accounts of the last fiscal year and the estimates for the coming year will be submitted for your consideration.

The Hon. the SPEAKER.

Honourable members of the Senate:

Members of the House of Commons:

In again inviting your careful consideration of the important matters which will engage your attention, I pray that Divine Providence may guide and bless your deliberations.

His Excellency the Governor General was pleased to retire, and the House of Commons withdrew.

The sitting of the Senate was resumed.

## ABDICATION OF KING EDWARD VIII

### MESSAGE FROM HIS FORMER MAJESTY

Hon. Mr. DANDURAND: Honourable members of the Senate, the Prime Minister has received from His Excellency the Governor General a message from His former Majesty, King Edward VIII, dated the 10th of December, 1936, and the instrument of abdication of Edward VIII, of the same date.

The message communicates His former Majesty's final and irrevocable decision to renounce the Throne to which he succeeded on the death of his father, and sets forth the instrument of abdication executed by King Edward VIII on that day.

Originals of the instrument of abdication and of the message, each signed in His former Majesty's own hand, were forwarded by command of King Edward VIII, by letter, from Buckingham Palace, December 10, 1936, to His Excellency the Governor General.

The text of the instrument of abdication and of His former Majesty's message was communicated by cable to His Excellency the Governor General on the morning of December 10, 1936, and immediately communicated by His Excellency to his Ministers.

The originals of the message and of the instrument of abdication are at present in the personal possession of the Prime Minister. It is the Prime Minister's intention, unless honourable members of either the Senate or the Commons should otherwise direct, to have them deposited, for safe custody, in the Office of the Privy Council.

I place in your hands, Mr. Speaker, to be read to honourable members, and to be retained among the records of this House, a photostatic copy of each of these documents. I would ask your Honour to read these documents.

The Hon. the SPEAKER: Honourable senators, I have a message from His former Majesty, King Edward VIII, dated the 10th of December, 1936, which reads as follows:

Fort Belvedere,  
Sunningdale,  
Berkshire.

After long and anxious consideration, I have determined to renounce the Throne to which I succeeded on the death of my father, and am now communicating this, my final and irrevocable decision. Realizing as I do the gravity of this step, I can only hope that I shall have the understanding of my peoples in the decision I have taken and the reasons which have led me to take it. I will not enter now into my private feelings, but I would beg that it should be remembered that the burden which constantly rests upon the shoulders of a sovereign is so heavy that it can only be borne in circumstances different from those in which I now find myself. I conceive that I am not overlooking the duty that rests on me to place in the forefront the public interest when I declare that I am conscious that I can no longer discharge this heavy task with efficiency or with satisfaction to myself.

I have accordingly this morning executed an instrument of abdication in the terms following:

"I, Edward VIII, of Great Britain, Ireland, and the British Dominions beyond the Seas, King, Emperor of India, do hereby declare my irrevocable determination to renounce the Throne for myself and for my descendants, and my desire that effect should be given to this instrument of abdication immediately.

"In token whereof I have hereunto set my hand this tenth day of December, nineteen hundred and thirty-six, in the presence of the witnesses whose signatures are subscribed.

(Signed) Edward R. I."

My execution of this instrument has been witnessed by my three brothers, Their Royal Highnesses the Duke of York, the Duke of Gloucester and the Duke of Kent.

I deeply appreciate the spirit which has actuated the appeals which have been made to me to take a different decision, and I have, before reaching my final determination, most fully pondered over them. But my mind is made up. Moreover, further delay cannot but be most injurious to the peoples whom I have tried to serve as Prince of Wales and as King, and whose future happiness and prosperity are the constant wish of my heart.

I take my leave of them in the confident hope that the course which I have thought it right to follow is that which is best for the stability of the Throne and Empire and the happiness of my peoples. I am deeply sensible of the consideration which they have always extended to me both before and after my accession to the Throne, and which I know they will extend in full measure to my successor.

I am most anxious that there should be no delay of any kind in giving effect to the instrument which I have executed and that all necessary steps should be taken immediately to secure that my lawful successor, my brother, His Royal Highness the Duke of York, should ascend the Throne.

(Signed) Edward R. I.

10th December, 1936.

The instrument of abdication reads as follows:

31117-1½

Instrument of Abdication

I, Edward the Eighth, of Great Britain, Ireland, and the British Dominions beyond the Seas, King, Emperor of India, do hereby declare my irrevocable determination to renounce the Throne for myself and for my descendants, and my desire that effect should be given to this Instrument of Abdication immediately.

In token whereof I have hereunto set my hand this tenth day of December, nineteen hundred and thirty-six, in the presence of the witnesses whose signatures are subscribed.

Signed at  
Fort Belvedere  
in the presence  
of

(Signed) Edward R. I.

(Signed) Albert  
Henry  
George

RAILWAY BILL

FIRST READING

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

CONSIDERATION OF HIS  
EXCELLENCY'S SPEECH

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

ADDRESS TO HIS MAJESTY KING  
GEORGE VI

Hon. RAOUL DANDURAND: Honourable senators, I give notice that at the next sitting of the Senate I shall move a resolution to extend the greetings of the members of this House to His Majesty King George VI upon His Majesty's accession to the Throne, and to convey to His Majesty and to Her Majesty the Queen the assurance of our loyalty and support.

The Senate adjourned until Tuesday, January 19, at 3 p.m.

THE SENATE

Tuesday, January 19, 1937.

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

Prayers and routine proceedings.

COMMITTEE OF SELECTION

Hon. Mr. DANDURAND moved:

That pursuant to Rule 77 the following senators to wit: Honourable Senators Beaubien, Buchanan, Graham, Horsey, Meighen, Sharpe, Tanner, White and the mover be appointed a

Committee of Selection to nominate senators to serve on the several standing committees during the present session; and to report with all convenient speed the names of the senators so nominated.

The motion was agreed to.

#### COMMITTEE ON ORDERS AND PRIVILEGES

Hon. Mr. DANDURAND moved:

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

The motion was agreed to.

#### TRIBUTE TO DECEASED SENATORS

##### THE LATE SENATORS SMEATON WHITE AND CHARLES McDONALD

Hon. RAOUL DANDURAND: Honourable members, it is my sad duty to note the departure from our midst of Senator Smeaton White, who was with us for some twenty years. His name was so closely associated with the Montreal Gazette that one could never think of him without at the same time linking him with his lifework. We who were of his age, from our college days awaited his paper every morning for the domestic and foreign news, and for its interesting commentary on the various activities of the nation as viewed by the sober-minded conservative element of the community. The Montreal Gazette has been looked upon by its readers as a national institution that any country might be proud of.

I knew Honourable Thomas White, the talented journalist, and his brother, Richard White, the managing director, both of whom in their respective spheres were succeeded by sons who were worthy of their sires.

Journalism and politics are closely allied. The journalist is naturally versed in public affairs. It is no wonder, therefore, that three of the family entered Parliament and therein pursued a brilliant career. Our colleague, who came from the manager's desk, was of a modest and retiring disposition, but when clothed with the full responsibility of president of the company and that of a member of Parliament, he took a greater interest in the political direction of the paper, and more and more impressed his views and his personality upon its policies. He brought the Gazette to a very high level in the newspaper realm. May I be allowed to state that many a time while I was in Europe there were crucial moments when the European press was filled with news of events

Hon. Mr. DANDURAND.

developing in its very midst, with accompanying commentaries. When, six or eight days later, the Gazette came to hand, I was somewhat proud to give the palm to my home paper. From afar it seemed to have a better perspective and a wider vista.

I feel that what I am stating of his life work would highly please our departed colleague. Senator White's experience, judgment and advice were valuable to this Chamber and to the State, which he served in many a field. To draw closer the East and the West, he often invited groups of senators to journey through our industrial centers, so as to familiarize them with our principal eastern activities. He was, in the whole acceptance of the term, a public-spirited citizen.

To his relatives and his journalistic family I know the Senate will join me in extending our heartfelt sympathy in the loss they have sustained.

The Senate would have been happy to welcome the Honourable Charles McDonald since his appointment to this Chamber in December, 1935. Unfortunately, illness prevented him from being introduced to His Honour the Speaker. He was elected to the House of Commons in 1925 and generously offered his seat to Right Honourable Mr. King, the Prime Minister. To the late Mr. McDonald's family we extend the sympathy of the Senate.

Right Hon. ARTHUR MEIGHEN: I did not have the privilege of knowing Senator McDonald, to whom reference was last made by the honourable leader of this House. He had been a resident of Prince Albert for many years, and from there went to Vancouver, where he was living at the time of his elevation to this Chamber. We can be called upon, and we respond naturally to the call, to express our sorrow to those who depended upon him, our sympathy to his bereaved family and our regrets that his talents were not available to us, as no doubt all of us would have liked to have him associated with this Chamber.

We on this side of the House appreciate to the full the very generous tribute paid by the leader of the House to the memory of one of our number, the Honourable Smeaton White, who for a long time was a member of this Chamber. It was my privilege to know the late Senator White since my entry into public life, which took place a long while back, almost thirty years ago. Naturally and necessarily I followed his career as a man of considerable prominence in the business community, as a man who had an active and exceedingly independent

political life, and still more as one who achieved what few if any others have accomplished in our Dominion, the establishment of a great newspaper.

Senator White took part in many business activities. And he made it a point, as the honourable leader of the House has intimated, to endeavour to have people of the far ends of our Dominion know something about, and develop some sympathy for, great industrial enterprises of certain sections of the Dominion. In that effort he did a work of great good, a work that is most necessary in this country, where our distances are so great and there is consequently a severance of sympathy from which smaller countries do not suffer.

I have referred to his attitude of independence in the field of politics. True, he always leaned to the steady, the solid, what we like to describe as the conservative point of view, but he did this certainly from principle and not at any time out of any personal considerations. He knew a lot about the politics of Canada and the politics of the world.

These were the qualifications that made him a great newspaper proprietor, in which capacity, of course, he achieved his greatest distinction. I do not think it is an expression of partiality to say that no nation, to my knowledge, ever enjoyed the services of a national newspaper of higher calibre and more outstanding usefulness than was the Montreal Gazette. As a newspaper it was the pride of Canadians of all political persuasions, and especially of all Canadians engaged in local and international business affairs. It was a great institution, as it is still. That institution is largely the work of Senator Smeaton White. One who effects such an accomplishment as this for a nation achieves something that is perhaps not adequately estimated by the average citizen, though very essential for the country. To him of our number who created, built up and has left the Montreal Gazette we pay a tribute of sincere respect. I join with the honourable leader of the Government in asking that there be conveyed to the business associates of our late colleague, who I know mourn him greatly, and to his relatives, our united sense of sympathy.

#### ADDRESS TO HIS MAJESTY KING GEORGE VI

Hon. RAOUL DANDURAND: Honourable members of the Senate, I desire to move the adoption of an Address to His Majesty King George VI, which will be seconded by my right honourable friend opposite (Right

Hon. Mr. Meighen) and, I am quite sure, unanimously adopted by this Chamber. The Address reads:

Resolved: That a humble Address be presented to His Majesty the King in the following words:

To The King's Most Excellent Majesty:

Most Gracious Sovereign:

We, the Members of the Senate of Canada, in Parliament assembled, desire respectfully to extend our greetings upon Your Majesty's accession to the Throne, and to convey to Your Majesty and to Her Majesty the Queen the assurance of our united loyalty and support.

Your Majesty's gracious New Year's message, sending warmest wishes for the welfare and happiness of your peoples, and dedicating yourself and the Queen to their service, has been deeply appreciated by Your Majesty's subjects in Canada in common with those of other parts of the British Empire. We believe that, under the blessing of Divine Providence, Your Majesty will be vouchsafed guidance and strength to meet the responsibilities of your noble heritage, and to fulfil your purpose to strengthen the foundations of mutual trust and affection between the Sovereign and his people.

We pray that, amid the confusions of the world, and the uncertainties of the times, Your Majesty's Throne may be established in righteousness; that Your Majesty's counsellors may be endowed with wisdom; and that all endeavours of Your Majesty's reign may be directed to the well-governing of your peoples, the preservation of freedom, and the advancement of unity and peace.

There is hardly any call for more words on my part. Yet I am prompted to draw a parallel between George V and George VI, the father and son. Like his father, our Sovereign is a second son, and like him he was trained for a naval career. Like his father, he has a modest bearing, is unassuming and kindly. Like his father, he has a marked preference for home life. Like his father, he is privileged to have by his side a loveable Consort. Like his father, he shows devotion to the public weal and practical sympathy for the welfare of the people.

The King has been an active president of many social organizations, chief among them the Industrial Welfare Society.

The people will love their King and Queen for those qualities of head and heart which represent their own ideal and which form the texture of the British character.

Our Sovereigns are blessed with two bright and most amiable daughters, who bring to their home constant sunshine. I can only repeat the ardent prayer expressed by this resolution: that the Almighty may continue to guide and bless them through a long and happy life.

Hon. SENATORS: Hear, hear.

Right Hon. ARTHUR MEIGHEN: Honourable members, I rise with real pleasure to second the resolution so happily phrased, and so gracefully supported by the honourable leader of the Senate. Little can usefully be added to expressions which have come from the lips of leaders of the other House, now supplemented by the leader of our own, in support of the motion to which it is a proud privilege for us one and all to give our assent. I do not think the Prime Minister has ever delivered a more impressive, more chastely expressed or more thoroughly appropriate speech than the one he made in support of this resolution in the other Chamber.

We all have in mind, inevitably, the unfortunate circumstances which brought about finally the abdication of His late Majesty King Edward VIII and the succession to the Throne of his brother, the Duke of York, now King George VI. It does not become us, in my judgment, to comment unnecessarily, and certainly not to comment critically, upon those events which commanded the attention of the universe, and led to the fall of one king and the succession of another in the greatest Empire the world has seen. We can only look back upon those events with regret that they did occur, and with pride that the nation was so well guided through them. We can now think of our late Monarch with feelings of sympathy, indeed of affection. We make no criticism. We are proud, though, that within the circle of his family a successor has come forward in whom there is unanimous confidence that he will assume the high role which devolves upon him and discharge its onerous duties as have others of his line in years lately gone by.

The honourable leader of the Government has called aptly to our attention qualities which distinguish King George VI, qualities which we like to see in Britain's Monarch—in our Monarch—because we know they conform to that great constitutional system under which we live, because we feel they are essential to the proper working of that system, and because particularly they were possessed by his father, of happy memory. We feel the more reliance because we are assured—and those of us who have had the honour of a brief acquaintance can add to the assurance—that he is indeed the successor of his father in more than a legal sense; he is the heir to his talents, to his industry, and to his virtues.

With real earnestness and high hope I second the resolution.

The motion was agreed to.

Hon. Mr. DANDURAND.

Hon. Mr. DANDURAND moved, seconded by Right Hon. Mr. Meighen:

That the Hon. the Speaker do sign the said Address to His Most Excellent Majesty the King on behalf of the Senate.

The motion was agreed to.

## THE GOVERNOR GENERAL'S SPEECH

### ADDRESS IN REPLY

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

Hon. ADRIAN K. HUGESSEN rose to move that an Address be presented to His Excellency the Governor General to offer the humble thanks of this House to His Excellency for the gracious Speech which he has been pleased to make to both Houses of Parliament.

He said: Honourable senators, in rising to move the Address in reply to the Speech from the Throne, may I ask for your kindly indulgence to the natural embarrassment of the most recently appointed member of this distinguished body in addressing it for the first time? A new member of this House who feels greatly, and undeservedly, honoured by admission to its ranks, is naturally enough largely unacquainted with its functions and attributes and with what is expected of him. To such a one it is a great help to find some guide to the place that this assembly is designed to occupy in the political life of the country. That guide I have been fortunate enough to obtain by a careful perusal of the very eloquent speech delivered last month to the Canadian Club of Montreal by the right honourable gentleman who leads on the other side of the House (Right Hon. Mr. Meighen).

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HUGESSEN: As the representative of the electoral district of Inkerman, I am one of the representatives here of the Protestant English-speaking minority in the province of Quebec, and as such I was particularly interested in one of the remarks which my right honourable friend made, as reported in the Montreal Gazette the following day. He said:

It is clear that there devolves upon the Upper House the duty of having special and peculiar regard to minority and sectional rights in Canada, to see that the majority exercising its full force in the representative Chamber where population controls is not permitted to ride over the proper rights and privileges of minorities.

That is no doubt the case. But if honourable members will allow me to make a personal digression for a moment, may I tell them that I have been a resident of the province of Quebec for now nearly thirty years and I can truthfully say that at no time during that period have I ever felt that I was a member of a minority existing there merely upon sufferance or the forbearance of the majority. As the honourable gentleman who leads on this side of the House (Hon. Mr. Dandurand) has said, I think, on several occasions when he has so ably represented this country at the sessions of the League of Nations at Geneva, we have solved our minority problems in Canada and in the province of Quebec. We have none of those difficult, dangerous and sometimes tragic problems of racial minorities which afflict and embitter the political life of more than one of the countries of Europe. I think we may be said to have solved our minority questions on the basis of mutual respect. We respect one another in the province of Quebec; and from respect it is a very short step to sympathy and understanding. It is true, honourable members, that I am one of the representatives here of the Protestant minority in the province of Quebec, but one of the very last things that I expect ever to have to do in this Chamber is to protest against any infringement of the rights of that minority.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HUGESSEN: Now, honourable members, may I be permitted to advert for a few moments to certain features of the gracious Speech from the Throne. It is extremely satisfactory to know that the external trade of the country is improving, and it is particularly gratifying to learn that negotiations with Great Britain for a new trade treaty are on the point of completion. I think it is generally admitted that in an increase in the international trade of this country we shall find an answer to most of the difficult problems which now confront us: the problem of unemployment, the problem of deficits in the Canadian National Railways, the problem of national indebtedness.

Unemployment, unfortunately, is still with us in considerable degree, particularly in some of our larger cities, but that problem is being rapidly brought into focus, and, if I may so term it, broken down into its constituent parts by the extremely efficient and good work that is being done by the National Employment Commission.

If I might make so bold as to offer a suggestion to the Government, it seems to me that from the experience of other countries it is clear that one of the best methods of further reducing unemployment would be to encourage building activities, particularly the building of houses. A good start has been made in that respect by the home improvement plan which has been brought into effect by the National Employment Commission, but something more still can be done, I think, along those lines. It would seem that the building industry is one which, with its collateral branches, employs, and is capable of employing, a very large number of additional men, and it is not one of those industries which are susceptible of being too much subjected to the competition between the machine and the man. You have to employ men in your building industries, and you cannot substitute the machine, as you can in certain other industries.

The gracious Speech refers to foreign affairs in these terms:

The international situation continues to give much ground for anxiety.

That immediately brings up the question of what part this country should play on the international field. We hear two rather extreme opinions expressed on that subject. The first is what one might call the isolationist point of view. The supporters of it express the belief that, apart from any obligations that we may have as a member of the British Commonwealth of Nations or as a member of the League of Nations, we should cut ourselves off entirely from any external affairs, live to ourselves alone; and at the other extreme you have the point of view of the ardent Imperialist who tells us that as a member of the British Empire we are bound to be directly affected by anything which happens throughout the world.

I submit there are objections to both those extremes. Take first the Imperialist point of view. I do not think it will be denied that public opinion in this country would never sanction the idea that Canada should intervene with armed forces in any dispute, however trivial or however far removed from this country, merely because another part of the Empire was involved in that dispute. But objection applies also, it seems to me, to the isolationist point of view. Let us suppose that Great Britain were at war with some other major power. I do not think for a moment that public opinion in this country would ever tolerate a state of affairs in which we not merely kept out of the conflict, but

engaged in selling to the opposing government munitions and materials of war to be used in fighting against Great Britain. It seems to me that the least we could do under circumstances of that kind would be to break off trade relations with the opposing power.

Probably, as is so often the case with extreme views, both of them are wrong, and the true course for this country to pursue lies somewhere between them. I do not know but what the only thing for us to do at the present time is to follow a policy somewhat similar to that which Great Britain appears to be following in Europe—to take no definite stand, but to wait upon events and finally, if and when a crisis arises, decide what attitude we shall take in that crisis in the light of circumstances existing at that time, and in the meantime to continue our support of the League of Nations. As the gracious Speech says, let us use all our endeavours to try to make it more effective than it has proved to be in the past.

In the field of international matters one thing, I hope, is certain, and that is that the people of this country have no sympathy for the totalitarian state, whether it call itself Nazi or Facist or Communist. We believe in the rights of democracy and the rights of the individual. We can have no part nor lot with political systems which treat their nationals as so many sheep to be led to the slaughter for the greater glory of the state; which indulge in dangerous international adventures in order to enhance the prestige of the reigning dictator, or for the purpose of diverting the minds of their unfortunate nationals from their economic and political miseries.

The gracious Speech refers to the extremely satisfactory relations existing between the nations of the North American continent, and to the visit this summer to Canada of the President of the United States. Those relations have been still further improved during the last few weeks by the Pan-American Conference, and by the visit of the President of the United States to that conference; and I think all those who have read the speech which the President there made in defence of the democratic regime and of the rights of free speech will agree that Canada stands four-square behind the sentiments which he then expressed—noble sentiments nobly expressed.

Honourable members of the Senate, in moving the resolution which stands in my name I can only conclude by thanking honourable members for the kindness and forbearance with which they have listened to me.

Hon. Mr. HUGESSEN.

Hon. GEORGES PARENT (Translation): Honourable senators, I do not know whether the opportunity of moving or seconding the Address in reply to the Speech from the Throne may be called good fortune. Nearly thirty-two years ago I had a similar opportunity, and in 1905 I had to perform, in the House of Commons, the same duty which I have to carry out to-day. Therefore this coincidence, if I may use the expression, necessarily reminds me that I am no longer a young man, and if my enthusiasm lacks somewhat in intensity, it might nevertheless be said, as in the song: "My youth is gone, and still I sing."

Having been involved for so many years in political events which I have lived through and been called upon to fight against or defend more often than I wished, probably I may be permitted—at least I hope so—to make a few general observations that can be drawn from the Speech from the Throne.

My task will be all the more pleasant owing to the fact that the honourable senator from Inkerman made it easier by the eloquent speech to which we have just listened.

During the parliamentary recess our Canadian homeland has heard hardly anything but words of peace, such as those which were exchanged on the occasion of the memorable visit of the President of the United States, who was welcomed by the Canadian authorities with all the respect due to his high office.

Conditions, however, are not the same in Europe. Soon after the victory achieved by powerful Italy under conditions which on several occasions gave rise to fear of a more serious conflict, there broke out in Spain a most dreadful civil war. It is said to be the first clash between two principles which we look upon as being extreme: Communism and Fascism. Such a spectacle gives the democracies some food for thought. At a distance it appears to us that these two rigorously contracted forms of government deprive the peoples, the classes, and individuals of all their liberties. Under the dictatorial regime the right of initiative becomes the privilege of a military or revolutionary oligarchy. And evidence is not lacking that these two manifestations of racial pride have become a real danger for the whole world.

During this period of great international stress it is indeed a relief to witness the wisdom, the patience, and the diplomacy displayed by the British Government. But it was in a realistic and heart-breaking tragedy that England showed herself still greater in her moral strength than in her imperial power. On that particular subject we had better follow the discretion used in the Speech from

the Throne, which mentions only two events of momentous import for British institutions: a king abdicates, and his brother succeeds him. In the serious decisions which the British Parliament had to make in these painful circumstances the British governments overseas were consulted. Their co-operation fittingly strengthened the admirable and firm attitude of the statesman who, in that tragic hour, succeeded in saving the constitutional monarchy through the appropriate intervention of a sane democracy.

The Coronation celebrations will bring that tragedy to a happy ending when His Majesty George VI, accompanied by his family, his liege lords, and the representatives of all the nations of the British Commonwealth and Empire, will receive the Crown, the honour of which has been maintained by the guardians of the Constitution.

Immediately after this glorious epilogue, the Ministers from the Dominions will be convened around the Imperial Council's table. They will be called upon to consider with care and, if possible, to solve some of the serious problems which require their intelligence, their efforts, and the keen sense of their duties of moral and political solidarity. Confidence in the wisdom of our leaders is what we should urge; confidence in the thorough understanding of the duties that devolve upon them; confidence also in their actual knowledge of the legitimate desires of the Canadian people. Moreover, they will be in a very favourable position to point out the benefits of international co-operation and friendship. It is a fact that along with the Mother Country and her sister nations of the British Commonwealth, as well as the great American nation and other friendly peoples, Canada has at last emerged victoriously from the economic depression, and is now on the road to progress. Through her liberal disposition toward all peoples of good will, Canada is constantly expanding her external trade. Without increasing taxation, the Government of this Dominion gets out of its financial difficulties. It will soon put an end to a long series of deficits, and will be able to help the provincial governments which are in a position and willing to give evidence of their carefulness and moderation.

It is not necessary to stress the question any further when dealing with a body which is so well aware of all the activities and ambitions of a people whose endeavours it occasionally stimulates by its advice, its example and its practical encouragement.

However, we must admit that there remains much to be done as regards the re-establish-

ment of the unemployed and the organization of reasonable relief for the needy. There are still too many people upon whom Dame Fortune does not smile. Under an active and sensible leadership the Employment Commission has already achieved so much that it is predicted by some responsible financial papers that within a year it will not be necessary to provide grants for the relief of those affected by the depression. Perhaps it is too wonderful a result to expect from this excellent government undertaking, but it is a compliment and an encouragement to those who have thus instilled confidence among the leading classes of our community. The building industry was the last to profit by the improved conditions, but now, through the impetus given by the Government, it is about to provide work for a particularly interesting class of workers in our urban districts.

The Government is also providing for certain farming communities, especially in the West, in order to compensate their losses due to sand storms. A young country like Canada is possessed of innumerable resources and its potential wealth is incalculable, but experience should make us aware of possible mishaps against which the Government is in duty bound to protect the country. These calamities which have affected some of our provinces are understood by the province of Quebec, which participates in those hardships and pays its share without grumbling, thus showing that it willingly and heartily associates itself with everything that is Canadian.

This is in reply to those, in the English-speaking provinces, who believe in the existence of separatist movements in the province of Quebec, for which there is less cause to-day than ever before.

To those who, through kindness or fear, are interested in the change of ideas in the province of Quebec, it might be well to say that in all matters of national import the youth of Quebec acts very much like the youth in the English-speaking provinces. When they hear of the wonderful progress of Vancouver they feel glad. The young Canadians of French origin are proud of their homeland; they know that the possession of this rich and immense domain may arouse unholy desires among foreign people. They realize that it shall remain theirs so long as they will defend it against its enemies, inside and outside. But everywhere the young people aspire to benefit by the resources that Providence has put at their disposal. In the province of Quebec they are likely right in suggesting that their progress is not as well enhanced by railway facilities as in the English prov-

inces. They wish to see their mining resources actively developed by the opening of new routes to the north. The laying out of a line between Lake St. John and Chibougamau has been given up. Railways are needed in Gaspé, Rimouski and certain districts of Montreal. To compensate for the railways that have been taken away from them for economic reasons, why would not the Government help them by promoting their efforts in that direction? We too, in our province, fear the effects of human erosion. And it is not desirable that part of our population should be lost through emigration. Nobody need have any fear of these feelings; it is a natural and brave way to assert one's patriotism.

No, Quebec has not and cannot have the intention of seceding from the other provinces. On the contrary, it desires to participate more actively in public affairs when it requests a fair share of the administration for its people. The province of Quebec hopes for stronger, and, if possible, closer bonds, in order that the Canadians, whatever their origin, may direct their efforts toward an ever greater and more prosperous Canada.

I have the honour to second the motion which has just been presented.

Right Hon. ARTHUR MEIGHEN: Honourable members, it is as no mere effort demanded by the formalities of the hour that I congratulate the mover of the motion which we are now considering (Hon. Mr. Hugessen). Everyone within range of his voice will recognize that the new senator possesses a parliamentary style very welcome in this Chamber, or indeed in any chamber, and has clearly made up his mind to be a working member of the working section of the Parliament of Canada.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I congratulate him warmly on the way in which he has discharged his duties. He will not misunderstand me if I add to the other virtues of his speech which I have mentioned that of brevity, only commenting that this virtue, unfortunately, is more generally practised in the Parliament of the country where he spent his childhood than in that whose portals he now has entered.

It is unnecessary to congratulate the honourable senator from Kennebec (Hon. Mr. Parent), who seconded the motion. He is by no means a young man in public life. He is a war-scarred veteran. Perhaps he has not received as many scars as, for the good of the nation, he should have received; but that is

due purely to his political skill. He needs no congratulations. He is a gladiator in his own right.

While I am on my feet I feel like expressing pleasure at late appointments to this House, inclusive of the mover of this motion. I may be forgiven, possibly, if, contrary to the general practice, I specify the name of him who will soon join us from the Pacific coast. I believe the appointment of Mr. Farris, now Senator Farris, is a highly creditable one to the Government which made it, and that he will be an acquisition to the Senate of our country, being a man of ability, energy and determination to be useful.

It now becomes me to make some comments. They will not be long, because, in deference to the authority quoted by the first speaker as to the function of the Senate, to which authority I humbly and modestly submit, we are not primarily a debating assembly. But we have not yet reached the point where our work is before us; our main labours are not yet laid out; so we perhaps can usefully call attention to some matters which are at this time doubtless in the minds of the great mass of our people.

The Speech from the Throne touches on subjects of general concern. I mention first a reference to the Government's unremitting efforts to extend the trade of Canada, evidenced and no doubt established by the fact that Ministers of the Crown have visited Great Britain and other countries to participate personally in the negotiation of trade agreements. That Ministers of the Crown have visited Great Britain and other countries we are all aware. In fact the excursion this last summer reached, I think, unprecedented dimensions: we had but a relic of the Government left. No fewer than nine Ministers enjoyed the Atlantic voyage and peregrinations through Europe, and we are told they brought back an amended trade treaty with Great Britain. Another Minister is now on his way to New Zealand and Australia. That some of this is necessary I do not doubt; certainly, in less degree, usually very much less, it always takes place. But I cannot join with that great independent journal of the city of Toronto which points to the excursions of Cabinet Ministers over the world as an evidence of that devotion to duty and that consecration to hard toil which so befits a government.

The Speech then goes on to refer to the work of our National Employment Commission. The honourable senator who moved the adoption of the Address (Hon. Mr. Hugessen) complimented this Commission on its achieve-

ments and stated that along the lines of its present procedure it would reach a reduction of the unemployment totals of our country. I have no fault to find with what the Commission has done. Previously in this House I complimented the Government on the selection of the personnel, at least so far as the Chairman was concerned, and I have no criticism of the other members. I do not think any man can do more than Mr. Purvis can do, and what he has done is good. But I ask you, honourable senators, is it very much? Our unemployment figures unfortunately are not reduced. A program of home improvement has been outlined and the Government, with an admixture of politics and swank, appropriated \$50,000,000 as evidence of its interest in such program. Under this plan persons desiring to renovate or improve their homes may borrow from the banks, if the banks are good enough to lend, at a fair rate of interest, by no means small; and if the banks ultimately lose, then 15 per cent of the amount loaned will be taken over by the Government and the loss paid. I presume there will be a little more inclination on the part of banks to loan when they know that only 85 per cent of their loans need to be good to enable them to escape without loss, and possibly the plan will serve as a primer of the construction pump and lead to more building of homes. I hope it will. But I observe that although it was promulgated well nigh a year ago, the total amount loaned by banks has so far reached the vast sum of \$1,000,000. So if a maximum possible loss were suffered by the Government, it would be covered by \$150,000.

The Government therefore have a respectable portion of the \$50,000,000 left. I wonder if they ever thought that this appropriation had any relation in the world to the real, actual sum that their policy represented. The only criticism I ever made of the Commission was that its work was surely within the compass of the Cabinet itself. I know there were some able men around its board; I have come into close contact with them. Does anybody in this House who knows one member of the Government well, and most of them fairly well, think that that plan was beyond the mental capacity of this Administration? There is nothing very complicated about it; no great vision is necessary for its generation. It does not seem to me that the accomplishment to date is even worthy of a place in a Speech from the Throne.

Reference is then made to certain appointments. No one can complain of any paucity of appointments, for there has been a considerable succession of them. The board of

directors of the Canadian National Railways have been appointed, as have the board of governors of the Canadian Broadcasting Corporation, and many other appointments have been made that are not mentioned here.

We are to have a revision of the capital structure of the Canadian National Railways. On that subject I do not wish to intimate that certain revisions of a relatively minor character cannot be justified. Under such revisions portions of the capital never intended to be remunerative, and which were in the nature of proper political contributions to great national purposes, may be written off and assumed by the State, added to our national debt. But if the writing off goes farther and is merely for the purpose of making the results of our railway operation appear better than they really are, then the outcome is going to be harmful and will add to the difficulties of Parliament and the burdens of taxpayers. How it will be harmful the eye of a child can see. I know some men high in finance have advocated such writing down of the capital structure to actual value, as they call it. I differ from any prince of finance in that advice. I want to see the National Railways represented as they really are; to have their assets column and their liabilities column represent reality and nothing else. If there is a representation of something that is not the whole, of something that does not give the true story of the system, then there will be an invitation to extravagance, an invitation to apply false policy, and we are going to witness both.

Certain remarks of the mover of the Address have led me to make comment on other features of the Speech. Possibly what I have to say at this point might appropriately centre around a passage in the Speech which reads as follows:

The international situation continues to give much ground for anxiety. The September Assembly of the League of Nations gave earnest consideration to the bearing of recent developments upon the activities of the League, and a committee was appointed, on which Canada is represented, to consider the question of the application of the principles of the Covenant.

I think I understand that, honourable senators; I am not quite sure. It does not mean very much. The first sentence does mean a great deal: "The international situation continues to give much ground for anxiety." The Parliament of Canada is invited to ease its anxiety by joining with the League of Nations in giving earnest consideration to the question of application of the principles of the Covenant. For myself I should like to see some more practical grap-

pling with the real problem which is bringing anguish and terror to the world surrounding us and which now faces Canada. It is quite certain that the condition of Europe is a subject of anxiety in the minds of a vast majority of people in this Dominion. I ask honourable members how many men of thought and earnestness they have talked with on any subject within the last year who have not at some point of the discussion inquired what you thought about the plight of Europe, about what was going to happen and how it would affect this country. Never in my life, in a state of peace, have I seen the people of Canada so universally concerned about the condition of the world, from the standpoint of their own interests, as they are just now. It therefore becomes us at least to meditate together as to whether we are acting wisely and as mature and intelligent people in the situation which now confronts us.

I have read an address delivered at the last meeting of the League of Nations by the Prime Minister of our country. I wish I could compliment him, as I have done on a late speech, on the adequacy of the message which he there expressed. There are few passages in it to which I can attach any meaning at all; if meaning was intended, I do not know what it was. I should assume that the purpose of a meeting of the League was to endeavour to arrive at conclusions for joint action of some kind, through the expression of views by various representatives of the far-scattered countries who send their delegates there. If it had not that purpose, if it cannot get somewhere along that line, I do not see how its existence can be justified. If the League is only to be told by spokesmen for this Dominion that whatever happens Canada's Parliament will decide what Canada is to do, then I affirm that the League is told exactly and absolutely nothing. Everyone knows that the Parliament which may be in existence when the time comes to make a decision will do so. All the delegates to the League know that, without being vouchsafed a message by our Prime Minister. What I think the League would like to know from us—and we should like to have similar information coming from fellow members of the League—is, what does Canada feel it ought to do in order to be in such a position that, if Parliament does make a decision, such decision will really matter to the world. If when the hour strikes Parliament has nothing with which to give effect to Canada's policy, then certainly it will not matter a whit what the decision of Parliament may be at that time. If at the close of our Prime Minister's address some delegate had dared to ask him just what he came over to the

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League meeting for, I wonder what his answer would have been.

Yes, the world is in a state of anxiety, and the subject has to be reviewed in a serious, earnest and anxious way. I believe that some attention to defence, in certain specific features at least, is being given by the Administration. Not long ago I saw an announcement that the Minister of National Defence would review the whole subject in a radio broadcast and take the people of Canada into his confidence as to the general views entertained by the Government at this time. That broadcast was to have taken place, I think, a week ago, but it was never heard. Why it was not heard I do not know. But the announcement indicated at least that the subject of defence had entered the minds of certain members of the Administration and that they thought we could not rest just as we are. It indicates that in those quarters of the Government the changed attitude of England, and especially the changed attitude of pacifist parties of England, brought about by the experiences of this post-war era, has had some significance.

I observe also that in one arm of our service, the naval arm, two destroyers which were purchased in 1928 have been replaced by destroyers constructed in 1931, or ready for delivery in 1931, and that two more have been built within Canada. This seems to be the extent of contemplated preparation in the naval arm.

I observe also that a reorganization of the militia, put under way by the late Administration two years ago at least, has been proceeded with, and that probably a better organization of that arm of the service now obtains than before. It may be reduced, in personnel, but it is better equipped. But when one remembers that the total personnel was only 3,000, that the militia under training two weeks a year aggregated only 35,000, and that all they could obtain in that light training was merely some appreciation of the meaning of discipline, one realizes that the militia arm must mean very little in the presence of a peril that may any time be imminent.

There is, though, the air service, and I see that the Department of National Defence has done something in the way of establishing an air base on the Pacific coast—or at least has announced its intention to do so. I do not know what is the program it may have in mind, but I close this review of our actual Canadian defence position at the present time with these words, that all this which the Government has in mind cannot

possibly be effective or be any consolation whatever to a Canadian if that Canadian contemplates a great crisis such as that through which the world has already passed, and toward which unhappily it seems to be moving again.

I do suggest to the Administration that there is no such thing as the separate defence of Canada. It is a mirage. I am not arguing that there should not be some provision to help in that way as part of a major policy, but to lean upon that alone as providing for the security of this Dominion is arrant folly. It is leaning not on a reed, it is leaning on a vacuum—it is leaning on nothing. There cannot be any independent defence of this Dominion. We have to look around, then, and see by what association we may best provide for our defence. If other countries, including our great neighbours to the south, make up their minds—as they have done—that they must go to vast expenditures to make sure of the safety of their shores, we cannot very well sleep peacefully in our beds feeling that because we have a couple of destroyers here and a couple there, and a few air bases, Canada is secure. We know we must tie in somewhere; we must make up our minds in presence of great and mighty factors of the world situation, and make up our minds very soon. Some may be disposed to come to convictions on the basis of emotion and lineage tradition and derivation. Many fine citizens are governed by elements of that character, and I find no fault with them. Their feelings, indeed, I cannot help but share. But for my purpose this afternoon I cast them all aside, and I ask honourable members, and particularly members of the Government, to reflect on the position purely from the standpoint of Canada, even assuming we have no traditions, no overseas alliance, no Empire affiliations and no ties of lineage to constrain us.

I was rather surprised at the statement made by the mover of this motion in the very simple outline he gave of our defence problem. There are, he says, extremists both ways. There are people who say we should isolate ourselves—just lock the door and stay here; and there are others, he tells us, who say we should be Imperialist and be in all Britain's wars; and the right course, he ventures to advise, is to follow a middle road. Well, I presume the abstract statement cannot be criticized much, that we should follow a middle course; but what surprised me was the definition of a middle course which the honourable member gave. He said, "If there is a great war, if Britain is attacked by a

major power, it would never do for us to supply munitions to her enemy"; and he suggested the middle course was to refuse to supply those munitions—that if we cut off trade relations with him, that would be the proper and sensible middle course for Canada. Does such a course appeal to any honourable member? Cast from your minds all feelings for Britain. I find it hard to cast them from my own, but for the sake of my argument I am prepared to do so. Cast aside all affiliations, ties, traditions. Does anyone seriously think it is the part of wisdom for Canada to stand peacefully and complacently by and see the scales go down on Britain's side, see that great Empire struck from her place as a major power? Where would then be Canada's defence? May I ask the honourable member who comes from that great land, would he like then to be a member of Parliament compelled to provide for the defence of this Dominion? If there is one thing certain in this troubled world, honourable members, it is that the first line of defence for Canada—I go further—the first line of defence for the whole of this North American continent is the British Empire itself.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I wonder if the people of this continent would feel the security they feel to-day if that line of defence were broken. Not if their action in 1914 is evidence. There are no particular affiliations of lineage or history between England and France, but Great Britain feels it is the part of prudence and of wisdom for her to guarantee the defence of France. I wonder if the considerations which so move Britain ought not perhaps to move us in maintaining the strength of Britain for the defence of this Dominion.

I have least patience of all with those who point to the American Republic and tell us that there is a Monroe Doctrine over there and we can shelter ourselves comfortably under its wings. To begin with, the Monroe Doctrine does not apply to this country. Canada is still a portion of the British Empire in the eyes of the American Republic. But assuming the Monroe Doctrine does apply, my first premise is this, that once the Monroe Doctrine is invoked Canada is in fact, if not in law, an adjunct, and a humiliated adjunct, of the American Republic from that moment on.

However, assuming such an eventuality would meet with a hospitable welcome at the hands of Canadians so far as sentiment is concerned, would it be a very happy one?

Suppose our strength were added to that of the American Republic, our arms added to theirs, our taxes supporting their taxes to maintain the defence of North America. Would one feel as happy then as one can feel to-day if by that time Britain's power had been destroyed? We occupy here a vast portion of this continent, and we are only ten and a half millions of people. On the whole American continent there are but 200,000,000. Across the seas there are a billion and a half in crowded and denuded lands. With the power of Britain fractured, should we like the opportunity of joining hands with the United States to defend this continent? Should we think that a more comfortable position than we are in to-day? I think not. Had we not, then, better give some attention to the subject of British co-operation? I read the Prime Minister's speech at Geneva from beginning to end and I never found in it a word of appreciation of Britain's position, of the struggles of that country over these past years to hold the world in peace; never a word spoken of our affiliation and obligation there that could not have been spoken by an American citizen. Has not the time come when perhaps we had better give serious consideration, in our own interests, to some comprehensive working arrangement for defence in co-operation with the Empire to which we belong? Is it not better for us to do so now? Can we afford indefinitely to delay?

This serious thought I leave with the Administration. We are not living now in the time we were living in just twelve years ago or at the close of the War. We then felt we could rest in the arms of what we chose to describe as collective security. I am afraid that feelings of discouragement have taken possession of my soul on this subject of collective security. The Prime Minister at Geneva said: "We are here to study the import and to see if we cannot change to advantage the terms of the covenant." Why, what is left of the covenant? Trade sanctions are gone, proved ineffective—declared ineffective by the Prime Minister, and I find no fault with his declaration. Military sanctions have never been in existence since fifteen years ago. All that is left is an aspiration on the part of peace-loving nations. The Prime Minister's best hope for the destiny of the League of Nations, as expressed in his own words, is that it may become a haven of hope for the distressed people of the world. I do not say that is the only hope for its destiny, but I do say that as a security to lean upon for the time being it is gone, and some other security must be found. It has been swept aside by events that

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have transpired over the last two years. It is in another world we are living to-day. Because we are distant many miles from the scene of trouble, because we have peaceful neighbours, do not let these things deceive us. I am not afraid of some dispute away down in Bolivia, or something which you can call a "dispute" in any part of the world. All that I am afraid of is a great convulsion, and we know the meaning of that word and its terror, and we had better act with some sense of the significance of that word and try to develop our policy with awful memories as our aid.

I have spoken this only from the standpoint of a Canadian. No argument need be advanced which will not mean as much to our newest immigrant as it does to our British-born, but it is also true that a vast section of our country, perhaps not all our English-speaking, but a vast majority, harbour in their souls such an affection for the Old Land and such a pride in its history that, aside from their own interests, they never would see that land destroyed without an effort of their own to protect it. No policy can be pursued in this Dominion that contemplates isolation and desertion, because such policy would split this Dominion in twain. I know no such policy is under consideration by the Administration. My greatest fear is that no policy of any kind is very seriously under their review, and my one purpose is to urge that they develop something that meets the needs of these heavy and crowded times; that they think the matter through; that they come right up to realities and avoid all those altruisms and ambiguities with which they are prone to fill their speeches merely by way of escape from formidable facts. This is a message, honourable members, which I wish to impress earnestly upon the Administration.

Hon. RAOUL DANDURAND: Honourable members, may I congratulate this House on the appointment of my honourable friend who moved the Address in reply to the Speech from the Throne (Hon. Mr. Hugessen). A brilliant member of the Bar of Montreal, he has already shown during his short public career that he is thoroughly familiar with all matters that engross the minds of our people and particularly of our public men. I thank the right honourable leader on the other side (Right Hon. Mr. Meighen) for having spoken so appreciatively of the honourable gentleman's entrance to this Chamber. I agree with him that the honourable senator from Inkerman gives promise of a very useful career as a member of this House. I desire also to thank my right honourable friend for his

kindly reference to the appointment of the Hon. Mr. Farris.

I need only allude to the speech by the seconder of the motion, my honourable friend from Kennebec (Hon. Mr. Parent). He stated that some thirty-two years ago he had in the House of Commons delivered his maiden speech on a similar occasion. We appreciate his good qualities and we thank him for his address.

One of the matters mentioned in the Speech from the Throne is the international situation. With my right honourable friend, as well as with the mover of this motion, I agree that the situation is very serious, and it has become more threatening since Germany announced she had been re-arming. Of course, everybody knew during the few years preceding the announcement that Germany was re-establishing her military strength, although all her public men denied it. Throughout the last few months, while in Europe, I could not help realizing that Europeans are living very dangerously. What surprised me most was to find in the frontier towns and cities of Germany notices in public and private elevators indicating the bomb-proof shelters where the public could take refuge in case of aerial attacks. I have read just lately that Great Britain has been distributing thirty million gas masks, some of which are called "baby masks," because even the children may be obliged to use them for protection in case of hostile raids. Lloyd's exclude war risks in their policies covering property in any part of the world except the United States and Canada. I think we should thank Providence that we are situated in America, by the side of a good neighbour.

My right honourable friend has asked what is Canada's duty to-day. If we concentrate our minds exclusively on Canada, my answer is that Canada must do what is necessary to protect herself by land and by sea. This is no small undertaking.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: What is the purpose of this protection by land? Surely it is not to defend ourselves against invasion from the south. Yet Canada must put her militia organization on a modern footing. She must also see to the protection of her shores. The shores of Canada are as vulnerable as, and more vulnerable than, the land itself, because at the present time invasion by land can come only from the south, and that is something we cannot visualize. We do not admit that it is possible, and we do not think about it; but we know what may happen on our coasts.

In 1909 I stood in this Chamber and defended, and voted for, a Canadian navy which should assume its share of the responsibility of defending our coasts. I did so to the cost of the fortunes of the Government, which, through the political co-operation of gentlemen who are known to my right honourable friend, was defeated in the province of Quebec. We know that three years after plans had been prepared and tenders called for the building of ships to defend Saint John and Halifax on the Atlantic, and Vancouver and Victoria on the Pacific, this policy was rejected, and that in 1914 the Government was searching about the world trying to buy ships that would defend the cities of Vancouver and Victoria. I stand now where I stood during the debate of 1909, and where I stood in 1911. Canada must prepare to protect herself against any contingency which would threaten her shores.

My right honourable friend says, "Should we not make up our mind as to what will be our policy in the event of any cataclysm?" Well, I draw the attention of my right honourable friend to this situation. We are far removed from the possible turmoil and conflict, which, if it strikes at all, will strike in Europe. It is my ardent hope that the fear which permeates the minds of Canadians, and of thinking people throughout the world, will turn out to have been unnecessary. I doubt very much that Germany will light the match which will set Europe afire—and I said so when I came back from Europe. I have read the eight hundred pages of *Mein Kampf*, which is the gospel in every German school, and I know that Germany's design is to extend to the east, and to reach the Ukraine by way of Poland or Czechoslovakia. To succeed in her design Germany would need the co-operation of Italy and the neutrality of Great Britain and Poland. Without those requisites I doubt that she would risk a throw of the dice. As I see conditions in Europe, Germany is simply forging an instrument which she may use on a certain conjunction of events, but which for the present, at least, has only a nuisance value. She hopes that Great Britain and France will in some way or other be induced to buy peace. I see by this morning's paper that Mr. Runciman says that Great Britain will not be forced into the position of buying peace under such conditions. We are all apprehensive about the situation; yet it may be that there will be a transformation and that some way can be found to secure the peace of mind of the people of Europe, who are near the maelstrom.

My right honourable friend will say, "But what about the danger that looms before our

eyes?" I feel that up to 1914 Canada was the happiest country in the world. When we went to Europe in 1914 we had hardly any debt, hardly any taxation. In 1918 we came back to a most distressful situation, and since then, like many other countries, we have been living largely on credit. My right honourable friend before now has pictured the financial situation of Canada. Having that situation in view, must we assume obligations to-day on the hypothesis that we, as well as the United States, shall be drawn into a general cataclysm? I feel that Canada must go about the task of modernizing her military establishment and protecting her shores in a sane way. My right honourable friend knows very well the situation in Canada. Our first duty, I surmise, is to promote peace among the ten millions of people in this country. Throughout the whole of the country there is a disturbance of mind; conflicting opinions are evident. We have had in this Chamber no less a personage than Major General the Honourable Alexander Duncan McRae, of Vancouver, suggesting that Canada should notify Great Britain that we will no more cross the Atlantic. We have had my right honourable friend (Right Hon. Mr. Meighen) stating, in 1925, I think, that Canada should not be asked to send soldiers to Europe until after the opinion of the people generally has been secured. These are but two instances of a difference in opinion, not to mention many others. The situation in this country is a very difficult one. There is a considerable body of sentiment in favour of rushing to the defence of the Mother Country. I admire that sentiment; I know what prompts it, and I respect it; but I say that at this date Canada must attend to the protection of her own shores and the modernizing of her militia establishment, and await the future.

I spoke of 1911, when the Laurier Government went down to defeat on the question of the building of a Canadian navy to protect our shores. My honourable friend from Alma (Hon. Mr. Ballantyne) told us last year, or the year before, that while he was Minister of Marine he had not a destroyer in the port of Halifax to protect that city against a German raid, and that he had to appeal to the United States, who sent us a cruiser. That statement, of course, brought me back to the moment in 1911 when the people of Canada decided to reject the policy of Sir Wilfrid Laurier. Everything that took place from 1914 to 1918 has made me feel that the policy of that great statesman was justified by events.

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I know that the people of Canada are very much agitated over the present situation. There is fear on the part of some that we may assume obligations that will bespeak ruin; that intervention or participation in war may bring as a conclusion the destruction of this country, and its liquidation by our neighbours to the south. These are sentiments which, among others, I have heard expressed. I say, let us not be stampeded. Let us do our duty by this little nation of ten millions and trust to God. Let us trust to Great Britain, to France, and to Italy. I cannot believe for one moment that in the light of what he learned in Ethiopia about the effect of bombing planes and other paraphernalia of war, Mussolini, surrounded as he is by the ruins made by the barbarian invasion of some fifteen hundred years ago, would risk a general cataclysm.

Hon. C. C. BALLANTYNE: Honourable senators, I had no intention of taking part in this debate until I heard some of the arguments of the honourable the leader of the Government. I think he missed the main point of my leader to my right (Right Hon. Mr. Meighen). What my leader was driving home—I think I understood him correctly—was this: that Canada must co-operate with some power, inasmuch as she is not financially able to provide for an army, a navy or an air force to protect her own territory or her sea routes. Naturally my leader suggested, and I think quite properly so, that the Government, especially at this time, should co-operate very closely with the Imperial authorities, not with a view to rushing into any overseas war, but for the sole purpose of protecting Canada now and in the future.

I have not the text before me, but I understand that under the Statute of Westminster one part of the Empire is not subordinate in any way to the others, and that each dominion undertakes to protect not only its own territory, but also its own sea routes. No honourable member of this Chamber will think for a moment that Canada is able to protect her sea routes. Certainly she is not. Even if we had the capital, we lack the trained personnel for the battleships, cruisers, and so on that would be necessary for that purpose. Therefore Canada must of necessity look to the Old Country and the British Government, for many years to come, to protect those routes. In the past the Mother Country has done that willingly, feeling it to be her duty. As Canadians we very much appreciate the protection we have had, and we know that the Old Country will give us the same protection in the future.

I agree with my right honourable leader that the present is an opportune time for our naval authorities to discuss with the naval authorities on the other side just what we should do in times of peace and just what we should do in times of war. I have had the privilege on more than one occasion of discussing questions like this, not only with the Civil Lord of the Admiralty, but also with the Sea Lords. If I had known that I was going to speak this afternoon I should have liked to have before me a report that I made when Minister of Naval Affairs on my return from the Imperial Conference of 1920-1921. The outstanding features, if my memory serves me correctly, were somewhat like these. We had at that time a naval college—I regret that it is now closed—upon the efficiency of which we were warmly complimented by the Sea Lords and by the Civil Lord. I was told that all our cadets were a credit to Canada and also to the Imperial Navy, while serving with it, by reason of the very efficient manner in which they carried out their duties. There were in the Imperial Navy, I believe, about sixty-five cadets paid by Canada. It was agreed that eight cadets should be received into the Imperial Navy every year. It was further agreed that we should interchange officers and other ratings and ships with the Imperial Navy, so that in case of trouble the one would know how to work with the other. Then there was a program laid out for some years ahead, under which Canada, when financially able, was to provide not only destroyers, mine sweepers and submarines, but also light cruisers.

On the two destroyers that Canada now has, the largest gun is 4.7. The *Aurora*, which was allowed to rust away at the city of Halifax, had six-inch guns. Anyone who has read naval history must know that destroyers with 4.7-inch guns could never defend our coasts against cruisers and battleships with 8-inch, 10-inch and 15-inch guns. Therefore all that Canada can hope to do now is to protect her own coasts in so far as she is able; and I would humbly suggest to the Government that if the finances will permit of it we ought to have, in addition to these two destroyers, at least a light cruiser on the Pacific coast and also a light cruiser on the Atlantic coast. And I am sure that if our naval bases were looked into it would be found they are not in that proper and efficient state which they should be in, either at Esquimalt or at Halifax. Here again it follows that my right honourable leader (Right Hon. Mr. Meighen) is giving sound

advice when he says the time has arrived when the naval authorities here and in London should sit down together and decide what should be done in regard to improving our fortifications at Esquimalt and Halifax, and what we should carry there in the way of munitions, supplies and so on.

There is no use in our giving any consideration whatsoever to the so-called Monroe doctrine. I am not speaking politically at all. We are proud to be part of the British Empire. We are not desirous of having war either on our own shores or abroad, and everything that we can possibly do will be done to maintain peace. But let us try to realize more clearly than ever before the great advantages of being part of the British Empire, and work hand-in-glove with her.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BALLANTYNE: Let us not only work with her in regard to trade policies, which have been of such great benefit to this country, but let us co-operate loyally and enthusiastically with the military authorities and the British Navy and do what we can to place ourselves in such a position here that if we are ever attacked by an enemy Great Britain and we ourselves will know how to act and when to move. With the small craft that we have here now, all we could ever hope to do would be to drive a few submarines away.

It has been said at times that in the event of the Imperial authorities becoming embroiled in another war Canada could remain neutral. We all know that would be quite impossible. Supposing we did decide to be neutral, we should have no means of keeping enemy ships away from Esquimalt or Halifax. While I realize that Canada is not committed to entrance into another European war, I want to leave this thought with the House, as my leader did. Let us arouse ourselves and look into this question of defence. Let us consider it with the proper authorities and do what we can to co-operate with them. So far as the defence of the Empire is concerned, let us walk arm in arm with John Bull.

Some Hon. SENATORS: Hear, hear.

Hon. GEORGE LYNCH-STANTON: Honourable members, I had no intention when I came here this afternoon, nor have I now, of making a long speech. This question of what should be our policy for the defence of the Dominion of Canada is the most important one with which we have to deal. In my opinion the Parliament of Canada should adopt a non-partisan policy on this question. I have listened to the honourable leader of the House

picturing the difficulties which any party has to dodge or circumvent in deciding upon a policy of defence or aggression, or upon any course which might lead us into war. When I look back upon the views expressed by our public men in the period since the last war ended, I know that it has been fear not so much of the enemy as of the people of Canada which has prevented them from committing themselves to any definite plan. For any country which has a party government and democratic institutions there is only one course to take in a matter of this kind, and that is to sink party differences and have all parties committed to one defence policy. I think it is the imperative duty of the Liberals and the Conservatives in this country to have their leaders sit down privately and come to an understanding as to what it is Canada is willing to do, what it is that both parties will endorse, so that when a crisis comes neither party can attack the one that is in power and make party capital out of anything it has done for defence. On this great issue the leader of the Opposition, whatever his party may be, should be able to say, as Mr. Bennett said yesterday in connection with another matter, "I would have done the same thing had I been in office." If we had such a common policy we could commit the country to it. But so long as we keep our ears to the ground and are wondering what effect a certain policy will have upon party fortunes, we shall never get anywhere.

A change has come over the mind of man everywhere. In the years since the war this country and the whole world have resounded with speeches demanding peace and disarmament. We know that the Conservatives in England, in common with all the other parties there, were always opposed to keeping up the army; there was always talk and more talk against preparations for defence; the Labour party in that country never tired of advocating disarmament and the continuance of a state of unpreparedness. There was a similar sentiment in the United States, and in this country we have heard it expressed on all hands, by Conservatives and Liberals alike. What is it that has changed the mind of the whole world? Every party in England is now united on a defence program, and the country is spending untold millions for defence. What is it that has made the United States arm itself as Britain never would have thought of arming? What is it that has changed us all from peaceful to warlike people? What is it that has made Mr. Baldwin say that the Rhine is the frontier of our Empire? What are the United States afraid

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of? Something has changed. It seems to me that the whole of mankind has oriented itself, and that not in the last twenty years, but in the last two years.

My own opinion is that there will not be war for years. Certainly there will not be war unless the world goes mad. But the world went mad before, and it may go mad again. I recollect very well how the English people and Parliament acted, how they hesitated and hesitated before they would commit themselves to any policy when Germany started the last war. It has been said again and again, by thousands and ten of thousands of people, that had the English Government of the day taken a firm stand there would have been no war. At any rate I hope with all my heart that to-day war is very remote. The British people have a different outlook now from what they had before. And so have the people of nearly every other nation, for something has taken possession of the minds of men all over the world. We in this country should not sit idle in these circumstances; we must know what we are to do. I agree with every syllable that my right honourable leader (Right Hon. Mr. Meighen) has uttered.

Hon. Mr. HAIG: Honourable members, I beg to move, seconded by the honourable senator from Lauzon (Hon. Mr. Paquet), that the debate be adjourned.

Hon. Mr. DANDURAND: I thought we should be sitting this evening, and if we are my honourable friend could speak then. Between now and six o'clock perhaps some other honourable member would like to speak.

Hon. Mr. HAIG: I am not prepared to go on to-night.

Hon. Mr. DANDURAND: Does any other honourable member desire to speak now? If not, I will agree to my honourable friend's motion.

On motion of Hon. Mr. Haig, the debate was adjourned until to-morrow.

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

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## THE SENATE

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Wednesday, January 20, 1937.

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

Prayers and routine proceedings.

## COMMITTEE OF SELECTION

## REPORT CONCURRED IN

Hon. Mr. TANNER presented the report of the Committee of Selection, and moved concurrence therein.

Hon. Mr. DANDURAND: The Acting Chairman of the Striking Committee perhaps has said—if not, I say it for him—that there are very few changes made in the various committees from session to session, as we generally leave on the committees the members who already have been serving. This year we had only two senators to replace, Senator Smeaton White, and Senator McDonald, of British Columbia, who was named as a member of a couple of committees.

I may say for the information of honourable members that when we go through the attendance lists of the various committees we sometimes find that some senators have not been active committee members or have not been attending committee sittings. If this is due to illness we hesitate to substitute other names. But I should like to urge members of the Senate who value their membership on committees to show their interest by attending committee meetings, for next year those who are indifferent to the work of the committees may be replaced by senators who desire to serve.

The motion was agreed to.

## THE GOVERNOR GENERAL'S SPEECH

## ADDRESS IN REPLY

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

Hon. JOHN T. HAIG: Honourable members, I have read the Speech from the Throne, and it contains many subjects of great importance to the people of Canada, but I do not intend to discuss them all.

I want to congratulate the honourable mover of the motion (Hon. Mr. Hugessen). Methought I heard the accents of Oxford and of Cambridge, and maybe of McGill. I desire also to congratulate the honourable seconder of the motion (Hon. Mr. Parent). To be quite candid, I was not able to follow him as closely while he was speaking as when this morning I read his speech in Hansard. Methought those two honourable gentlemen well represent the historic province of Quebec. I listened, naturally with pleasure, to the address of the right honourable leader of the Opposition (Right Hon. Mr. Meighen).

I listened also with pleasure to the answer of the honourable leader of the Government (Hon. Mr. Dandurand). I listened too with pleasure to the address of the first lieutenant of the Opposition (Hon. Mr. Ballantyne). It seems to me that the four honourable senators from Quebec who have so far taken part in the debate represent every phase of history and every shade of opinion in the province. I think that the right honourable leader of the Opposition best represents public opinion in the province of Ontario. Although for a short time he sojourned in the province of Manitoba and drank the waters of the Red river, in thought and action and idea he really is at home in the province of Ontario.

If this afternoon it appears I am from the wild and woolly West I want effete Easterners, especially honourable members from the Central Provinces, to remember the dictum laid down by the right honourable leader of the Opposition in an address which recently he delivered in Montreal. The honourable mover of the motion said he read the speech in the Montreal Gazette. I may tell him that it appeared also in last week's issue of the Toronto Financial Post. The right honourable gentleman therein stated that one of the principal duties of the Senate was to protect minority rights. In this connection I would point out that our representation is drawn from four great divisions, the Maritime Provinces, Quebec, Ontario and the Western Provinces, each division being represented by twenty-four members. We in the West have not a sufficient number of members in the other Chamber to focus attention on our problems. Therefore I shall not take up much time with a discussion of the general problems of Canada, but shall confine myself to the problems peculiar to the three Prairie Provinces. The problems of British Columbia are very much different from those of the prairies, being in the main similar to those of the Maritime Provinces. But we of the prairies have our own peculiar problems.

Before, however, I touch on the main theme of the few remarks which I shall offer for the consideration of honourable gentlemen, I want to say that the question of national defence is agitating the people of Western Canada just as it is the people of the other sections of the Dominion. The thinking people of the Western Provinces are disturbed in this respect, not generally for the same reasons as, say, Ontario and Quebec, but mainly on the ground of trade. Our whole wheat production must be sold to the world, and we realize, as I think our fellow Canadians do, that our trade routes must be protected if we are to continue to live as a

community. When I come to deal with the marketing of the natural products of the Prairie Provinces I hope to be able to convince honourable members that the question of peace or national security—call it what you may—is very close to the thinking people of Western Canada.

Bearing the name I do, which originated in that part of the British Isles where most great men come from,—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: —naturally I am concerned about the position in which Great Britain might find herself in the event of another war, and while yesterday afternoon my right honourable leader played on my emotions as only he is so capable of doing, yet I know, in common with all honourable members, that the problem of national defence is one of the most difficult we have to deal with. I will say no more on the point.

I come now to the problems common to the whole Dominion: unemployment, debt and Canadian National Railways deficits. I do not believe we shall be able to solve the Canadian National Railways problem until we have one national railway system. I am of opinion that the Government of Canada, or a commission established by it, should control all forms of transportation, whether by road, rail or water. I am convinced that the solution of our railway problem must be along that line, and undoubtedly it is one of the most serious problems that confront us to-day. International finance is disturbed not only by the deficit of the Canadian National Railways, but also by the absence of dividends on Canadian Pacific Railway stock. We must retain the confidence of international financiers in order to secure further capital for the development of our resources after the world has recovered from the hysterics under which it is now suffering. We cannot hope to retain that confidence while the Canadian National Railways are going behind to the extent of millions of dollars a year. I do not care what the Government may do to revise the capital structure of the Canadian National Railways; it cannot prove of any use unless we have a great increase of freight, which, in turn, depends on a general recovery in trade and industry. The late chairman of the Canadian National Railways Board expressed the opinion that the earnings of the system for 1935, amounting to about \$183,000,000, would have to be nearly doubled before the system would be on a paying basis. Similarly the earnings of the Canadian Pacific must be largely increased before the company can

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resume dividend payments. This, of course, is not peculiarly a Western problem; it confronts the whole Dominion.

Debt also is not peculiarly a Western problem, but is one of the vital issues confronting the Prairie Provinces. How many people in Eastern Canada, especially in these two central provinces, are disturbed over what has happened in Alberta? With a full sense of my responsibility and a full appreciation of the import of my words, let me say, I am persuaded that what has happened in that province will happen also in Saskatchewan and in Manitoba unless very shortly the problem is faced. A commission appointed by the bond dealers of Toronto and other cities in Eastern Canada made a careful investigation of the province's indebtedness and reported that, including provincial, municipal and private debts, it exceeds \$500,000,000.

I was in Alberta last August. From Calgary southward I found no crops at all. Some of the farmers called me an Easterner because I came from Winnipeg. They said to me: "You can call on us to pay, but what are we going to do with these farms? How can we pay any municipal or any provincial taxes?" They informed me that the last rain south of Lethbridge was on May 25, and even pretty good land was giving a yield of only five to seven bushels to the acre. This will give honourable members some idea of the desperate situation of these farmers. I am convinced that if to-morrow there should be a general election in Alberta Mr. Aberhart and his Government would be sustained. Why? Not simply because of the introduction of Social Credit. Legislation has been enacted which has nothing to do with Social Credit. For instance, the Legislature has passed a measure declaring that bond interest shall be cut in two, and that any money paid prior to July 1, 1932, on account of interest shall be applied in reduction of principal. And if to-morrow there should be a general election in Saskatchewan a party prepared to take similar drastic action would undoubtedly be returned. It would not necessarily be a Social Credit Government. I do not think that one-quarter of the people of Alberta believe in Simon-pure Social Credit. They have no faith in the promise of a basic dividend of \$25 a month, for investigation has disclosed that no man owning land would sign the "covenant"; only his wife and boys and hired help did so. Nevertheless the Government of Alberta said, "We cannot pay this load of debt; so we are going to do something to meet it."

I want to say to honourable members of this House, and through them to the people of Eastern Canada, that that situation must be faced if the problem is to be solved. Otherwise the West is going to be bankrupt. What are the facts? For seven years there has been no crop in that country. The story is told that the clerk in the municipal office of the city of Regina one windy day put his nose out and said, "I think that is the municipality of High River going by." When he went out the next day he said, "No; it is the municipality of Calgary." He could tell by the smell. As a result of drought, grasshoppers, or rust, the people have lost all confidence.

How does that affect Eastern Canada? It affects Eastern Canada in one of two ways. Let me give an illustration. A man had 4,000 bushels of wheat, which he was going to sell at 85 cents a bushel. In a moment of weakness I advised him to hold. He did, and he sold his wheat at \$1.25 and made \$1,600. What did he do with the money? He spent \$600 on buying things for the house—furniture, dishes, and so on—and clothes for himself, his wife and his boys and girls. Nearly all that money went into goods that were manufactured in Eastern Canada. That shows how the East is affected.

Now, honourable members, what can we do to solve the problem of debt? I notice that Sir John Aird, until recently president of the Bank of Commerce, and Mr. Wilson, managing director of the Royal Bank, and a number of other men who have connections in the West say that we require an investigation, such as was made in the Maritime Provinces, for the purpose of finding out what are the facts, and of acting upon those facts. The repudiation of debt is a thing that grows. We know the history of unemployment in the United States. At first men or women did not like to go on relief; then they went on relief, and finally they began demanding certain things. It is the same with debt. When a farmer in Alberta says, "I am not going to pay my debt—the Government will protect me," you may depend upon it that the farmers of Saskatchewan and Manitoba will be demanding the same protection. They say, "We shall get more reduction if we hold out." The sooner the situation is faced the better for Canada.

I say to the honourable leader of the Government in this House, with all respect, that his Government is wrong in anticipating that the problem will be solved through increase of trade. It will not. The province of Manitoba last year was behind \$4,000,000, and everybody in that province was taxed

to the limit. Some of the honourable members of this House have just received notice of the taxes, and they will get more.

Hon. Mr. MULLINS: One is enough.

Hon. Mr. HAIG: The honourable senator from Marquette (Hon. Mr. Mullins) says one is enough. They will get more. Although everything has been taxed to the limit, the province has failed by \$3,800,000 to meet its debt.

I ask the Government to investigate this matter. I admit that once you put a commission to work to investigate you are to all intents and purposes bound to accept its report. If Alberta fails it is going to lay the blame on others; it will say the financial interests of Eastern Canada would not allow it to carry out its policies. Therefore I suggest to the honourable the leader of the Government that he ask his colleagues to examine into this matter. The Prime Ministers of Saskatchewan and Manitoba have recently been in Ottawa asking for—I do not know what. Little things will not solve the problem.

Hon. Mr. LYNCH-STANTON: Will the honourable gentleman indicate how, in his opinion, the problem is to be solved?

Hon. Mr. HAIG: You must appoint men who have the interest of the creditor at heart; men who have the interest of the debtor at heart. You must appoint men who, like honourable members of this House, have no political axe to grind. A commission of such men will find the facts and make a recommendation, and the Government must pledge itself to carry out that recommendation and insist upon the other governments carrying it out. That is the only way in which the problem will be solved.

It is all very well to say that you can let the credit of Alberta go to pieces, or the credit of Saskatchewan or Manitoba, but if you do that you will affect the rest of Canada as surely as the sun will rise to-morrow morning. I want to tell you that the best constituencies in the province of Alberta, men and women from the province of Quebec, purely French Canadians, and men and women from the English-speaking province of Ontario, were just as zealous as any others in electing Social Crediters. They say, "If the men in Parliament do not try to solve our problem, we will try to solve it in our own way." I have no use for Social Credit, but I am convinced that the Social Crediters will conscript everything produced in the province and sell it outside the province, and buy outside goods and sell to their own people, paying you for those goods in Alberta money,

which is not worth anything. If Alberta gets away with it, Saskatchewan and Manitoba will follow. True, there may be a whirlwind to be harvested; true, the result will be disastrous for the people of that province; but do not forget that it will be disastrous also for the rest of Canada. If you investigate the record of the Canadian National Railways and the Canadian Pacific Railway for the last seven years you will find that the falling off in their earnings is largely due to the falling off in the earnings of the Western Provinces. The sooner we face the situation the better. As I say, Sir John Aird and Mr. Wilson and other men in high positions in the financial world are advocating the solution I have mentioned.

Unemployment is a disease, and once you get it no doctor can cure you. Furthermore, it affects everybody else. I congratulate the Government of the honourable the leader upon its action in increasing the grants for unemployment relief when it came into office. Yet the city of Winnipeg last year—I want the honourable the leader of the Government to know this—paid out more money for unemployment relief than it paid out the year before. In 1935 the city of Winnipeg paid out \$3,900,000 odd for relief: last year, with all the improvement in industry, with all the improvement in trade, with all the expenditure on improvements, the actual cash paid out by the city of Winnipeg was more than \$4,000,000.

The Government has done two or three things with respect to unemployment. In what I am about to say I do not want the honourable leader to think I am criticizing the Government. The unemployment problem is too serious to permit of a mere remark being construed as criticism. What has the Government done with regard to unemployment? It has appointed a commission. This commission has found that eleven per cent of the unemployed are unemployable, fifteen per cent are over age, others are disqualified for other reasons, and only forty-eight per cent are employable. What else has the Government done? It has said to the banks, as the right honourable the leader of the Opposition mentioned, "We will guarantee your loans up to \$50,000,000 for home improvement." But if you have the same kind of title that is required under the new scheme you can go into any bank in Winnipeg and get all the money you want for the purpose of improving your property. About \$1,000,000 has been paid out, but that does not solve the problem.

Let me tell you where the problem exists in the city of Winnipeg. In large part it

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consists in the fact that many of the unemployed are people who normally would be engaged in the building trade or some of its branches. I suggest that if you build a house in any city eighty per cent of the cost of that building goes into labour. There is a shortage of houses in Winnipeg; there is a greater demand for houses than ever before in the history of that city. The same is true of apartments. The report of one of our largest real estate firms bears this out. Two, three or four families are occupying one house. Perhaps you will pardon a personal reference. My daughter teaches in a district where there is very heavy unemployment, and sometimes she has in her classes six or eight children who live in one house. Sometimes they represent as many as five families who are living together because they cannot afford to rent better accommodation. Why are new houses not being built for these people? The rents are reasonable. I will tell you why. Under the unemployment relief scheme the cost of relief is placed on the properties in our cities. Ninety per cent of the taxes of the city of Winnipeg are raised on property, and if you build a house there to-day half the rent goes to the city in taxes.

Hon. Mr. LYNCH-STAUNTON: All of it in many cases.

Hon. Mr. HAIG: I am talking about a reasonable house in a reasonable neighbourhood. What investor will put his money into a property half the revenue of which is going into taxes before he gets anything himself? If you want to solve the problem of unemployment, relieve the municipalities. I am convinced that in this way the cost to the Government will be reduced by reason of the fact that the people who are now on relief will get jobs and go back to work.

Honourable senators know what is happening to-day. Men who for years have worked six or eight months in the summer season, thus earning enough to live on for the rest of the year, now quit work on the 30th of November and go on relief on the 1st of December. They walk out one door, where they have been employed, and walk in another to go on relief. They say, "Why should we not have relief as well as the other fellow?" It is almost impossible to get domestic servants in Winnipeg, yet there are 1,500 single women on relief. They say: "Why should we go into domestic service? If we go on relief we shall not have to do anything and we shall live as well as anybody else." Why should 5,000 single young men remain out of work in Winnipeg? Well, it is much more agreeable to sit around on unemployment relief than to work. Try it.

Hon. Mr. LAIRD: Did you ever try it?

Hon. Mr. HAIG: No, I never did, but I know from men whom I see on relief that once they get on it they do not want to get off. It is very difficult to get them off, because they say to themselves, "We are now on relief and if we get off we may not be able to get back again." That is what they are afraid of.

These matters that have been referred to, such as the employment of young people in industry, the improvement of homes, and figures showing reduction in the unemployed, are all very good, but they do not get to the core of the problem, nor within a mile of it. And your trade improvement will not help you a bit; you will have just as many unemployed a year from now as you have today, despite the improvement in trade. Farmers who used to employ as many as twenty men on big farms are now getting along with a quarter of that number by doing their work with machinery. In Alberta this summer I saw a farmer harvesting a section of land, the work being done by only another man besides himself, and this farmer told me that some years ago he used to employ seven or eight men.

Hon. Mr. LACASSE: How can you remedy that condition?

Hon. Mr. HAIG: You cannot remedy it; that is one of the issues you have to face. But unemployment in our cities can be overcome to a great extent by getting people occupied on building. You are talking about having building done by government institutions, and the Government are talking about a housing scheme under which houses will be built and rented. That will not solve the problem, but will only make it worse, for it absolutely kills any prospect of private enterprise engaging in this work. The way to solve the problem is to make it worth while for private builders to build houses. I can tell you that in the years from 1925 to 1927, for instance, there would be as many as 5,000 men engaged in the building trades in Winnipeg, but I doubt if this last summer there were more than 50. In these figures I am including men who sell materials, who do excavating, who cut the timber, or who are on the railroads bringing the lumber to the city—in short, all men engaged in any of the occupations connected with building.

Now, honourable senators, I have spoken longer than I had intended.

Hon. Mr. BLONDIN: Go on.

Hon. Mr. HAIG: I want to emphasize the picture just as I see it. I say to honourable members of this Chamber: do not make fun of the Social Credit Government in Alberta. The people of Manitoba are very sensible, as I have mentioned before, but when you are talking to them they will say: "You fellows have failed to solve our problems; so we will try the other fellow." I have asked some of these people, "Do you believe in this \$25-a-month business?" They say, "No, but things cannot be any worse than they are now." And conditions in Saskatchewan are not so good as those in Manitoba.

What we need is to have the debt problem solved. The Bennett Government put through the Farmers' Creditors Arrangement Act, which helped to relieve some of the farmers' troubles, but unfortunately it created other difficulties. The mortgage companies are satisfied with it, and so are the municipalities, but the small storekeeper, the doctor and people in many other classes in the smaller towns have been deprived of what was owing to them; sometimes of the whole amount.

Hon. Mr. ASELTINE: The unsecured creditors.

Hon. Mr. HAIG: Yes; they were wiped right out. And that is a very serious matter. In Manitoba the Board of Review are taking a sensible attitude. They are trying to say that the amount owing to unsecured creditors should be set off against the debtor's exemptions. I think they are acting illegally, but that is what they are doing.

Manitoba owes about \$125,000,000. I should think that if the debts of the municipalities were included, the total amount owing by the province would be probably about \$300,000,000. I do not believe the province can ever pay that back. You ask, "Why did they borrow it?" And I reply, "Why did you lend it to them?" The surest action a banker can take to break a man is to lend him too much money. You loaned those people too much money, and you put the rate of interest up to eight per cent—higher than it was in Ontario or Quebec. Numbers of life insurance companies said they were getting eight per cent in Saskatchewan and Manitoba and therefore they could increase the dividend rate on their policies. But they forgot that there must be some reason why the rate was so much higher in those Western Provinces than in the East. That reason was that the risk was greater in the West. In 1882 Moose Jaw and all the country south of it was dried out and the farmers had to leave, but in 1910 and 1912

the crops of those very lands were so good and the sale prices so high that farmers went to California for the winter. Now there has been a swing back to the other cycle.

I could tell you stories about the situation of farmers in southern Alberta, Manitoba and Saskatchewan that would bring tears to your eyes. I want to make it clear that they are just as much interested in the welfare of Canada and just as loyal Canadians as we are, but their debt problems seem to be insurmountable. It is our duty, if we have any red blood in us and love for our country, to try to help the people of the three Prairie Provinces solve those problems. It is no use to say to them, "You went reckless and wild." Who did not? Who built those big railways across Canada? Not Manitoba nor Saskatchewan nor Alberta, but Ontario and Quebec. Who built the vast system of highways across Canada? Ontario and Quebec. Who lent money to the Western Provinces and put them into debt? Ontario and Quebec. We of the West did not lend it to them; we did not have it to lend.

Honourable senators, I have tried to show you the situation that exists, and I ask you to join with the people of the three Prairie Provinces in meeting that situation. Some of us are standing fast and trying to fight radicalism—call it Communism, if you like, because that is what it is. If you do not come to our assistance with a clear mind and a kind heart, God help you!

Hon. GUSTAVE LACASSE: Honourable members, I will try to make my remarks short, to match my stature. First I want to congratulate the mover of the Address (Hon. Mr. Hugessen) and the seconder (Hon. Mr. Parent). I particularly liked this statement, made by my honourable friend the mover, the new senator in our midst:

I have been a resident of the province of Quebec for now nearly thirty years and I can truthfully say that at no time during that period have I felt that I was a member of a minority existing there merely upon sufferance or the forbearance of the majority.

I think that is a wonderful and eloquent tribute to the Laurentian province, and I derive much pleasure from quoting it, because it confirms an impression which I have had for many years respecting that province, which I claim to know particularly well. But I do not accept without reservation my honourable friend's other statement that "we have solved our minority problems in Canada." I will say no more of my own view, not even allude to what took place but a few

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weeks ago in the famous battle of East Hastings.

I do not wish to be harsh towards any honourable member this afternoon.

Hon. Mr. BALLANTYNE: You could not.

Hon. Mr. LACASSE: I am glad my honourable friend thinks that. I listen with keen attention—yes, with deep interest—to all the speeches and utterances falling from the lips of the right honourable leader on the opposition side (Right Hon. Mr. Meighen), not only because he is a master pleader, excelling particularly in the art of defending any cause he chooses to defend at any time, but also because his views as a rule are a true echo of the feelings and sentiments of prominent men in the nation. But I would humbly say that I was a little surprised at the orientation he deliberately gave to the debate yesterday. After all, our status as a unit within the boundaries of the British Commonwealth of Nations was not the only thing referred to in the Speech from the Throne, yet my right honourable friend seemed to concentrate almost exclusively on that point.

It is true he said something about the Employment Commission. May I digress for a moment here to say that I do not think his criticism was justified; I do not think he was absolutely fair when he stated that very little progress had been accomplished by that commission. If a man is falling downstairs the first thing to do for him is to stop him from falling farther. That is a negative action, I will agree, but an essential one. If that commission had produced nothing more than a similarly negative result we should, I think, have ground to be pleased, considering that during the five years' existence of the former Administration unemployment was steadily increasing. We have all the more reason to be pleased on learning that not only has a stop been put to that increase, but there has been positive progress to the extent of four or five per cent of re-employment throughout the country.

I will come back now to the issue of imperialism, though I do not wish to keep the attention of the House too long on that issue and thus repeat the sin committed yesterday by my right honourable friend. I believe that, in contrast to his usual kindness, he was a little harsher than he should have been in criticizing the views expressed by the mover of the Address, our young friend who was recently appointed from Inkerman (Hon. Mr. Hugessen). I think the only fault that could be found with the mover's views is that they

were put in a negative form. For instance, he stated that should a conflict arise between England and some other major power, he did not think Canada should send munitions and war materials to England's foe. His meaning, as I understood it, was that in a case of that kind we should not necessarily sacrifice on the bloody altar of war the last dollar and the last man in Canada for the sake of the so-called salvation of other countries, but should help in any possible way without impairing the credit of our country for centuries to come; help, for example, by concentrating on the supply of war materials to friends rather than to foes, by producing wheat and other foods for nations with which we have links of sympathy, official and traditional. It seems to me my right honourable friend would have been truer to himself by drawing more generous conclusions from the remarks of the honourable gentleman from Inkerman.

I particularly appreciated the apt and spirited reply which was made to the right honourable leader opposite by my honourable leader on this side (Hon. Mr. Dandurand). He quoted a view expressed on the floor of this House three sessions ago by one of the first lieutenants of the Government of that day, a gentleman who in 1930 was chief organizer of the party which is not mine, a gentleman who is not only a very distinguished citizen of our country, but holds a high military rank. That gentleman is our good friend the honourable senator from Vancouver (Hon. Mr. McRae), and I am going to quote from the speech he delivered to this House on the first of February, 1934, when he made the statement referred to by my honourable leader. I think that, coming from the lips of a man of his standing, these words possess much more interest than they otherwise would:

I am giving my considered, definite opinion when I say that I cannot conceive of any developments which would justify this country in sacrificing the blood of one single Canadian on the future battle-fields of Europe.

If my memory serves me right, the honourable gentleman went further in another case when he stated emphatically he would go to the extent of raising an army himself to oppose the organization of a Canadian army to be sent abroad. That was the most forceful statement of the kind I ever heard from the lips of a Canadian statesman, and it seems to me to be all the more forceful coming from a man of the political stamp of my honourable friend from Vancouver. Nobody, surely, can question his loyalty, even though he made such a statement.

I think something very important was lost sight of throughout the debate yesterday—the truly Canadian viewpoint. We are wit-

nessing again what I may term a Marathon of flag-waving and we are hearing all kinds of protestations about British loyalty, until it would seem that by some mysterious authority we in this House are barred from using the word "Canada." A good deal was said yesterday about the British Empire and the great European powers, but nobody seemed to dare even to whisper the name of our own country. I am proud to declare myself a loyal subject of His Britannic Majesty King George VI, who, though King of Canada, happens to live in another land owing to circumstances which we all appreciate, but who since the enactment of the Statute of Westminster is represented in this Dominion by His Excellency the Governor General. But with equal pride I declare myself a citizen of Canada, a country of glorious traditions, high ambitions, unbounded hope. I am proud to declare myself a loyal and faithful citizen of this great Dominion, the homeland whose soil will nourish my children in life and embrace their mortal remains when they answer the last call. I fully expected yesterday some honourable members would have preferred to talk a little more about Canada and a little less about the rest of the world.

I think, honourable members, it would be not only unfair but dangerous on our part not to listen to the voice of public opinion—and God knows how vehemently it sounds to-day in objection to our participation in foreign wars! Let any honourable member ask the first veteran he may meet on the streets of Ottawa, or of any other city in Canada, whether he would like to see his son go through the furnace and the hell which he himself endured twenty years ago, and attend to his reply. Let him ask the same question of the student bodies of our various universities. Let him ask the editor of *Varsity*, the official publication of the University of Toronto—the very city in which my right honourable friend lives. I have an apposite quotation which I should like to give to the House, but it is too lengthy to quote.

I wish, in passing, to mention a subject which so far has not even been alluded to in this debate, a subject which was dealt with at considerable length last session on the motion of my honourable friend from Rigaud, the ex-Postmaster General (Hon. Mr. Sauvé). I refer to immigration en masse and unregulated. At the present time there seems to have been started, let us say for the sake of argument, coincidentally in London in the East and in the vicinity of Lethbridge in the West, an agitation for unrestricted immigration. The parties interested would persuade us that if we adopted their program it would

automatically solve all our problems—unemployment, national debt and railway deficits. For my part, I hesitate to accept the proffered panacea, and my hesitation arises out of an incident with which I am personally familiar. It happened in my own little town of Tecumseh, and what I am about to state can be verified by reference to the files of the municipality. A few years ago an English family came into the town. The head of the family, an old war veteran and ex-member of the Imperial army, was badly crippled and absolutely unfit for any kind of work, his wife was sickly and his four children were tubercular. A few weeks later his mother-in-law crossed over from Detroit. She was supposed to be in receipt of a pension, but after a few weeks it ceased. Later she developed cancer, and the municipality had to order her removal to a hospital and assume the expense. Then the head of the family had to be taken care of in the same institution. Thereupon the municipality was faced with the problem of sending the four children to a preventorium at a cost of between \$800 and \$900 a year. Eventually the municipal authorities had to take what may appear to be drastic action, but I commend them for doing so. They had to deport the family to the Old Country at a cost of \$600, and thus saved the ratepayers further expense. I wonder that such a family was ever allowed to enter the Dominion. It is a lamentable case, but it is typical of what may happen if we do not take some action to deal with our immigration problem. There is no room for sentiment in discussing the question, particularly in view of the financial difficulties through which most of our municipalities are passing at the present time.

I read in the press a few days ago a letter from a high official of the British Legion in Canada complaining about the Imperial Government's utter lack of attention to British soldiers in the Dominion who were members of the Imperial army during the Great War. I suppose some of my honourable friends have also read that letter.

In conclusion, may I say that, irrespective of the problems which are confronting this country at the present time, for instance, the problems of unemployment—so ably treated by my honourable friend from Winnipeg South Centre (Hon. Mr. Haig) a moment ago—and the financial distress of our municipalities, I think the most important duty on the part of the Government of Canada to-day is to work out such a unification plan as will remove all causes of friction in any part of the Dominion, and so take away the slightest justification for secession talk. Quebec is not the only province talking secession. We have heard

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of an agitation for the constitution of the island of Vancouver as a province; we have also heard it suggested that the three provinces by the sea should unite and withdraw from Confederation; again, we have heard a threat of secession from this province of the northern part of Ontario. So we should not be unduly scandalized by talk of secession here and there. It seems to be a general trend of mind which has developed because there is lacking in Canada a real national sentiment, which, I submit, is the true expression of Canadian patriotism. Therefore let us all work towards national unity if we want—and I ask honourable senators to regard this as a serious warning on my part, for I know what I am talking about—if, I say, we want Confederation to endure.

Hon. ARTHUR SAUVE (Translation): I do not propose, in my brief observations, to go into matters that could be more appropriately discussed on the occasion of the debate on the budget, on estimates or on motions. How, indeed, can the question of armaments be raised in a debate on the Speech from the Throne, which makes no mention of it?

It is rather strange, though, that it is not mentioned, when one remembers that, some time before the opening of the session, the Minister of National Defence made certain statements on the subject which gave rise to controversy. What meaning are we to attach to his former loquacity and his present silence?

It is the Government's duty frankly to state their policy in the matter of defence or participation. The Government are in communication with the authorities of the British Empire and with the member powers of the League of Nations. They were competently represented at the last session of the League, and I take the opportunity of congratulating the Government leader on his activity at Geneva. The Government thus being fully apprised of the situation, both national and international, it is their duty to bring forward in full frankness policies destined to meet this situation. The Government are aware of the country's role, of its interests, its obligations and its commitments. They also know their own responsibilities. They should therefore bring forward their policy. It will be the opposition's duty to examine it, to propose amendments, and then Parliament will decide. That will be the occasion to take a courageous and loyal attitude, loyal to Canada first.

There is also a question of education involved. The Government should seek to educate Canadians in their duties of citizenship, and it is in peace time that citizens will

learn to fulfil them properly. In this campaign of education it will be well to avoid abuses and that party spirit which too often blinds the people instead of enlightening them.

In 1914 we committed gross abuses of language, theories and expenditure.

I am not yet disposed to take an attitude other than the one I honestly took against the excesses of the war period. I took it because I loved my country beyond all else. I still love it and I am more and more in favour of the "Canada First" policy.

As I once stated in the presence of representatives of France and England, the new world is tired of the eternal quarrels of the European nations. If the older countries cannot better understand the new rôle of Christian civilization, America will have to teach it to them. The time will come when America, who wants peace, will impose its policy.

When the defence estimates are submitted to Parliament, the Government should clearly define and explain to the people what they mean by the defence of Canada.

Let us carefully consider these questions in time of peace, not under the stress of passion, but in the light of reason.

Hon. F. B. BLACK: Honourable members, I had no intention of participating in this debate, but I desire to make a few brief observations in order to satisfy myself and settle my own mind. I regret very much that my honourable friend who sits opposite (Hon. Mr. Lacasse) should have made the remark that he did this afternoon. I hope he will take what I say in the spirit in which it is offered. I listened with attention to the entire debate of yesterday and heard no reference by either of our leaders to the participation of Canada in a war on foreign soil, and I think the honourable gentleman was ill-advised to bring this feature into the debate at the present time. It is because of his remark that I rise to my feet.

Everything that was said yesterday related to the defence of Canada as part of the British Commonwealth of Nations and as an integral part of the British Empire. Where should we all be to-day, regardless of our national origins, if it were not for the protection that the British Empire has given us in the past and is giving us to-day? There is not a man within the sound of my voice, nor a thoughtful citizen of Canada, who would contend that we as a nation should not be prepared to defend ourselves against an aggressor.

There has not been until to-day any suggestion that Canada would take part in a

war of aggression, but every thoughtful citizen of this country must know that in order to defend itself Canada may have to go outside its own borders. We did that once before, not because we chose to do it, but because circumstances compelled us. For two and a half years the great republic to the south of us did everything possible to keep from being involved in the Great War, in which it had no personal stake, but in the end it was forced to take part. It was forced to take part, not by the British Empire, not by the world at large, but in order to defend the civilization which had been built up in that part of the North American continent south of our southerly boundary.

I am free to admit that we may find ourselves in such a position in the future that we shall have to take part in a war on foreign soil, but I do not anticipate such a thing. There was not within the walls of this House yesterday a single statement that would lead any person to believe that because we were preparing to assume our share of the burden of defending our own land we would take part in a foreign war.

I was very much pleased to read in the press about the plans drawn up by the Minister of Defence. Whether or not he has gone far enough, he has made a step in the right direction. I think we should rid our minds of the idea that we should not talk defence. We must call things what they are, and must recognize the situation which faces us and the rest of the Empire. Honourable members who were present at the Imperial Conference a year ago last summer listened to spokesmen from every unit of the British Commonwealth of Nations, each and every one of whom voiced the desire to be sufficiently prepared to be able to take part, if necessary, in the mutual defence of the Empire. That is all that those of us who believe in reasonable rearmament desire. Does anyone suppose that all the elements that go to make up the British nation, with its forty-five millions of people, would agree to the enormous expenditures that are being made on armaments if they did not believe that the Union Government which represents them in Parliament was acting for the defence of the nation, even though that defence, as defence sometimes does, should make it necessary to take the offensive? If the British Government is right, are not those of us here who believe in reasonable preparation right on our part?

I took but a very small part in the last war, and I do not want to see any more war. I came into contact with a German shell somewhat early in the game. But I took a greater part than some who have said they would raise an army to oppose men leaving this

country to fight. They do not voice the opinion of those who are loyal to this country and to the Empire which protects us. I have not much patience with that sort of talk, or with pacifists who say, "We will sit still and let others do the fighting." That is not the spirit which built up this country. That is not the spirit of the great French nation, which has been standing shoulder to shoulder with the British Empire, and which throughout history fought and defended itself loyally and well when it had to do so. I know, and honourable members know, the sentiments which have prevailed here in Canada among the descendants of that race and among the members of the Anglo-Saxon race, whether of English, Scotch or Welsh descent. The same spirit that animated our forefathers animates us to-day.

I do not want to see war, but I do want to see this country prepared to do its share if necessity should arise. I do not want to see a single citizen of Canada fighting on foreign shores, but I do want to see every loyal citizen prepared to defend his own shores if that should become necessary.

Hon. Mr. LACASSE: Hear, hear.

Hon. Mr. BLACK: Far as it may seem from probability, it is nevertheless possible that we shall have to fight on our shores in defence of this Canada of ours. There is a very strong power on the Pacific, a very energetic power, well armed and with a navy and an army among the finest in the world. It has a population which is confined to a very small area, and it is looking for new lands on which to settle its people.

Hon. Mr. CANTLEY: They are increasing at the rate of a million a year.

Hon. Mr. BLACK: Yes; more than that. As the Japanese population on the mainland grows—I may as well speak plainly—to whom are we to look for the protection of our Pacific coast, or our Atlantic coast for that matter, if we do not look to the British Navy? Are we to say that the United States will protect us? Not at all. If there were no British Navy the United States could not protect us.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. BLACK: It is only the British Navy, with the help of the United States and what we can do ourselves, that will make us safe against the aggression of some foreign power that wants to occupy these fertile lands of ours.

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We ought to have sufficient protection on each of our coasts to take care of immediate eventualities. With our small population and limited means we could not hope to defend ourselves for any length of time; but we must have some means of protecting ourselves and holding our shores until the British Navy or some other navy can come to our assistance. We want destroyers, yes; but we want more than those. We want an up-to-date fleet of submarines. Our docks at Halifax and Esquimalt should be ready to take care of our own ships, or those of the British fleet when it comes.

We do not need a large army. Nobody wishes more than I do that we did not need an army at all. Nevertheless, we should have an active nucleus which would be sufficient to protect us until we got assistance from outside. I do not like to talk Jingoism, and that is not my intention, but I think we ought to stop this constant talk of peace, peace, peace. No other nation is talking of it. I am simply saying—and I think my honourable friend (Hon. Mr. Lacasse) will agree with me—that we should be in a position to hold up our heads and look into the faces of our brothers of the Homeland, Australia, New Zealand, Africa, and the rest of the Empire. We should be in a position to say to Great Britain, "We are not as big as you are, but we realize that we owe a duty to the Empire, and we are prepared to do our part." So far as that goes, I am entirely in accord with the sentiments expressed by my right honourable leader (Right Hon. Mr. Meighen) yesterday, and by the Minister of Defence. I am glad to see that he is moving in what I think is the right direction, under the guidance of his Government. I congratulate the honourable the leader opposite (Hon. Mr. Dandurand) as a member of the Cabinet, for I am sure that he gives the Minister of Defence every support.

Hon. CAIRINE WILSON: Honourable gentlemen, after the dramatic words of the honourable senator from Winnipeg (Hon. Mr. Haig) I hesitate somewhat in rising to make an explanation. I do so because I think I am possibly the only member of this Chamber who is also a member of a local Home Improvement Association.

I was somewhat surprised when I heard the right honourable leader of the Opposition (Right Hon. Mr. Meighen) make the statement that the Government had advanced the sum of \$50,000,000 with a view to allowing the banks to lend this money. The maximum the Government has guaranteed under its plan is 15 per cent of \$50,000,000, which would

amount to \$7,500,000. The scheme was launched on October 19, and at this date a great many of the local committees are not yet functioning. I may say that the committee in Ottawa is only now getting under way, but already the banks are receiving very satisfactory inquiries. In the United States the improvements effected apart from the Government loan were in some cases as much as ten times those effected through the loan; so there is every prospect that this plan will afford a substantial amount of employment to the building trades, which have suffered so severely.

In one way the honourable senator from Winnipeg—

Hon. Mr. McMEANS: The senator from Winnipeg is myself.

Hon. Mrs. WILSON: I beg the honourable gentleman's pardon. I meant the honourable the junior member from Winnipeg (Hon. Mr. Haig).

In one way we were made to realize the magnitude of the unemployment problem, and the right honourable the leader of the Opposition certainly paid a compliment to the ability of the Government when he said they were quite able to solve this question within their own administration. Every member of this Chamber has confidence, I think, in the extraordinary ability and self-sacrifice of the Chairman of the Employment Commission, and when we know that these problems are absorbing his attention for sixteen hours a day we realize that they are difficult, although perhaps not quite impossible of solution, as we were told this afternoon.

That is all I wish to say with regard to this question.

Hon. L. McMEANS: Honourable members, there are just one or two remarks that I should like to make with reference to the situation in the Western Provinces. In Winnipeg no one can borrow a dollar on any house he may possess. One of the great difficulties is the radical legislation that has been passed in respect of all classes of loans. What is the result? The result is that if you lend \$1,000 on a house you are very apt to find after the next session of the Legislature that you cannot collect it. You could go to the city of Winnipeg to-morrow and lend many millions of dollars at a rate of about six per cent, but the trouble is that you do not know what the Legislature might do. It might to-day pass a law on the basis of which you would lend money against a mortgage, and next session pass another law which would make your mortgage no good.

The Legislatures have enacted measures which have driven all the loan companies and financial institutions out of the provinces, and that is one reason why the provinces are in such a desperate condition. In Saskatchewan, Alberta and Manitoba, if you lent \$1,000 on a house worth \$5,000 you might find after the next session of the Legislature that your loan was wiped out. No financial institution which has a board of directors in Montreal or Toronto will lend a dollar in the West. Within the last month I received a letter from a gentleman in the East who said he was advised by a banker not to put out a single dollar on a mortgage in the Western Provinces.

These provinces are to blame for their present condition because of the awful legislation they are passing. How can they expect to get along after they drive every financial institution outside of their borders? They come to the Dominion Government and say: "We are hard up. We have no money and we cannot collect what is owing to us." But, I repeat, they are in this condition because of their own laws. It seems to me that unless there is some control over the legislation of these provinces we must expect the present condition will continue to exist.

Hon. Mr. CALDER: How would you control it?

Hon. Mr. McMEANS: I do not like to say so, but I suppose three-quarters of the men who are elected to the provincial Legislatures owe on mortgages themselves, and when a Bill is introduced to provide that neither principal nor interest can be collected on a mortgage they all vote for it. I do not know how their legislation is going to be controlled. I believe that if at the time of Confederation we had had a legislative rather than a federal union, with the provinces being allowed the authority of only—

Hon. Mr. LYNCH-STANTON: County councils.

Hon. Mr. McMEANS:—extended county councils, we should have been in better condition. Again I want to say that in my opinion it is the provinces themselves that have brought about the terrible condition existing in the West.

Hon. JAMES MURDOCK: Honourable senators, a little while ago I was very much interested in listening to the junior senator from Winnipeg (Hon. Mr. Haig), who dealt chiefly with the situation of the Western Provinces and pointed out that debt is one of the greatest handicaps of these provinces in particular and

of Canada as a whole. He suggested as one means of solving the debt problem, as I understood him, the consolidation or co-ordination of the two great railway systems, the traffic over which he said had fallen off materially in the past few years. I do not intend to go into that matter at this time, but while he was speaking I wanted to ask him if there was not another important step which could be taken to relieve the debt burden of the West. In my judgment, which is supported to some extent by what the senior senator from Winnipeg (Hon. Mr. McMeans) said a moment ago, one of the chief troubles of the Prairie Provinces in years gone by has been altogether too much government.

Hon. Mr. McMEANS: Hear, hear.

Hon. Mr. MURDOCK: And, though I bow to the superior knowledge of others who take a different view, I believe that too much government is one of the great troubles of the West to-day. My honourable friend the junior senator from Winnipeg alleged, in part correctly, that the bad condition of the West was due to the fact that the East had pressed this, that and the other thing upon the Prairie Provinces, had lent them money, built railroads, and so on. But my honourable friend must realize that in 1905 the people of the Prairies made a great demonstration of desire for the creation of two new self-governing provinces. There is no need of going into facts and figures to show what those two new self-governing provinces have cost the people of the West in years gone by and are still costing them as a result of—shall I say?—hare-brained legislation, as some of us view it. I think my good friend the junior senator from Winnipeg should perhaps point out that it would have been a good thing for the Prairies to have been told in 1905 to extend the boundaries of Manitoba to the foothills of the Rockies and have one province there governing the Prairies. Had that been done, millions of dollars would have been saved to the people of the great Northwest.

Hon. Mr. BALLANTYNE: Why did they not ask for the Hudson Bay also?

Hon. Mr. MURDOCK: They asked for a lot of things that we do not need to go into this afternoon.

Our sittings of to-day and yesterday have reminded me of the frailties of human nature and particularly of those differences which go to bring about wars. Among members of this House there are as pronounced dif-

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ferences of opinion on certain all-important questions affecting Canada as are perhaps to be found among people of other lands, where differences concerning their national interests are carried at times to the point of causing stress and even war. I am going to speak for just a few moments on the question of war. First, last and all the time, within the bounds of honour and reason, I am unalterably opposed to war and believe that, within those bounds, Canada—yea, and the British Empire—should exert every means possible to keep clear of war. But I cannot agree with some, whom I have heard described as frenzied patriots, who say that we should keep out of war at all times, nor do I think the great majority of Canadians would subscribe to that view. Within the past five or six weeks we have had a demonstration throughout the British Empire of what loyalty and patriotism to the Empire mean. In my judgment that demonstration, so far as its thoughtfulness was concerned, was more pronounced than what we saw in August and September, 1914, when the Great War started and Canadians in substantial numbers believed that they were to all intents and purposes involved and were no longer neutral, since Great Britain was at war. I am altogether in sympathy with those who claim that we should not engage in war under any circumstances, or that Canadians must never again go overseas to take part in a war on foreign soil, for I think I know from experience a little about the misfortunes of war. But may I draw this brief analogy? I think the most enthusiastic member of a humane society, a man or woman who would always go to the assistance of a dumb animal in trouble, would, if his or her children were in danger from a mad dog, without hesitation take desperate and drastic means to put that mad dog out of the way. To my mind that analogy applies in respect of this question of war.

Canada and Canadians want no more war, but for the protection of things which we were thinking about five or six short weeks ago, the stability and continuity of the British Empire, our love and pride of race—yes, we were thinking about those things—tens of thousands of Canadians were in their hearts ready to stand firm. Considering the remarkable changes that have taken place during the last few years, when we have seen the Treaty of Versailles torn into shreds and thrown to one side, with certain nations apparently relying upon the view that might is right and getting prepared by every means at their command to assert and prove that might is right, are

we as red-blooded Christian Canadians, proud of our heritage in the British Empire, going to stand aside and say we will not even make reasonable preparations to assist the Mother Country or other parts of the British Commonwealth of Nations if need be? No! We are not going to do any such thing if I know anything about Canadians or the blood that runs through their veins.

There are some people in this Canada of ours who are relying upon the beneficent position in which they find themselves, basking in the radiating protection of the United States, and perhaps some have thought that great country with its immense navy and army would not and could not permit Canada to be assailed by any foreign foe. We are not built, surely, of such timber that we are going to sit back and rely upon any sentiment of that kind. Surely we are going to undertake to do what may be reasonable and practicable in preparing, if necessity arise—as God grant it never may!—to take our place as Canadians and as members of the British Commonwealth of Nations in doing what humanity expects of us.

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

#### SUCCESSION TO THE THRONE BILL FIRST READING

A message was received from the House of Commons with Bill 1, an Act respecting alteration in the law touching the succession to the Throne.

The Bill was read the first time.

#### SECOND READING

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

He said: Honourable senators, with the leave of the Senate I desire to move second reading of this Bill now. We are cognizant of the situation which has necessitated this measure. The purpose of the Bill is to secure the assent of the Parliament of Canada to the alteration in the law touching the succession to the Throne set forth in the Act of Parliament of the United Kingdom intitled, "His Majesty's Declaration of Abdication Act, 1936." The United Kingdom Act is printed as schedule two to the Bill which is now before the House.

To make clear exactly what is intended by the provisions of His Majesty's Declaration of Abdication Act I will read to the House what was said at Westminster by the Prime Minister of the United Kingdom on the second reading of the Bill. The Right Honourable Stanley Baldwin said:

The provisions of this Bill require very few words of explanation from me at this stage. It is a matter which of course concerns the Dominions and their constitutions just as it concerns us. As the House will see, four Dominions—Canada, Australia, New Zealand and South Africa—have desired to be associated with this Bill. As regards the Irish Free State, I received a message from Mr. de Valera yesterday telling me that he proposed to call his Parliament together to-day to pass legislation dealing with the situation in the Irish Free State. The legal and constitutional position is somewhat complex, and any points with regard to that which anyone desires to raise would more properly be dealt with at a later stage.

The Bill gives effect to His Majesty's abdication, and provides that His Royal Highness the Duke of York shall succeed to the Throne in the same way and with the same results as if the previous reign had ended in the ordinary course. It is necessary to have an Act of Parliament because the succession to the Throne is governed by the Act of Settlement, which makes no provision for an abdication or for a succession consequent upon an abdication. It is also necessary expressly to amend that Act by eliminating His Majesty and his issue and descendants from the succession. This is effected by subsections 1 and 2 of clause 1.

I desire to draw the attention of honourable members to the fact that the present Bill covers only the second subsection in the Imperial Act, eliminating His Majesty and his issue and descendants from the succession.

The reason why this Bill is brought forward is to be found in the Statute of Westminster. Two parts of the statute are interesting, the preamble and clause 4. The second recital of the preamble reads:

And whereas it is meet and proper to set out by way of preamble to this Act that, inasmuch as the Crown is the symbol of the free association of the members of the British Commonwealth of Nations, and as they are united by a common allegiance to the Crown, it would be in accord with the established constitutional position of all the members of the Commonwealth in relation to one another that any alteration in the law touching the Succession to the Throne or the Royal Style and Titles shall hereafter require the assent as well of the Parliaments of all the Dominions as of the Parliament of the United Kingdom.

It is because of this constitutional declaration that the Bill is brought before this Parliament. As honourable senators will see, the Parliaments of all the Dominions were supposed to meet at the same time as the British Parliament to enact similar legislation. The element of time prevented the immediate meeting of the Canadian Parliament. What would have happened in the premises if our Parliament had waited eight or ten days to meet and to adopt the legislation mentioned in the preamble I would not venture to state, but certainly some difficulties would have arisen if Canada had not joined in the Act

which was being passed by the Imperial Parliament.

As the Parliament of Canada could not at the time pass concurrent legislation, the Government had to utilize clause 4 of the Statute of Westminster, which reads as follows:

No Act of Parliament of the United Kingdom passed after the commencement of this Act shall extend, or be deemed to extend, to a Dominion as part of the law of that Dominion, unless it is expressly declared in that Act that that Dominion has requested, and consented to, the enactment thereof.

Accordingly the Dominion Government passed an Order in Council delegating its powers to the Imperial Government and requesting the Imperial Parliament to pass the legislation in order that the sovereignty of George VI should be declared as well in Canada as in the British Isles. This was done, and, as will be seen by the British Act, the Dominion joins with Great Britain in its enactment. The preamble to that Act, which will be found in schedule 2 of the Bill, reads as follows:

Whereas His Majesty by His Royal Message of the tenth day of December in this present year has been pleased to declare that He is irrevocably determined to renounce the Throne for Himself and His descendants, and has for that purpose executed the Instrument of Abdication set out in the Schedule to this Act, and has signified His desire that effect thereto should be given immediately:

And Whereas, following upon the communication to His Dominions of His Majesty's said declaration and desire, the Dominion of Canada pursuant to the provisions of section four of the Statute of Westminster, 1931, has requested and consented to the enactment of this Act, and the Commonwealth of Australia, the Dominion of New Zealand, and the Union of South Africa have assented thereto.

Now the question has arisen whether, the Canadian Government having given that consent, it is necessary for the Dominion Parliament to pass supplementary legislation. It is necessary in order to comply with the express terms of the preamble of the Statute of Westminster. Let me quote it again, in part:

—it would be in accord with the established constitutional position of all the members of the Commonwealth in relation to one another that any alteration in the law touching the Succession to the Throne or the Royal Style and Titles shall hereafter require the assent as well of the Parliaments of all the Dominions as of the Parliament of the United Kingdom.

As will be observed, the scope of this Bill is limited to subsection 2 of section 1 of the British Act which affects the order of succession. It has been objected that this legislation is superfluous. I think we owe it to the declaration of the Statute of Westminster to assert our right to have the Parliament of Canada enact this measure.

Hon. Mr. DANDURAND.

I might discuss at length various other aspects of the question, but I believe honourable senators will be satisfied with this statement.

I may say that I was in Europe during the distressing moments when the question of the abdication of His former Majesty King Edward VIII was being discussed all over the world, and I was moved by the anxiety displayed by friends from other countries whom I met in Paris and Geneva, all admirers of the British monarchy, over the cruel situation which we had to face. At the same time I realized that the reputation of the British parliamentary system and of the Prime Minister of Great Britain, Mr. Baldwin, was enhanced to a very high degree by the manner in which that critical situation was met. When he made his statement in the House of Commons I heard on all sides expressions of admiration that only the Mother of Parliaments could give to the world such an example of dignity in dealing with a grave constitutional issue.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: With these few remarks I move the second reading of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, I do not rise to offer any opposition to the second reading. Before putting on record a few remarks as to this Bill, I want to express my gratification at the language which has fallen from the honourable leader of the Government (Hon. Mr. Dandurand) in respect of the admirably dignified and sympathetically correct method by which both the Government and the Parliament of Great Britain dealt with an embarrassing subject, pregnant possibly with great danger. I also take occasion to say that while, in my judgment, the Government of Canada erred as to matters of detail, nevertheless in substance it conducted the whole affair excellently. It acted as it should have acted. It was indeed fortunate, from the standpoint of this country, that the Government dealt with the subject in the way it did. I think it would have been an unfortunate rather than a happy event if the Government had decided that Parliament ought to be called to express itself in the premises. I may be forgiven if I add that had this occurred in 1920 or 1921, when very heavy responsibilities were mine, or in the period from 1930 to 1935, when those same responsibilities rested on the shoulders of another, very terrible criticism would, I fear, have been levelled at us for following exactly the same very proper course.

Now, while I do not oppose the measure, I want to place upon the records of the House my views as to the correctness of the procedure which has been followed. I am afraid the Government, or, perhaps, to put the blame just where it belongs, the law officers of the Crown, did not give the subject that close, attentive thinking which it merited. In my opinion there is no need of this Bill at all. I know the Government is in good faith in presenting it, and I intend to support it.

I listened carefully to the argument of the honourable leader of the Government in this House, who tried to convince us of the necessity of the measure, and based his contention upon the Statute of Westminster. I know the Statute of Westminster is in effect. I never thought it really registered much of an advance, if any, and I have always been very doubtful of the wisdom of solidifying into words a constitutional position which has grown through the years, my own faith being that it would have been better left as it was, in the form of a constitutional established practice, than expressed in the form of a definite and fixed statute. But we have the statute. Therefore it becomes us to see just what Canada should do in the presence of the statute and in the circumstances.

There has been an abdication. An abdication of what? Of the Throne of Great Britain and the British Dominions beyond the Seas, and of the Emperorship—if that is the term—of India, by His late Majesty King Edward VIII. There has been what might be described as an acceptance by the Parliament of England of that abdication as a demise of the Crown, and it has been declared by the British Act to be a demise of the Crown. That is what has taken place.

Let us see then where the Statute of Westminster comes in. There are only two portions of the statute which have any bearing on the point at all. First I will read the recital, upon which, apparently, the honourable leader of the Government in this House mainly depends as a justification for this Bill. I ask honourable members to follow me closely, because its very presence here has a significance that I do not think is appreciated. It is present as a recital, not as a section of the statute. It is in this language:

And whereas it is meet and proper to set out by way of preamble to this Act that, inasmuch as the Crown is the symbol of the free association of the members of the British Commonwealth of Nations, and as they are united by a common allegiance to the Crown, it would be in accord with the established constitutional position of all the members of the Commonwealth in relation to one another that any alteration in the law touching the Succession to the Throne or the Royal Style and Titles shall

hereafter require the assent as well of the Parliaments of all the Dominions as of the Parliament of the United Kingdom.

Now, the leader of the Government says that by virtue of that recital we ought to consent, because it recites that it is the proper thing for us to do as a Parliament when there is a change in the law touching the succession.

My first affirmation is this—and it is very vital. There is no change in the law touching the succession. The law touching the succession to the Throne and to the style and titles is exactly the same now as it has been for scores of years. There has not been the dotting of an *i*; there has not been a subtraction or an addition. Its identity is precisely what it was. It is embodied in the Act of Settlement, and there it is provided that on the demise of the Crown he or she who occupies such and such a relationship shall succeed. As that law stands exactly as it was, there is no relevancy whatever to this preamble. There is no necessity that can possibly rest on this preamble, for the very plain, manifest reason that the *raison d'être* of the preamble, namely, a change in the law of succession, does not exist.

Now I come to section 4. I do not think the leader of the Government sought, if I understand him correctly, to found any need for this legislation upon section 4. It reads as follows:

No Act of Parliament of the United Kingdom passed after the commencement of this Act shall extend, or be deemed to extend, to a Dominion as part of the law of that Dominion—

Honourable members, I rest upon those words.

—as part of the law of that Dominion, unless it is expressly declared in that Act that that Dominion has requested, and consented to, the enactment thereof.

Suppose it were contended—and it has been in another place—that because of that section we should pass legislation requesting and consenting. I propose to answer that contention. What the legislation says is that if a statute is passed by the Parliament of Great Britain, that statute is not part of the law of Canada unless it is expressed in the statute that Canada has requested or consented thereto. Now, no statute has been passed by the Parliament of Britain that is intended to be part of the law of Canada. The British North America Act establishes as our monarch the monarch of Great Britain, the one person fixed by the Act of Settlement as monarch of the Empire, of Great Britain and the dominions, and of India. If there is a demise of that monarch there is no king of Canada. A demise of that monarch

takes place, perhaps upon abdication, certainly upon the acceptance of the abdication by the British statute. At that moment he who succeeds becomes monarch, in the same position exactly as was the monarch he succeeds. It will hardly be suggested that it was ever, or is now, within the power of the Parliament of Canada to change the monarch. It was not in our power before the British North America Act, for there was no Canada; nor was it afterwards. It was not in our power before the passage of the Statute of Westminster, and it is not now, after its passage. That is why there is a preamble. That is why it is a preamble and not a section of the Act. It never was within our power, it is not now within our power, and it cannot be as long as there is an Empire. So we do not get any further by passing this statute.

It has already been stated in the British Act that Canada has requested and consented. I think it has been wrongly stated there; but it is there; so the British Act is completely valid anyway.

Hon. Mr. LYNCH-STAUTON: Does not the law require only that it should be so recited?

Right Hon. Mr. MEIGHEN: That is all.

Now, I said I thought it was wrongly stated there. I repeat that. Canada did not request or consent. Canada did not need to request or consent, it is true, but Canada purported to do so by Order in Council. That Order in Council had no basis in any statute. It was utterly valueless. The Government had no authority to express anything for Canada. The Government cannot express by Order in Council unless there is a statutory base for it. But I do not want to confuse honourable members. This really does not matter. The British statute is valid and is plenary for the whole Empire in the acceptance of an abdication; and the fact is that if this section 4 ever did require anything, all it required was that this be stated in the British Act. That requirement has been met, for it is so stated. That being so, there is no need of this statute. I think it is unfortunate that we have it, because it merely creates a precedent that is going to be the means of confusion in the reasoning out of these matters for all time.

There are certain things for which there should be a statute if it is intended by the British Act that there should be a law applicable to Canada. This is not one of them. If it had been, I think the appropriate thing would have been an address from both Houses. But I say that section 4 does not apply at

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all, because the subject of the occupancy of the Throne never was under the purview and is not now in any sense within the power of Canada.

There was the recitation that if there was to be any change in the law of succession it should not under constitutional practice be made unless previously there had been request and consent by the parliaments of the dominions—quite a proper condition. If any change were made it would be right that we should act. But the law of succession stands as it was; consequently there was no need for legislation at all.

My only purpose in expressing these views is to put them on the records of the House in the hope that they may receive the attention they deserve at the hands of those who would be vested with responsibility if another contingency should arise. Had Parliament been sitting it certainly would have been a wise and, I think, a proper thing, for an address to be passed by both Houses. At the present stage there is no need of anything. But I do not stand in the way of the legislation.

Hon. Mr. MURDOCK: Would the right honourable gentleman explain for my benefit these words in the preamble?

—shall hereafter require the assent as well of the Parliaments of all the Dominions.

If one or two or three parliaments did not assent, would it not be possible for the British Parliament to make a law changing the order of succession?

Right Hon. Mr. MEIGHEN: In my judgment it would be quite possible to do it with complete legal effect without the consent of any dominion at all. The preamble merely recites what is a proper constitutional practice if there is intention to change the law of succession. But what I am trying to drive home is this, that in the present circumstances there has never been any intention to change the law of succession, and it has not been changed. Therefore the preamble is entirely irrelevant to the whole issue, and the title to this Bill is all wrong. It will be a subject of profound amazement to constitutional and legal writers for years to come that we should recite we are called upon to consent to a change in the law of succession and in the style and title of the monarch of this Empire, when there has been no such change at all.

Hon. Mr. LYNCH-STAUTON: Will the right honourable gentleman permit me a question? The honourable the Minister of Justice said in the other House that although His Majesty had abdicated and there was a demise of the Crown in law, it was not at all clear whether or not the former King's de-

scendants, if any, might have a legal claim to the Throne, and that, there being no precedent for what has happened, it was necessary to pass this legislation. But, even assuming that what the Minister said is correct, I cannot see anything in the Statute of Westminster requiring us to pass any legislation at all. How are we going to express our assent?

Right Hon. Mr. MEIGHEN: I am not certain that I apprehend correctly the question asked by the honourable senator. I know the Minister of Justice has said that the reason for the British statute was, notwithstanding the abdication and the undoubted power of the monarch to abdicate, to make assurance doubly sure that his descendants could not make any claim to the Throne, nor could he himself if he should want to do so in later years. I am ready to agree that that was probably in the minds of the British Government and Parliament, and therefore they passed their statute and declared the abdication, which took effect upon the monarch's assent to the statute, to be a demise of the Crown. When that statute became effective the Act of Settlement came into play and made the present King George VI monarch of our Empire. The demise of the Crown was complete immediately on assent to the statute, without any doubt in the world, and it was complete for the whole Empire.

Hon. Mr. LYNCH-STAUTON: I agree with everything the right honourable gentleman has said, but there is a point I should like to ask as a matter of curiosity. Assuming that cause did arise for action to be taken respecting succession to the Throne, we are not required by the Statute of Westminster to enact any legislation. How are we to express our assent?

Right Hon. Mr. MEIGHEN: I should think the proper way would be by resolution of both Houses of Parliament.

Hon. Mr. LEGER: In view of what has been said, would it not be better to amend the title by striking out the words "respecting alteration in" and substituting therefor the word "confirming," so that the title would read: "An Act confirming the law touching the succession to the Throne"?

Right Hon. Mr. MEIGHEN: I think the present title is quite incorrect, but I wonder if it would be any improvement to make the suggested change. I point out to the honourable senator that we are not confirming the law either.

Hon. Mr. LEGER: The change I suggested would not make the title exactly correct, but would bring it nearer to accuracy than it now is.

Right Hon. Mr. MEIGHEN: I should not like to suggest any change that would require an amendment to the Bill, for then we should run into a conflict with the other House, and I do not want that. My intention was simply to express my own view and let it go at that. I feel sure, because of the strong stand taken by the Prime Minister, that if we changed the Bill we should have a conflict with the other House.

Hon. Mr. DANDURAND: If no other honourable member desires to speak I will close the debate. I would simply answer the objection of my right honourable friend in this way. The Statute of Westminster is an Imperial Act. Surely the Parliament which enacted that statute, or the Ministers who sponsored it, must have had some understanding of the end they had in view. And what do we find? The British Government, at the time it was presenting its Declaration of Abdication Bill, was cabling to the various Dominions asking them to assent.

Right Hon. Mr. MEIGHEN: It is quite right that the Dominions should be consulted and their views expressed, for this matter affects us all. But that does not mean the Parliament of Canada needs to pass a statute at the present time.

Hon. Mr. DANDURAND: That is not the view that has been expressed by the British Government and its law officers.

Right Hon. Mr. MEIGHEN: I should like to see the view of law officers of the British Government. Can the honourable gentleman produce it? I should prize it as a sweet morsel.

Hon. Mr. DANDURAND: I am simply judging the attitude of the British Government and its law officers by the result. The British Government asked the Dominions for their opinion, as is stated in the preamble to the British Act.

Right Hon. Mr. MEIGHEN: I intended to call attention to that Act, and I will do so now. It appears as a schedule to our Bill, and one finds upon reading it that there is no provision at all for a change in the law of succession. That is not suggested. On the contrary, the Act says there is a demise of the Crown and that therefore the law as to succession comes into effect. That Act is well done. Look at the way it reads:

Immediately upon the Royal Assent being signified to this Act the Instrument of Abdication executed by His present Majesty on the tenth day of December, nineteen hundred and thirty-six, set out in the Schedule to this Act, shall have effect, and thereupon His Majesty shall cease to be King and there shall be a demise of the Crown, and accordingly—  
“And accordingly.”

—the member of the Royal Family then next in succession to the Throne shall succeed thereto. Not by any new law of succession, but by the old law. In a word, the British Act negatives any suggestion that there is a change in the law of succession. It makes it plain that they never contemplated such a thing.

Hon. Mr. DANDURAND: I should be disposed to agree with my right honourable friend in respect to the first clause he has just read; but he will find the second clause, the one which interests us, enacts specifically that the children of the retiring King shall in no wise be entitled to succeed.

Right Hon. Mr. MEIGHEN: But that is not a change in the law of succession. It simply means the whole consequence of the demise of the Crown shall ensue, and one of those consequences is failure of descendants to succeed.

Hon. Mr. DANDURAND: I had not reached that point when my right honourable friend rose. I was simply facing the situation presented to us by the British Government and by the Statute of Westminster, which necessarily made it important for the Dominion of Canada to express its opinion. It was apparently the view of the British Government that the dominions should act simultaneously on the same lines and in the same manner as the Imperial Government. It awaited the answers of the various overseas Governments. Where the dominion parliaments were in session they passed the measure. The Parliament of Canada not being in session, the Government acted by Order in Council under clause 4 of the Statute of Westminster. Surely the preamble—I admit it is not one of the operative clauses—contains the view of the British and the dominions' authorities as expressed when they sat together and decided to adopt the resolutions upon which the Statute of Westminster was based. Of course, the British North America Act is not changed or amended by this Bill; but this preamble is in effect a solemn declaration by the British Parliament. The members of the British Government did not view that declaration with indifference, and therefore they com-

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municated immediately with the various dominions and asked if they were ready to pass concurrent legislation. I believe this is part of the Magna Charta of the British Commonwealth of Nations. The British North America Act has evolved considerably since 1867, and we have found in it powers which at one time we did not think it contained. In my view this legislation forms part of the constitution of the dominions and the United Kingdom.

My right honourable friend says there is no alteration in the order of succession. Well, in the view of the members of the Government who were dealing with this matter there was.

Right Hon. Mr. MEIGHEN: What Government?

Hon. Mr. DANDURAND: I will cite the Lord Privy Seal, Viscount Halifax, in the House of Lords. He said:

Subsection 2 makes it plain—

Right Hon. Mr. MEIGHEN: Subsection 2 of what Act?

Hon. Mr. DANDURAND: Of their Act which was then being discussed in the House of Lords.

Subsection 2 makes it plain that the necessary alteration of the Act of Settlement—

“The necessary alteration of the Act of Settlement.”

—follows the surrender by His Majesty, on his behalf and on behalf of his descendants, in the succession to the Crown, and, lastly that that having been done and his descendants being thereby excluded from the line of succession—

Right Hon. Mr. MEIGHEN: Does he say there was an alteration of the Act of Settlement? You cannot alter the Act of Settlement except by amending it.

Hon. Mr. DANDURAND: In the view of Lord Halifax—

Right Hon. Mr. MEIGHEN: No. There is alteration of the succession, but not of the law of succession.

Hon. Mr. DANDURAND: Mr. Baldwin stated in the House of Commons:

It is necessary to have an Act of Parliament because the succession to the Throne is governed by the Act of Settlement,—

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND:

—which makes no provision for an abdication or for a succession consequent upon an abdication.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND:

It is also necessary expressly to amend that Act by eliminating His Majesty and his issue and descendants from the succession.

Right Hon. Mr. MEIGHEN: That is all right.

Hon. Mr. DANDURAND: In his statement to the House of Lords Lord Halifax explained the necessity for the clause and spoke of an alteration to the Act of Settlement.

Right Hon. Mr. MEIGHEN: That is a lapsus linguae.

Hon. Mr. DANDURAND: They are responsible Ministers of the Crown and have advisers around them. Without delving more deeply into the constitutional aspect, I think under the circumstances we are justified in exercising the powers contained in the preamble and in passing this Bill so far as it concerns the order of succession. Certain questions may arise, as my honourable friend from Hamilton (Hon. Mr. Lynch-Staunton) said when citing the Minister of Justice, and we know that in past centuries there have been pretenders to various thrones. If the descendants of the present King predeceased him, a son or grandson of His former Majesty King Edward VIII might claim the Throne. Be that as it may, I feel that in presenting this legislation we are doing the right thing by the Parliament of Canada; we are exercising the powers mentioned in the preamble, and respecting the rights given to the dominions.

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

#### THIRD READING

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

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

### TRANSPORT BILL

#### NOTICE OF INTRODUCTION

Hon. Mr. DANDURAND: Honourable members, I wish to advise the Senate that to-morrow I may initiate in this Chamber a Bill known as the Transport Bill, enlarging the powers of the Board of Railway Commissioners. This is a Bill of considerable importance, and one upon which representations from interested parties may be heard. I would inform the right honourable the leader on the other side (Right Hon. Mr. Meighen) that it was my intention to ask the Senate to give the Bill second reading to-morrow. Honourable members would not be bound by the principle or principles of the

Bill, but would consent to second reading with a view to sending it to the Committee on Railways, Telegraphs and Harbours. As we may adjourn to-morrow evening for a few days, the procedure I have outlined would permit interested parties who may be affected by the Bill to examine into it and to appear before the committee when we return to the Senate. I take advantage of the presence of my right honourable friend to inquire if he would agree to the Bill receiving two readings to-morrow in order that the public at large may be apprised of its contents.

Right Hon. Mr. MEIGHEN: I am quite agreeable. What the honourable gentleman proposes is the usual practice here. We get to committee as soon as we can.

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

## THE SENATE

Thursday, January 21, 1937.

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

Prayers and routine proceedings.

### GOVERNOR GENERAL'S SPEECH

#### ADDRESS IN REPLY

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

Hon. J. J. HUGHES: Honourable senators, in the observations I intend to make on the subject which has been before this House for the major part of the last few days, I shall pursue a different line of thought, in part at least, from that which has been followed by the members who have already spoken.

The Speech from the Throne with which His Excellency opened Parliament, and which we are now considering, naturally calls our attention to the abdication of His Majesty King Edward VIII and the accession of his successor to the Throne. We have been told that the assent of Parliament would be sought to the alteration in the law of succession, and that when this was done every member of the House who wished to express his views on the subject would have an opportunity to do so. Therefore little need be said now beyond stating that the handling of this regrettable affair revealed much that is com-

mendable in British character. The Prime Minister of the Motherland, supported by the Government, discharged his heavy and unexpected duties nobly and well. The attitude of the governments of the dominions was admirable. The press of the Empire, with few exceptions, conscious of its great responsibilities, lived up to its best traditions. The public attitude during this unfortunate episode showed the Christian sentiment of the people to be widely diffused and sound, and pointed unmistakably to the path that should be and was taken.

The Speech says little about the disturbed condition of the world, and it is not necessary that it should say more. We are all conscious that we may be on the eve of a calamity greater than any the human race has yet experienced. The conquest of the air has so reduced the size of the globe that the most distant nations have become next-door neighbours, and must live as neighbours should live, or perish from the earth. The discoveries and inventions of scientists, which should and would bring great blessings to mankind if properly used, bid fair to bring incalculable woes. The greed of individuals, the ambitions and hatreds of nations have become so intensified that unless a mighty or perhaps a miraculous change of minds and hearts takes place Christendom, or at least that part of it called Europe, may be rushing to its end.

I fear this is but a faint picture of conditions in the world to-day. The question naturally arises: can we do anything about them, or must we drift like chips with the tide, or, again, are we contributing a part to the general disturbance? Of one thing I am certain: God never created man and gave him dominion over this earth to bring about the conditions that now prevail, nor did He leave man in the dark as to what should be done. The observance of the ten commandments, or of the two to which our Saviour reduced the ten, would cure the evils that exist, and nothing else ever will cure them.

Some fourteen months ago I read in the Financial Times, of Montreal, what purported to be a true copy of an address delivered by Sir Edward Beatty to the students of the University of Western Ontario. Sir Edward began his speech with the following words:

The world has these past few years become a puzzle to all who dwell in it.

This very sweeping assertion challenged my attention. If true, it would show that the word of God, when He promised to send the Holy Ghost, the Comforter, Who would teach

us all things and bring all things to our remembrance, had failed. But the statement is not true, for God's promise has not failed. It shows, however, that great multitudes of educated, intelligent, thoughtful men like Sir Edward Beatty have failed to apprehend the significance of God's word and are wandering in doubt and darkness far from home. I say this because we must remember that Sir Edward is chancellor of the largest university or school of thought in Canada and that he was speaking to the students of another university on most important subjects, and no one questioned the soundness of his statements; on the contrary, many praised them.

The things that are wrong with the world to-day are much the same as those that have been wrong with it as far back as history runneth, and they all came and come from one root cause, namely, human pride: man's belief, which he carried and still carries into practice, that he was and is not a dependent creature, that he was and is sufficient unto himself alone, and could and can do without God, or at the very least that he could and can supersede or amend God's laws.

Notwithstanding Sir Edward's statement, the world was never a puzzle to all who dwelt in it. The Deluge, which wiped out nearly all the people then living, was no puzzle to Noah; the destruction of the cities of the plains was no puzzle to Lot; the plagues of Egypt and the destruction of Pharaoh and his army were no puzzle to Moses. Nor were the Prophets puzzled by the state of the world in their day; they knew the cause. The destitution of the prodigal was no puzzle to the father, nor even to the prodigal himself when he came to his senses. But, as I see it, while we remain puzzled no cure will be effected. Hence the necessity of at least trying to diagnose the case, and thus remove the cause of our perplexity.

On the 30th of July last I read the following news dispatch in the press:

Prime Minister Stanley Baldwin attributes many of the world's present troubles to the loss of young potential leaders in the War.

As I see it, this statement of the Prime Minister of Great Britain does not go below the surface of things. It would surely be interesting if Mr. Baldwin were to tell us what, in his opinion, caused the War that caused the loss of the potential leaders. No doubt the loss of life and property in the late War was tremendous, but the loss of the leadership of Christ preceded the War; and I think I should be correct in saying that only the restoration of that leadership will prevent future and more destructive wars; that is, if Christianity is not a myth and the Bible a book of fables.

What are the prospects that the rulers of the world and the peoples of the world will restore the leadership of Christ? A few years ago our present Prime Minister publicly declared that the principles of the Sermon on the Mount would save the world, and at or about the same time the ex-Prime Minister, Mr. Bennett, publicly declared that "only the grace of God can save the world." In a truly Christian country such statements from such men would surely arrest attention: here they seemed to be taken as mere conventional phrases—and were perhaps so regarded by the men who uttered them. A few years ago the important Ottawa Agreements were entered into, and I am told that God's name is not mentioned in any of the documents, and that it was not mentioned during the Conference discussions, except once, in an incidental manner, by Prime Minister Baldwin. I think God can be dishonoured, as far as man can dishonour Him, by being ignored by His creatures.

Leaving our own country and going into foreign fields, I am told that when the Treaty of Versailles was being arranged, not only was God's name not mentioned, but precautions were taken to see that it was not even whispered. I am told also that not even once has God's name been brought up at any of the meetings of the League of Nations in either the Council or the Assembly. Canada had and still has delegates at these gatherings, and they can tell me, if they deem it worth while, whether my information in this regard is correct. The League of Nations is not the first Tower of Babel that man has tried to build without consulting God. Man's repeated failures do not seem to have given him wisdom. Again I ask, what are the prospects for a change?

Coming back again to the home field, I find some things which I think should be mentioned here and now. Sir Herbert Holt, giving evidence before the commission inquiring into the operations of the Dominion Textile Company, stated upon an investment of \$500,000 the company had in thirty years paid to its shareholders \$15,000,000 in dividends, and had added \$10,000,000 to the value of the original investment. As is well known, while the company was doing this it was telling the public that it could hardly make ends meet; that if the protective legislation which enabled it to make these enormous profits were reduced it would have to close its plants and go out of business. The Financial Post was one of the leading newspapers that defended this wholesale exploitation of the public by saying, for instance, that for every three dollars paid in one year by the company to its shareholders

it paid two dollars in taxes to governments, besides employing hundreds of men and women in its factories.

I remember reading some years ago, in English and Canadian publications, that the sultans of Turkey had been in the habit of farming out to their favourite underlings the collection of the taxes, permitting these underlings to get all the money they could out of the impoverished people if they gave the sultans, their masters, part of it. The practice was very severely condemned, and the inference was that nothing like that would ever be allowed in any British country.

During the session of 1931, to be exact as to the date, the then member for Labelle, speaking in the House of Commons, said that the Montreal Light, Heat & Power Company, which is an amalgamation of several companies, could legally pay to its shareholders no more than seven per cent in dividends, but that it got around the law in this respect by splitting its stock fourteen times, and was therefore paying to its shareholders 98 per cent. In the same speech he stated the Sun Life Insurance Company was paying its shareholders from 50 to 75 per cent in dividends on its share capital. These are samples of the kind of thing that is going on all over the world and has brought the capitalistic system into disrepute everywhere. It is the kind of thing that has bred Communism, Socialism and all the other "isms" that plague humanity. It is the horse-leech that is never satiated; and in its own destruction it may bring down civilization as we have hitherto known it.

Is there any force or power in the world that can meet and overcome this insatiable spirit called mammon? Doubtless a united Christendom and an unimpaired Christianity could meet the challenge. But there is no such thing as a united Christendom. And has the spirit of mammon affected Christianity? "If the salt lose its savour, wherewith shall it be salted?"

Quite recently I read a book written by Adolf Keller, professor at the universities of Zurich and Geneva, entitled "Religion and the European Mind." The book, which contains the substance of a series of lectures given by the professor at Princeton University, has been highly praised by many English writers and by several of the book reviewers of two continents. It gives a lengthy and detailed account of the multitude of opinions held by the distinguished theologians and professors in the leading universities of the world, particularly in Germany, upon every conceivable aspect of Christianity, even upon its very foundation, namely, the divinity of

Christ. Professor Keller seems to lean to the idea that this wholesale confusion is a good thing, because he says, at page 50:

Every new discovery—  
in religion

—involves a personal interpretation which may be denied by the next generation.

But this does not discourage him at all. He seems to regard it as something admirable, and all making for spiritual progress. Apparently "the faith once and for all delivered to the saints" has gone into the discard.

Again, an Englishman of high standing and an able writer, Dr. Oldham, who has done considerable preparatory work for the World Conference of Christian Churches (other than the Catholic Church) to be held at Oxford, England, in August next to consider the union or reunion of Christendom, has issued a booklet entitled "Church, Community and State," calling attention to our unfortunate divisions and the weakness thereby entailed. He says, on page 19:

The Christian Church throughout the world confronts a situation resembling in many respects that in which in the early centuries it stood face to face with the pagan might of the Roman Empire.

And on page 30 he says:

The differences found within the same confession are in many cases deeper than the differences which separate one confession from another.

He deprecates this and calls it a "disquieting discovery," but on the next page he says:

These differences are the result in many instances of the variety of finite minds, and are consequently an enrichment of the Christian fellowship, inasmuch as they add to the fullness of apprehended truth.

So there you are. Why in the name of common sense hold a World Conference of Christian Churches to heal differences that are an enrichment of the Christian fellowship and add to the fullness of apprehended truth? It is beyond me, but I suppose there must be something in it. Either that or the whole world has gone crazy at the same time.

At the present time Communism, Nazism and Fascism are at daggers drawn, but they may come together, because they all belong to the same family—the totalitarian or absolute state. Their differences just now are of degree rather than of principle. Of course, a difference in degree may make a large difference in practice. Should they come together for malevolent purposes, as is quite possible, a divided Christendom and an impaired Christianity will offer but a feeble resistance. Once before the existence of European civilization was threatened by

Mohammedanism, but the danger was averted, perhaps by Providence. Now I think Providence is using the British Empire for a great purpose, and if every part of that Empire does its duty we can go forward with confidence. Every nation, like every individual, has its responsibilities, and as I see it Canada could not be more fortunately placed than she is. But God forbid that we should shirk our responsibilities! I am confident that the Empire to which we belong will never wantonly attack any nation, and that the stronger we are the greater is the world security. Of course, it is alarming to know that the world is now spending fourteen billions of dollars a year on armaments, whereas it spent only four billions for the same purpose in 1913 when preparing for the world-shaking conflict that followed. The pace to keep the peace may be killing, but we cannot help it, and if we place our cause in the hands of Providence and do our duty we cannot go wrong.

When a strong man armed keepeth his court; those things are in peace which he possesseth.

But when a stronger than he come upon him, and overcome him: he will take away all his armour wherein he trusted, and will distribute his spoils.

I think Great Britain could well say to her children:

He that is not with me, is against me: and he that gathereth not with me, scattereth.

I am whole-heartedly with the idea that has been advanced by some members who have spoken in this debate, that the leaders of the two major political parties get together and agree upon what our duty to ourselves and to the Empire is, and then go ahead. I shall give such a suggestion all the support I can, and I feel that I should be unworthy of my citizenship if I did not do so. The outlook is certainly threatening, but of one thing I am certain: that no matter how the storm rages, the Church established by Christ, and with which He promised to remain till the end of time, will not be entirely overwhelmed while the earth is inhabited by man.

At the present time there is in Eastern Canada a movement which appears to be practical Christianity at its best, and which may mean much in the years to come. It shows that human nature has many redeeming qualities and will respond to sincere, disinterested leadership. I refer to the adult education movement carried on by St. Francis Xavier University, Antigonish, Nova Scotia. About twenty years ago the professors of this university, under the guidance of Bishop Morrison, began to organize the people of the diocese into study groups, the basic idea being that

the people themselves could and would solve the problems of society if properly directed and enlightened. They met with much discouragement at first, and had to overcome many obstacles, so progress was slow, but their perseverance has been crowned with success. It was my pleasure and privilege to sit in at the annual Rural and Industrial Conference held by the university last August. This conference was attended by more than a thousand persons coming from nearly every part of North America, and the mere recital of the work already accomplished was almost marvellous. Among other things I was told that when the movement was launched the people in some fishing settlements were so poor that there was not a cow in the settlement, and the leaders had to begin with a few goats because the people could feed no other kind of animal. To-day there is not a family in these same settlements that has not at least one cow. This remarkable change was brought about by economy, industry and co-operation among the people themselves. Nearly everybody is working and trying to save, and both adults and children are going to schools of some kind and learning how to work. Some years ago a great deal of Communism and other subversive doctrines were openly preached in the Sydneys and other industrial centres. To-day there is very little of such talk. If it has not been killed, it has at least been scotched.

The people now fully realize that while there are, and perhaps always will be, wrongs to be righted, there is a living for every sober, honest, industrious man in Canada, when and where there is co-operation, and that few countries in the world offer equal opportunities and none offer better. The successful application of the ideas behind somewhat similar efforts in other parts of the world gives the well-founded hope that the rapidly growing Nova Scotia movement may be a potent factor in the reconstruction of this Dominion. It will soon cover the Maritime Provinces, and from there may spread over North America. What far-reaching help and leadership men like Sir Edward Beatty, Sir Herbert Holt, Sir Charles Gordon and others could give to such a movement! Perhaps these men or some of them may come to think that their great talents and executive ability could not be better employed than in such work. So far, everything that has been undertaken in the Antigonish movement, and every day's activities, have been begun in the name of God. While that attitude is maintained all will be well. We are told on the best of authority that God is delighted to be with

the children of men, and desires nothing more than an invitation from the hearts of His children.

The Address was adopted.

## TRANSPORT BILL

### INTRODUCTION POSTPONED

Hon. Mr. DANDURAND: Honourable members, I expected to have the Transport Bill, relating to an extension of jurisdiction of the Board of Railway Commissioners, ready for this afternoon. I now find it will not be in shape for presentation this week nor in the early part of next week. In these circumstances, as there is nothing on the Orders of the Day and nothing is likely to be forthcoming within the next few days, I move that when the Senate adjourns to-day it stand adjourned until Tuesday, February 2, at 8 p.m.

The motion was agreed to.

The Senate adjourned until Tuesday, February 2, at 8 p.m.

## THE SENATE

Tuesday, February 2, 1937.

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

Prayers and routine proceedings.

### FREE FOREIGN TRADE ZONES BILL

#### FIRST READING

Bill A, an Act to enable the establishment, operation and maintenance of Free Foreign Trade Zones.—Hon. Mr. Casgrain.

### EXPENDITURE ON ST. LAWRENCE RIVER AND CERTAIN CANALS

#### INQUIRY

Hon. Mr. CANTLEY inquired of the Government:

1. What was the total cost up to December 31, 1935, of deepening St. Lawrence river, Quebec to Montreal, including buoying and lighting of the river between those points?
2. What is the total cost to December 31, 1935, of the canal system between Montreal and Lake Ontario?
3. What is the annual interest on such expenditure?
4. What is the annual cost of lock upkeep, lock tenders, and other staff connected with the above canal system; also similar data in regard to the Chambly Canal, Quebec, St. Peter's Canal, Cape Breton, and the Sault Ste. Marie Canal?

Hon. Mr. DANDURAND: Honourable members, I am to-day giving a partial answer to the questions which appear in the name of the honourable gentleman.

1. \$56,214,137.21 up to March 31, 1936.

2.

Canal	Expenditures		Operation and maintenance	Total
	Capital	Income		
Lachine.. . . . .	\$13,988,600 16	\$2,211,350 12	\$10,904,074 17	\$27,104,024 45
Lake St. Louis.. . . . .	298,176 11	.....	.....	298,176 11
Soulanges.. . . . .	9,535,973 82	824,041 69	4,597,706 82	14,957,722 33
Lake St. Francis.. . . . .	75,906 71	30,502 38	.....	106,409 09
Cornwall.. . . . .	7,245,803 21	818,302 88	5,795,258 33	13,859,364 42
Williamsburg.. . . . .	11,554,886 93	579,075 06	2,898,318 66	15,032,280 65
North Channel.. . . . .	1,995,142 87	.....	.....	1,995,142 87
River Reaches.. . . . .	483,830 20	.....	.....	483,830 20
	\$45,178,320 01	\$4,463,272 13	\$24,195,357 98	\$73,836,950 12

3. No interest charges are set up on the books of the Dominion upon capital costs or operating expenses connected with the Dominion canals.

4.

Annual Maintenance and Operation Cost of the Canal System between Montreal and Lake Ontario

Canal	1933-34	1934-35	1935-36
Lachine.. . . . .	\$363,353 12	\$359,692 65	\$352,771 21
Lake St. Louis.. . . . .	.....	.....	.....
Soulanges.. . . . .	112,876 10	112,843 19	141,236 68
Lake St. Francis.. . . . .	.....	.....	.....
Cornwall.. . . . .	137,605 24	148,876 58	143,833 25
Williamsburg.. . . . .	77,716 45	90,845 21	94,029 16
North Channel.. . . . .	.....	.....	.....
River Reaches.. . . . .	.....	.....	.....
	\$691,550 91	\$712,257 63	\$731,870 30

Annual Maintenance and Operation Cost of the Chambly, St. Peters and Sault Ste. Marie Canals

Canal			
Chambly.. . . . .	\$68,901 01	\$59,017 75	\$87,524 64
St. Peters.. . . . .	9,657 75	9,874 65	9,678 66
Sault Ste. Marie.. . . . .	57,232 93	55,516 99	52,635 11
	\$135,791 69	\$124,409 39	\$149,838 41

This answer is fairly complete except for the cost of buoying the St. Lawrence river between Quebec and Montreal. The information on this point is not immediately available, but it will be compiled and given to the honourable gentleman within a few days.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

FIRST READING

A message was received from the House of Commons with Bill 3, an Act to amend The Canadian and British Insurance Companies Act, 1932.

The Bill was read the first time.

Hon. Mr. DANDURAND: With leave of the Senate I would move that this Bill be placed on the Order Paper for second reading to-morrow.

Right Hon. Mr. MEIGHEN: Any time at all. I have read the Bill.

The motion was agreed to.

Hon. Mr. DANDURAND.

WEIGHTS AND MEASURES BILL

FIRST READING

A message was received from the House of Commons with Bill 4, an Act to amend the Weights and Measures Act.

The Bill was read the first time.

Hon. Mr. DANDURAND: I would likewise move, with leave of the Senate, that this Bill be placed on the Order Paper for second reading to-morrow.

The motion was agreed to.

MILITIA PENSION BILL

FIRST READING

A message was received from the House of Commons with Bill 5, an Act to amend the Militia Pension Act.

The Bill was read the first time.

Hon. Mr. DANDURAND: With leave I move that this Bill too be put down for second reading to-morrow.

The motion was agreed to.

## DOMINION FRANCHISE BILL

## FIRST READING

A message was received from the House of Commons with Bill 7, an Act to amend The Dominion Franchise Act.

The Bill was read the first time.

Hon. Mr. DANDURAND: As this is a Bill which—

Right Hon. Mr. MEIGHEN: I know the Bill.

Hon. Mr. DANDURAND: —simply repeats the Act of last year, I would suggest that we put it down for second reading to-morrow.

Right Hon. Mr. MEIGHEN: Or to-night.

Hon. Mr. DANDURAND: With leave I would move that the Bill be placed on the Order Paper for second reading to-morrow.

The motion was agreed to.

## DAIRY INDUSTRY BILL

## FIRST READING

A message was received from the House of Commons with Bill 8, an Act to amend the Dairy Industry Act.

The Bill was read the first time.

Hon. Mr. DANDURAND: Would my right honourable friend object to this Bill being put down for second reading to-morrow?

Right Hon. Mr. MEIGHEN: No, not at all; nor even to-night.

Hon. Mr. DANDURAND: Then I would move, with leave, that it be placed on the Order Paper for second reading to-morrow.

The motion was agreed to.

## TRANSPORT BILL

## FIRST READING

Hon. Mr. DANDURAND introduced Bill B, an Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships, aircraft and motor vehicles.

He said: Honourable senators, I informed the Senate before we adjourned that this Bill was in preparation and would be brought before the House as soon as we resumed our sittings. As it may be necessary to send the Bill to a committee, I would ask leave to deviate from our usual procedure and make a few remarks in explanation of the measure now, with a view to having it put down for second reading to-morrow. If my right honourable friend is not ready to have it taken up to-morrow we can postpone the second reading to a later date.

As the Bill itself states, this is a measure to establish a Board of Transport Commissioners for Canada, which Board shall have authority in respect of transportation by railways, ships, aircraft and motor vehicles.

This Bill marks a further step in the development of transportation in Canada and the regulation of the same. As some honourable members of the Senate will recall, there was a time when transportation in Canada was largely a monopoly of the railways and there was no regulative control of rates, with the result that public demand for a regulative policy became somewhat insistent. In 1887 the United States Interstate Commerce Commission was granted regulative powers, and in the following year, when Canada had about 12,500 miles of railway in operation, the Railway Committee of Privy Council was given certain powers having to do with rate regulation. This arrangement seemed to satisfy public requirements until about 1898, when it became increasingly apparent that some other method was required to cope with the rapid extension of the railways and of trade and commerce; and after extended investigation, the Railway Act was amended in 1903 to provide for the organization of a Board of Railway Commissioners. The Board, established in 1904, is given very wide powers over railways constructed under federal authority, as well as over railways constructed under provincial authority, when such railways are declared by Act of the Parliament of Canada to be a work for the general advantage of Canada, while purely provincial railways connecting with or crossing Dominion railways are subject to the Board with respect to all such connections or crossings.

At first the membership of the Board was restricted to three commissioners, but four years later, in 1908, when our railway mileage was approximately 25,000, three more were appointed and the usefulness of the Board increased by an arrangement permitting it to be divided into two sections, each of which could sit independently, the decision of either section being, under the Act, the decision of the Board.

To the Board were transferred the powers previously exercised by the Railway Committee of Privy Council, and the Privy Council now does not deal with railway rate matters except on petition to the Governor in Council to review a particular judgment or order of the Board, with respect to which there is also appeal to the Supreme Court of Canada upon questions of jurisdiction.

We have now more than 42,000 miles of railway in Canada, and in recent years the railways have continued to serve the best interests of the Dominion as a whole in cir-

cumstances of great difficulty and under conditions which now demand the most careful consideration of Parliament.

When the Board of Railway Commissioners was first established, the railways, as already pointed out, exercised a virtual monopoly in the field of transport. The competition from inland waterways was negligible, the automobile was a novelty, and the aeroplane not yet a practical reality. But the railways no longer enjoy that monopoly. Rapid development of the internal combustion engine and its application to trucks and buses as well as automobiles, and the consequent demand for motor highways, plus the intensified competition for traffic due to the depression, have brought the highways of the country very prominently into the transportation picture. It is unnecessary for me to remind honourable members of the effect of truck and bus competition upon railway revenues.

The construction of the Welland Ship Canal has also had a marked effect upon Canadian transport in that it has permitted entrance to Lake Ontario and Upper St. Lawrence waters of the larger type of Great Lake carriers which formerly made their terminals at Lake Erie ports. This has had the effect of releasing from the bulk grain trade the smaller vessels formerly operating between the Lake Erie ports and Montreal, and these boats in turn have cut into the package freight traffic at one time enjoyed by the railways but at the present time competed for by the railways, the highways and the waterways, under conditions as to regulation and non-regulation which it is the object of the proposed Bill to deal with, so far as the jurisdiction of the Dominion Parliament may extend.

In recent years there have been great advances in aerial transport, and the present rapid development of Canada's northern mining fields has been largely due to the adaptation of the aeroplane to commercial purposes. Heretofore this form of transport has been largely confined to fields not served by any of the older methods of transportation, but the development of flying has now reached the stage where transcontinental services are about to be established on regular schedules, and in that way the aeroplane becomes an active competitor in a field heretofore regarded as the peculiar province of the railways.

It is of course recognized that each of the four agencies of transport referred to—the railways, the highways, the waterways and the airways—have their own particular field of usefulness, and neither the railways nor Parliament would desire to hamper in any way

the development of any competing service in any legitimate direction. What is complained of, and what the Bill before us is intended to remedy if possible, is the unfair competitive situation which has come about by reason of the fact that heretofore only the railways have been subjected to the jurisdiction of this Parliament, as represented by the Board of Railway Commissioners, and the time has now arrived when we must reconsider the position and decide whether we shall continue the close measure of supervision and regulation as enforced upon the railways, and not applied to the other competing forms of transport, or whether we shall, as far as it may be legally possible to do so, exercise a general measure of regulatory supervision over all transport agencies alike.

The extent to which the railways are subject to control and regulation under the Dominion Railway Act will possibly be a matter of surprise to the average citizen. The Board exercises a definite measure of control over the setting up of railway companies, which must be in strict conformity with the provisions of the Act, and also over the agreements for the sale, lease or amalgamation of railways, the interchange of traffic, running rights, and the operation of insolvent companies. It also exercises certain powers over the construction of railways authorized by Parliament, and their location, and no railway may be opened for traffic except by leave of the Board after inspection by its officers.

The operation of the railways, their equipment, and the speed of trains, even the use of the whistle, are all subject to the regulations of the Board, and the precautions for the protection of the public are also subject to its direction.

But the aspect of the regulative authority of the Board of Railway Commissioners bearing more particularly upon the matter before us is that with respect to traffic, tolls and tariffs, and the power vested in the Board by the Railway Act to fix, determine and enforce just and reasonable rates, also to change and alter rates as changing conditions or cost of transportation may from time to time require. The Board must also see to it that there shall not be unjust discrimination or unreasonable preference practised against shippers, consignees, or localities. It is provided that all freight tariffs shall be filed with and be subject to the approval of the Board before they can become effective, and the Board is at all times prepared to receive and consider complaints for the public with respect to the same.

Hon. Mr. DANDURAND.

The Railway Act also places the regulation of passenger tariffs under the control of the Board and regulates the operations of express, telegraph and telephone companies, and, as a court of record, may impose substantial penalties for disobedience of the orders of the Board.

The Railway Act also obliges every railway, telegraph, telephone or express company to prepare and furnish to the Board, and in accordance with its classifications, complete statistical information, and complete information with respect to all such operations must also be furnished the Dominion Statistician.

From these provisions of the Railway Act it will be seen that the railways as a class are subject to strict regulation and control by the Dominion authorities, and in the provincial field provincial railways are also subject to the railway acts of the various provinces, which contain regulatory provisions somewhat similar to those of the Dominion.

In addition to all this the hours of labour, rates of pay and working conditions of railway employees are subject to agreement between the workers themselves, as represented by the railway brotherhoods, and the companies. In this way the operation of the railways is assured under conditions making for the safety and convenience of the travelling and shipping public and ensuring as well a proper standard of living for railway workers and their families.

As to the Bill itself a brief explanation will be all that is necessary at this stage.

Part I provides that the Board of Railway Commissioners for Canada shall hereafter be known as the Board of Transport Commissioners for Canada, and provides that in all relevant legislation the name of the new Board shall be substituted for that of the present Board.

Part II provides that the provisions of the Railway Act relating to tolls and tariffs and joint tariffs, and the making of returns, and the powers of the Board with respect to tolls and tariffs, and for the enforcement of the orders of the Board, and for the review of and appeals from such orders shall apply to transportation by water, and to every person engaged in such transportation. It provides that the Board may license ships to transport passengers and goods from one Canadian port to another Canadian port, either directly or by way of a foreign port, and no vessel may engage in such carriage of passengers or goods unless so licensed.

Part III similarly deals with aircraft, and Part IV with transportation by highway by public commercial vehicles engaged in inter-

provincial or foreign trade, or upon a Dominion highway. The Board may by regulation prescribe standards of design and operating efficiency of public commercial vehicles to be licensed.

Part IV also provides that where provincial legislation is enacted for the regulation of motor transport the Board may, if so authorized by provincial law, undertake the administration or enforcement of such scheme of regulation; provided that the Board considers that such scheme can be co-ordinated with the regulation of interprovincial and foreign trade and transportation upon any Dominion highway, as provided in this Act.

Part V places the regulation of harbour tolls under the Board and provides that all tolls shall, under substantially similar circumstances and conditions, be charged equally to all persons and at the same rate, and that there shall be no reduction or advance in such tolls with respect to any particular person or port. The Board may disallow any tariff of tolls, other than statutory tolls, should it consider the same to be unjust or unreasonable, and if the Board should be of opinion that any statutory tolls should be amended or rescinded it shall be the duty of the Board to recommend the same to the Minister of Transport for such further action as the Minister may deem fit.

Part VI provides that contract carriers may make such charge or charges for the carriage of the goods of any trader as may be agreed between the company and the trader, but any such agreed charge shall require the approval of the Board, and the Board shall not approve such charge if in its opinion the object to be secured by the making of the agreement could, regard being had to all the circumstances, be adequately secured by means of a special tariff of tolls under the Railway Act.

Part VII provides for regulation by the Board, if it be deemed necessary, of brokers carrying on business by any means of transportation, in which event no broker shall sell, or offer for sale, transportation, or make any contract, agreement or arrangement regarding transportation in respect of which transportation tolls are charged otherwise than in accordance with the provisions of this Act.

The Act provides that breach of its provisions shall constitute an offence punishable by fine of not more than one thousand dollars nor less than one hundred dollars.

The Act is not to come into effect in any respect until proclaimed by the Governor in Council, and any part of it may be separately proclaimed.

The object in introducing this Bill in the Senate is to expedite consideration and to afford opportunity for all interested parties to be heard. With this object in view it is suggested that the Bill should be referred to the Railway Committee of the Senate in order that those interested may appear before it and make any necessary representations.

That is the statement which I desired to place on Hansard for the convenience of honourable members.

The Bill was read the first time.

Hon. Mr. DANDURAND: I will now ask that the Bill be placed on the Order Paper for second reading to-morrow.

Right Hon. ARTHUR MEIGHEN: I am quite agreeable to the motion. Indeed, were it not for the fact that the Bill is of major importance, and honourable senators would like to study it between now and to-morrow, and particularly to study the very excellent and very useful explanation which my honourable friend has just given, I would suggest that the second reading be taken now. I think we in this Chamber do not consider second reading of a Bill such an affirmation of its principles and purposes as to bind us to implement those principles or purposes in law in some form or other; not in the same degree, at all events, as in the other House.

It is most appropriate to introduce the Bill here, and I congratulate the Government, and particularly its honourable leader in this House, on doing so. We have the means and the time to give the public every opportunity to be heard. I venture to predict the public will not be slow to avail itself of the opportunity, for many and most important interests are affected by this measure and are apprehensive with respect to it.

I view the Bill sympathetically, hoping it can be made practicable. I only regret it cannot be given second reading now, so as to be referred to committee without delay.

On the motion for second reading I propose to offer a few comments, more with the idea of asking honourable members of the standing committee to keep them in mind while the various clauses are under review.

Hon. Mr. DANDURAND: I take it for granted that the Bill will be distributed this evening or early to-morrow. If we give it second reading to-morrow, I need only say that it will be with the clear understanding that by so doing the Senate does not commit itself to whatever principle or principles are involved.

Hon. Mr. DANDURAND.

Right Hon. Mr. MEIGHEN: I hope the Bill will be printed and distributed to-morrow morning, and I particularly hope the explanation given to-day will appear in the Senate Debates some time in the morning. I have observed that the Senate Hansard comes out after the Commons' necessities have been looked after. That may be all right as a general rule, but this is a most important measure and I hope the Debates Office will see to it that we get our official report in good time for to-morrow.

Hon. Mr. DANDURAND: Sometimes after a long night's session the report is somewhat delayed because honourable members may wish to revise their speeches, but as this has been a short sitting I join with my right honourable friend in expressing the hope that we may have the Senate Hansard early in the morning.

The second reading of the Bill was placed on the Orders of the Day for to-morrow.

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

## THE SENATE

Wednesday, February 3, 1937.

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

Prayers and routine proceedings.

### TRANSPORT BILL—RAILWAY COMMITTEE

Hon. Mr. DANDURAND: It is suggested that if the Bill which I introduced yesterday is given second reading before 5 o'clock, the Railway Committee should meet after this sitting of the Senate. No notice has been issued so far, because, of course, the Bill has not yet been referred to the committee, and I make this announcement in order that honourable senators may have an opportunity to be in attendance.

### PRESS REPORTERS OF THE SENATE REPORT OF COMMITTEE

Hon. Mr. GILLIS presented the second report of the Standing Committee on Debates and Reporting, and moved concurrence therein.

Hon. Mr. MURDOCK: Honourable senators, do you not think that we should have an opportunity of seeing what this report proposes? I thought I heard something about

1913 in the statement that was read. In my opinion we ought to know what we are voting on.

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

Consideration of the report was postponed.

## CANADIAN AND BRITISH INSURANCE COMPANIES BILL

### SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 3, an Act to amend the Canadian and British Insurance Companies Act, 1932.

He said: Honourable senators, the object of this Bill is to permit the Treasury Board to authorize deposits by certain provincial companies less than the ordinary deposits required by the Canadian and British Insurance Companies Act. The companies affected are companies applying for registry restricted as to territory to one or more of the provinces of Canada and incorporated by provinces which require even provincial companies to have Dominion registry. I understand that the province of Nova Scotia, for instance, has no insurance department and requires of companies a licence issued by the federal Department of Insurance.

The amendment contained in the Bill is similar in effect to subsection 2 of section 14 of the Insurance Act, Chapter 101 of the Revised Statutes of 1927, which was as follows:

Where a licence limited to one or more of the provinces of Canada is granted, the Treasury Board on the report of the Superintendent may authorize the acceptance of an initial deposit less in amount than in this section provided.

This subsection was omitted in the revision of the Act in 1932.

While the amendment now suggested is of general application, the necessity for it has arisen from an application recently received from a newly incorporated farmers' mutual company in the province of Nova Scotia. That province since 1918 has required provincially incorporated companies to hold Dominion licences or registry as a condition of their transacting business within its boundaries, and, under the provisions of subsection 2 of section 14 of the Act I have just quoted, licences were issued to four farmers' mutual companies with deposits less than \$50,000. The operations of those companies have been of the greatest benefit to the farming communities in the province which they serve, and it is believed that an equal opportunity lies before the newly in-

corporated company. It is desirable, however, that it should be under supervision which the province looks to the Dominion to provide. Obviously this supervision can be given only if facility is provided for licensing under the Dominion Act, and a requirement of a \$50,000 deposit from such a company as a condition of licensing is prohibitive.

The legislation of the province of Nova Scotia to which I have referred was first enacted by Chapter 15 of the Statutes of 1918 and now appears as Chapter 187 of the Revised Statutes of Nova Scotia, 1923. In that statute the term "Insurance Act" is defined to mean "The Insurance Act, 1917" (Canada) and to include any amendments thereof that may from time to time be made. This definition was amended by Chapter 32 of the Statutes of 1936, as follows:

(a) "Insurance Act" means "The Canadian and British Insurance Companies Act 1932" (Canada), or "The Foreign Insurance Companies Act 1932" (Canada) and includes any amendments thereto that may from time to time be made.

Section 2 of Chapter 187 provides that:

(1) No insurance company shall do or carry on in Nova Scotia any part of its business of insurance unless and until it is thereunto licensed under the Insurance Act.

Should any other province in the future legislate to the same effect as the province of Nova Scotia has done, the amendment contained in the present Bill will probably be necessary for the purpose of accommodating small provincial companies, operating in the province, for which a \$50,000 deposit would be prohibitive.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am strongly in favour of this Bill. It appertains only to smaller provincial companies whose operations are confined to the province where they are incorporated, and applies to them only in any province which, having no insurance department of its own, legislates that such insurance companies and all others operating within its borders must hold a licence or certificate of registry from the federal Department of Insurance.

It is important in that it paves the way still better for admission of provincial companies into the supervisory sphere of the Dominion, and it may lead to abandonment of the present multiplicity of our insurance jurisdictions. We are trying to reduce the inordinate expense of multiplied governments in Canada. I do not know of any means we can take more likely to bring this about than

the wiping out of duplicate departments where they are manifestly not necessary. Were it possible for the Dominion to step out of the insurance supervisory field, then of course the onus would be on the provinces; but clearly that is not possible, for the Dominion alone can supervise federal companies. Consequently it is quite clear such economies can be effected only by the withdrawing of provincial supervisory organizations. I do not know how many provinces have them, but I think about seven or eight, and certainly some of those provinces are continually knocking at the federal door for loans. This amendment may help to suggest again that these duplicate services be discontinued, for undoubtedly the object to be attained by them could be fully attained by our own Insurance Department.

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

### THIRD READING

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

He said: With the leave of the Senate, I would ask that this Bill be now read the third time. Nova Scotia is very much interested in its prompt enactment, because there a company which is already organized is waiting to obtain its licence.

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

## WEIGHTS AND MEASURES BILL

### SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 4, an Act to amend the Weights and Measures Act.

He said: Honourable senators, the purpose of this Bill is to clarify a situation which has been obscured by some decisions in lower courts.

Section 82 of the Act provides that proceedings shall be taken before any justice of the peace, but if the penalty exceeds \$50 the case must be heard by two justices of the peace. Subsection 2 of the section provides that the provisions of the Criminal Code relating to summary convictions shall apply to all proceedings "subject to the provisions of this Act." In 1935, by Chapter 48, 25-26 George V, several amendments were made to the Weights and Measures Act, by which penalties for offences in several cases were greatly increased. For instance, the minimum fine for the use of an unjust scale by a corporation was increased to \$100.

Right Hon. Mr. MEIGHEN.

Owing to the phrase in subsection 2, "subject to the provisions of this Act," the question was raised in a prosecution against a corporation whether or not a stipendiary or police magistrate had jurisdiction to hear these offences "where the minimum penalty was \$100," although in all provincial offences and practically all offences against federal statutes a stipendiary magistrate has the same authority as two justices. Under the Criminal Code, by the interpretation section, a stipendiary or police magistrate has the same authority as two justices.

For the purpose of settling any confusion as to the jurisdiction of a police or stipendiary magistrate to hear cases under the Weights and Measures Act, it has been deemed advisable to add to subsection (b) of section 82 the underlined words, "a police magistrate, stipendiary magistrate, or any other person having the power or authority of two or more justices of the peace, having jurisdiction in such district, county, or place." This amendment is in the exact words of the interpretation section of the Criminal Code, and gives to such court officers the same jurisdiction under the Weights and Measures Act as they have under the Criminal Code.

This proposed amendment relates merely to a detail in legal procedure and is desirable to fit in with the general organization of the provincial police courts, so that these courts as at present organized may dispose of all offences under the Weights and Measures Act, no matter what the size of the penalty.

It has been suggested by the Law Clerk of the Senate that the amendment might very well be effected by simply referring to the language of section 604 of the Criminal Code. I am disposed to adopt his suggestion.

Right Hon. Mr. MEIGHEN: I have no objection to the second reading. The Bill is to be submitted to committee, is it not?

Hon. Mr. DANDURAND: It will go to Committee of the Whole. An amendment has been suggested which I think carries out the intention of the Act. I will submit it to my right honourable friend.

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

Hon. Mr. DANDURAND: I would ask that the Bill be referred to Committee of the Whole to-morrow.

The reference of the Bill to Committee of the Whole was placed on the Orders of the Day for to-morrow.

## MILITIA PENSION BILL

## SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 5, an Act to amend the Militia Pension Act.

He said: Honourable senators, this is a very simple Bill, and I fear that if I read the memorandum which I have received from the department it might confuse the matter. The purpose of the amendment is to authorize pensions granted under the Militia Pension Act to the widows of officers, and the compassionate allowances to the children of deceased officers, to be paid in equal monthly instalments in arrear instead of in advance. Under the present practice, if a beneficiary dies there is hardly ever any reimbursement of that portion of the pension which covers the period subsequent to death.

Hon. Mr. MURDOCK: Does it not mean that the payment, instead of being made a year in advance, will be made a month in advance?

Hon. Mr. DANDURAND: No.

Right Hon. Mr. MEIGHEN: Previously the money was paid yearly in advance; now it is to be paid monthly in arrear.

Hon. Mr. DANDURAND: Instead of being paid in advance the money will be paid at the end of each month.

Hon. Mr. LEGER: In that case would it not be better to transpose the words "in arrear" and place them after the word "payable"?

Hon. Mr. DANDURAND: I do not think it would be an improvement.

Hon. Mr. MURDOCK: Perhaps the honourable gentleman will tell us what "in arrear" means. Is payment made after the month has gone by?

Right Hon. Mr. MEIGHEN: Yes. It is just the opposite to "in advance."

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

## THIRD READING

Hon. Mr. DANDURAND: As the Bill consists of but one clause, which is accepted by the Senate, I move the third reading now.

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

## DOMINION FRANCHISE BILL

## SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 7, an Act to amend the Dominion Franchise Act.

He said: Honourable senators, Parliament last year amended the Dominion Franchise Act in such a manner as to suspend the revision of the general electoral lists throughout Canada for one year. A general revision of the lists is a very costly procedure, and it suffices that lists be prepared for by-elections. I have seen it stated, I think, that last year the cost of the lists for the two or three by-elections was only \$12,000 instead of \$200,000 or \$300,000.

The Bill before us has the same effect as the Bill of last year, namely, to postpone the revision of the existing lists for one year. It is in exactly the same terms as the Bill of last year.

I move the second reading.

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

## THIRD READING

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

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

## DAIRY INDUSTRY BILL

## SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 8, an Act to amend the Dairy Industry Act.

He said: The proposed measure will in no way affect the principle of the Dairy Industry Act. It involves three minor amendments, the first of which prevents the placing of foreign matter in milk or cream. Previously the restriction applied only to milk. It is now intended to include both milk and cream.

The second amendment has to do with an amendment passed last year. Because of its position in the measure of last session the penalty which applied was much too severe. Consequently the section passed last year is repealed, and it is re-enacted under section 3 of the present measure.

The last section of the Bill refers to a number of items such as storing, packaging, handling and transporting of dairy products, which may be controlled by regulation in the department.

With these explanations, I move the second reading of the Bill.

Right Hon. Mr. MEIGHEN: I have read the Bill and do not see any objection to it. But it concerns something with which I am not very familiar. I wonder why cream was not included before. There may have been good reasons.

Right Hon. Mr. GRAHAM: Milk?

Right Hon. Mr. MEIGHEN: It is "cream" that is now inserted. The clause prohibits the addition of colouring matter, etc. I suggest that the Bill go to a committee. Possibly the honourable senator from Prince Edward Island can assure the House that there is no objection.

Hon. Mr. HUGHES: There are four senators from Prince Edward Island.

Right Hon. Mr. MEIGHEN: I mean the one who knows about cream.

Hon. Mr. SINCLAIR: I should like some information as to what is meant by "indiscriminate weight."

Right Hon. Mr. MEIGHEN: Ask the other senator from Prince Edward Island.

Hon. Mr. DANDURAND: Well, we may take the second reading, and send the Bill to Committee of the Whole—

Right Hon. Mr. MEIGHEN: The Committee on Agriculture.

Hon. Mr. DANDURAND: —or the Committee on Agriculture.

Hon. Mr. MacARTHUR: I should like to ask the honourable the leader (Hon. Mr. Dandurand) what is the penalty now under subsection 2.

Right Hon. Mr. MEIGHEN: \$500.

Hon. Mr. MacARTHUR: That is what it was. What is it now?

Right Hon. Mr. MEIGHEN: It is a fine not exceeding \$50 and not less than \$10.

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

## TRANSPORT BILL SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill B, an Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships, aircraft and motor vehicles.

He said: Honourable senators, I gave an explanation of this Bill last evening when the first reading was taken.

Hon. Mr. DANDURAND.

Right Hon. ARTHUR MEIGHEN: Honourable members, the Bill before us, in so far as drafting is concerned, appears to me to be a very excellent product. One needs to read only a few pages to realize that from that point of view the preparation has been careful. I fancy the committee will not have much work to do in scrutinizing the phrasing and general construction of the measure. It is going to have a great deal to do, though, in determining whether or not much of the Bill is practicable.

I wholly sympathize with the principle and purpose of the measure, namely, to bring about some uniformity of operating conditions as between the railways on the one hand and the other means of transport on the other, there now being four of these in place of the one which we had about twenty-five years ago. Motor-vehicle transport, lake transport and transport by air have taken an important place and certainly are in severe competition with our railways. Of course, ever since Canada became a nation we have had lake transport, but a quarter of a century ago it was not nearly as competitive as it is now. The opening of the Welland Canal and the improvement of vessels have made a difference.

The railways take the position that the thoroughness and severity of regulation to which they must submit should have some counterpart in respect of their competitors, or that the restrictions and supervision which apply to them should be removed.

One need only have regard to the question of lake transport to see the great difficulties we shall immediately encounter in dealing with this measure. Those of us who are more or less patriachs will remember that twenty years ago resolutions were repeatedly introduced in the House of Commons calling for the inclusion within the control of the Railway Commission of ships and lake transport. I have not a very clear recollection of the arguments pro and con. I fancy they would be more clearly in the mind of the right honourable gentleman from Eganville (Right Hon. Mr. Graham), who, on at least one or two occasions, spoke for the Government of the day in opposition to such a proposal. It may be that the evolution of lake transport and the change in the law as respects the definition of coastwise shipping have brought about a situation in which regulation will be practicable. I do not know. I should think it would be very difficult.

We have to keep in mind the fact that here in Canada our railways have to meet the competition not only of Canadian coast-

wise shipping, but of American shipping as well. I do not know just whether the terms of the Shipping Act are yet in force, or wholly in force, under which Canadian shipping was given a chance as against American shipping. We all know that no Canadian boat can travel between two American ports, no matter how it seeks to cover up the coastwise nature of its operations, but all through the years American boats have had the full privilege of competing with our boats in lake transport.

Certainly there is a section of Canada which will insist on the benefits that have always accrued to it by reason of this competition, whether fair or unfair, and it will look with some dubitation upon measures which appear to control a competition the severity of which has been of great advantage. Further, it is one thing to have a regular schedule tariff, approved by the Commission, in respect of freight traffic on our railways, but it is quite another thing to have a tariff applicable to water-borne traffic, because that traffic is a matter of negotiation from hour to hour—almost moment to moment—and depends upon return traffic and many other things besides the cost of carriage.

These considerations will certainly be very much in the mind of the committee during its review of this Bill. I only hope—and I feel sure that most honourable members of the House will hope—that the provisions set out here will work and that something will be done to even up conditions. It may be that in order to give the railways a chance to meet their competitors there will have to be a period of less interference with rail traffic and rail traffic conditions.

As regards motor-vehicle competition, which also is sought to be brought under the Bill, I am entirely in favour of some method of control. It is true that the Bill, in seeking to provide for licensing of vehicles in freight or passenger service and for control of rates and travel conditions in respect of such vehicles, is intended to apply only when they are used interprovincially and upon Dominion highways, that is, highways owned by the Dominion, whether within a province or not. In that sphere the Dominion undoubtedly has jurisdiction, but, as it must keep within its strict constitutional prerogatives, I am very doubtful whether it is going to control motor-vehicle competition effectively. After all, the bulk of motor transportation is intraprovincial, not interprovincial at all, and while intraprovincial traffic remains uncontrolled—as perhaps it must—not much can be accomplished by seeking to control that modest amount of traffic passing from one province

to another or shipped from any province out of Canada. The latter class, too, is clearly under Dominion jurisdiction.

As to air traffic there would not seem to be anything at all in the way of making feasible a measure of supervision from the national standpoint. Air traffic is interprovincial and international, and, if the decision in the Aeronautics case still carries respect in this country—as I earnestly hope it does—is a matter within federal jurisdiction.

I have read the various sections of this Bill and the illuminating introduction given yesterday by the honourable leader opposite. I am prepared to contribute my part fully and vigorously in committee, and I assure this House and the Government that I will do so sympathetically. I have some fears.

Hon. WILLIAM DUFF: Honourable senators, although we were given to understand yesterday that before we met to-day we should have an opportunity of studying this Bill B, which is entitled "An Act to establish a Board of Transport Commissioners for Canada, with authority in respect to transport by railways, ships, aircraft and motor vehicles," I might say that I am not in the advantageous position of the right honourable leader on the other side (Right Hon. Mr. Meighen), who has a copy of the Bill before him, for I have not yet seen a copy. Like my right honourable friend, I am very much interested in this Bill and I should prefer to have an opportunity of studying it before we give it second reading. However, as the honourable leader (Hon. Mr. Dandurand) mentioned last evening, we have a somewhat different procedure here from that in the Chamber which I left a few months ago, with regret.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. GRAHAM: No, no.

Hon. Mr. DUFF: I do not want to try to establish a new principle here; so I am quite willing to allow this Bill to go to committee, without protesting against the fact that I have not even seen the measure, so long as it is understood I am not committed to its principle.

After listening yesterday with a great deal of interest to the splendid presentation made by the honourable leader of the Government (Hon. Mr. Dandurand) it seems to me, honourable senators, that this is perhaps one of the most important bills ever brought before Parliament. It is one in which every citizen of Canada is very much interested. In introducing the Bill the honourable leader of the Government said:

As the Bill itself states, this is a measure to establish a Board of Transport Commissioners for Canada, which Board shall have authority in respect of transportation by railways, ships, aircraft and motor vehicles.

In other words, this Bill affects every man, woman and child in the country—every business interest and every private individual. It seems to me that regardless of how much we may wish to see Government measures passed in this Chamber, we should not commit ourselves on this very important Bill until we have given the people of Canada a chance to express their views upon it.

The leader of the Government also said yesterday:

This Bill marks a further step in the development of transportation in Canada and the regulation of the same.

I wonder, honourable senators, if Parliament and legislatures in this country are not perhaps going entirely too far. It looks to me as if we have altogether too much paternalism. Almost everything that people do to-day must be regulated by Parliament or by legislatures or by some board or commission, and not much latitude is left to the private individual or business man as to how he may conduct his own affairs. So far as I am concerned, I object to that. I say that I know more about my business than any legislature or commission does; I say that the business men of this country who are directing corporations or private enterprises are in a better position to know how to run their own business affairs than are the members of any board or commission, whether at Ottawa, Halifax, Saskatoon or anywhere else. We are going entirely too far when we take the control of private corporations out of the hands of individuals who have invested their money in them, and when we say by legislation that before they can do such and such a thing they must obtain the consent of such and such a board.

I have no particular objection to the setting up by Parliament of a commission to control the rates charged by railways for freight and passenger traffic. My reason for saying that is that the taxpayers of this country are the real owners of the railways. By contributions of one kind or another, through subsidies or the endorsement of notes or the guaranteeing of bonds, the people of this country have become the owners of the railways, and consequently I cannot see very much objection to the regulation of rates that the railways may charge. As to the new ventures in air and motor services, I am not quite satisfied that Parliament should interfere in the same way.

Hon. Mr. DUFF.

My principal reason in rising this afternoon, honourable senators, is to urge that all who are interested in a certain part of this Bill, that referring to shipping, should be given an opportunity to make their views known before the Bill is finally passed. I want to be fair, and that is why I am agreeing to the Bill being given second reading now, so long as it is understood we are not committed to its principle. I cannot see, honourable senators, how Parliament or any legislature or any board or commission such as this legislation proposes to establish can deal with rates to be charged with respect to the Great Lakes or coastwise shipping in this country. My right honourable friend referred to a measure with regard to rates on the Great Lakes that was dealt with in the other Chamber some fifteen years ago. He made some reference to the right honourable senator from Eganville (Right Hon. Mr. Graham). He did not look at me, but he may remember that, although I was a supporter of the Government which introduced the measure, I had sufficient courage to protest against it, and the Bill was dropped.

I say that the Government has no right to demand that men who invest their money in ships and shipping, on the Great Lakes, the Atlantic or the Pacific, should be subject in the matter of rates to rulings by a board in Ottawa. Let me repeat that I am not objecting to regulation of railway rates, for the taxpayers of this country have invested hundreds of millions of dollars in the railways, and not only the present generation but generations for a hundred years from now will be paying for the construction of those railways. But a man who has a ship or a fleet of ships, whether he is operating on the Great Lakes or on either of our coasts, is in a different position from that of the railways. Why should Parliament or any legislature set up a board with power to say to such a man, or to anyone who has invested money in ships, that certain rates must be charged? Or why should any board have authority to tell a shipper of goods that he is not free to make any bargain he cares to make with a ship owner? The members of government boards are no doubt usually pretty wise men, but sometimes they do not know very much about the businesses over which they are given control. Suppose John Jones and Bill Smith, one a shipper and the other a ship owner, want to make a bargain as to rates to be charged for shipment of goods on the Atlantic coast. Why should they have to submit their bargain for the approval of a

commission in Ottawa, a thousand or more miles away from the scene? I object to that kind of thing.

I can understand, honourable senators, that the Government may have some right to regulate rates in the case of ships receiving Government subsidies. For instance, with respect to steamers plying between Vancouver and Japan, or between Halifax and South Africa, or even coastal steamers running between Yarmouth and Saint John, or between Halifax and Sherbrooke, or Halifax and Cape Breton, I can see that where a subsidy is being paid the Government may have the right to say, "We do not want you to charge too much to the people who are using this service, and so that we may be sure of what you are charging you must file with a government department a schedule of your rates." But, honourable senators, where a private individual builds or operates ships, or invests money in ships, why should the Government or any government commission have power to say what rates that individual shall charge for transporting goods? Why should the ship owner be unable to make an arrangement with a shipper unless he has first got approval from Ottawa? Suppose the honourable senator from Cardigan (Hon. Mr. Macdonald) has 6,000 bags of potatoes that he wants to ship from Montague, Prince Edward Island, to Halifax, and he sends me a telegram offering to pay a rate of 60 cents a bag. I reply and say I will do it for 65 cents, and after some dickering we agree upon 62½ cents. Well, if this Bill passes, before we could make a definite bargain we should have to telegraph to Ottawa to see if the Board of Transport Commissioners were satisfied. The thing is ridiculous, honourable senators, and I say that we should be very careful before we interfere in such a way with the interests of private individuals in this country.

I have already said that I am not objecting at the moment to the Bill, because I have not had an opportunity of studying it. But I want to urge upon honourable senators my view that the less interference we have with private business in this country the better it will be. We have gone too far already; there is entirely too much paternalism. You can hardly move or turn around now without having to get a licence from a federal or provincial board or a municipal council. The sooner we put a stop to that sort of thing the better it will be for us all.

Right Hon. GEORGE P. GRAHAM: Honourable senators, I am not going to make a speech, for I am not sure just what I may have to say until I digest this Bill a little

more carefully. I have had some experience in endeavouring to control shipping rates. At one time I went to Great Britain in an attempt to fortify myself with information, when some people were thinking, quite seriously, that we could come to an arrangement with the Motherland for controlling ocean rates. I forget just now the exact argument of those people, but it was to the effect that the rates charged with respect to any ship landing in Canada could be regulated through a licence system. Well, I found that point of view was not received sympathetically by the British Government or ship owners.

Hon. Mr. DUFF: Hear, hear.

Right Hon. Mr. GRAHAM: I went further. I discussed the matter with some of our American friends, and I received the impression that perhaps they might get the better of us on certain matters. So I came away thinking that unless we could safeguard ourselves in that direction we were not going to get very far.

During my term of office as Minister of Railways our Board of Railway Commissioners were proposing, or perhaps had proposed to them, a union of themselves with the Interstate Commerce Commission for the purpose of dealing with international traffic. A discussion of interested parties, particularly of transportation men and members of the Railway Board, finally took place in my bedroom, where I was confined. That day I was not in very good humour, and perhaps I was seeing things red. Anyway, the result of it all was that no such arrangement was made. It is not my intention to tell this House why no arrangement was made, but I may say I concluded that what was proposed would not be beneficial to Canadian producers or transportation companies.

As my honourable friend from Lunenburg (Hon. Mr. Duff) says, this is a very important Bill. It goes deeper than we perhaps think it does, and has ramifications that may not have been brought to our attention, or possibly the attention of the department. On the St. Lawrence, for instance, we have many small craft, such as motor-boats, and it is necessary in a particular locality to allow them to do transport business. I am wondering how this Bill would affect them. Being chairman of the committee to which the Bill is to be referred, of course I am non-committal. I want to hear the arguments pro and con before I come to a conclusion. It is a measure of great possibilities for good, and we must be careful not to make a misstep. I do not suppose the committee will summon anybody before it, but no doubt it

will give all parties interested—railways, shipping companies, small ship owners, airway companies, and motor-truck companies—full opportunity to be heard. I imagine motor highway traffic would bring in the provincial governments.

Hon. Mr. DANDURAND: Not necessarily.

Right Hon. Mr. GRAHAM: I am inclined to think they will want to be heard, and if so, we must give them time to present their views before we reach any conclusions. That is one reason for suggesting that the committee meet on the rising of the House; not to do any business concerning the contents of the Bill, but to arrive at some procedure by which we may notify those interested when they can appear before the committee.

Hon. Mr. DANDURAND: As I have already said, ample opportunity will be given all interests to be heard before the Railway Committee. I need only repeat what I said yesterday, that by giving second reading to this Bill no honourable senator is committed to its principle. Either on the report of the committee or on the motion for third reading honourable members will have full opportunity to express their views and take their stand on the principle involved.

My right honourable friend (Right Hon. Mr. Meighen) has expressed a doubt as to the possibility of doing anything practicable in the way of controlling the motor-truck business, it being mostly provincial in scope. As I have already stated, I believe the provinces are as interested as the Dominion in maintaining certain standards of operation of heavy motor-trucks and in protecting their road-bed, and will very likely desire to co-operate with the Federal Government to establish some working arrangement.

Our Railway Committee is well equipped to hear all contending parties. In order to expedite matters, and, as my right honourable friend (Right Hon. Mr. Graham) has said, prepare the procedure for the sittings of the committee, I now move second reading of the Bill.

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

#### REFERRED TO COMMITTEE

Hon. Mr. DANDURAND moved that the Bill be referred to the Standing Committee on Railways, Telegraphs and Harbours.

Hon. Mr. PARENT: In view of the importance of this Bill, I should like to know whether it is the intention to have the evidence before the committee taken in short-hand.

Right Hon. Mr. GRAHAM.

Hon. Mr. DANDURAND: It will be for the committee to decide as to that.

The motion was agreed to.

#### RAILWAY COMMITTEE

On the motion to adjourn:

Hon. Mr. DANDURAND: I should like to remind members of the Railway Committee and other senators who may like to attend that the committee will meet at 5 o'clock.

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

#### THE SENATE

Thursday, February 4, 1937.

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

Prayers and routine proceedings.

#### TRADE WITH DOMINICAN REPUBLIC, 1922-1936

##### INQUIRY

Hon. Mr. DUFF inquired of the Government:

1. What were the total exports from Canada to the Dominican Republic during the calendar years 1922, 1923, 1924, 1925 and 1926?
2. What were the total imports from the Dominican Republic to Canada during the calendar years 1922, 1923, 1924, 1925 and 1926?
3. What were the total exports from Canada to the Dominican Republic during the calendar years 1927, 1928, 1929, 1930 and 1931?
4. What were the total imports from the Dominican Republic to Canada during the calendar years 1927, 1928, 1929, 1930 and 1931?
5. What were the total exports from Canada to the Dominican Republic during the calendar years 1932, 1933, 1934, 1935 and 1936?
6. What were the total imports from the Dominican Republic to Canada during the calendar years 1932, 1933, 1934, 1935 and 1936?

Hon. Mr. DANDURAND: I have answers to the inquiries of the honourable gentleman. The answer to the first inquiry is as follows:

1. Total exports to San Domingo (Dominican Republic) in the calendar years 1922, 1923, 1924, 1925 and 1926 were as follows:

Calendar years	
1922.. . . . .	\$133,088
1923.. . . . .	232,462
1924.. . . . .	404,845
1925.. . . . .	306,477
1926.. . . . .	463,654

2. Total imports from San Domingo (Dominican Republic) in the calendar years 1922, 1923, 1924, 1925 and 1926 were as follows:

Calendar years	
1922.. . . . .	\$4,929,100
1923.. . . . .	9,072,829
1924.. . . . .	3,637,136
1925.. . . . .	5,882,293
1926.. . . . .	5,718,458

3. Total exports to San Domingo (Dominican Republic) in the calendar years 1927, 1928, 1929, 1930 and 1931 were as follows:

Calendar years	
1927.. . . . .	\$440,396
1928.. . . . .	344,900
1929.. . . . .	247,546
1930.. . . . .	233,464
1931.. . . . .	258,679

4. Total imports from San Domingo (Dominican Republic) in the calendar years 1927, 1928, 1929, 1930 and 1931 were as follows:

Calendar years	
1927.. . . . .	\$4,306,086
1928.. . . . .	1,361,360
1929.. . . . .	1,802,666
1930.. . . . .	369,139
1931.. . . . .	525,188

5. Total exports to San Domingo (Dominican Republic) in the calendar years 1932, 1933, 1934, 1935 and 1936 were as follows:

Calendar years	
1932.. . . . .	\$202,600
1933.. . . . .	190,209
1934.. . . . .	230,762
1935.. . . . .	145,153
1936.. . . . .	166,205

6. Total imports from San Domingo (Dominican Republic) in the calendar years 1932, 1933, 1934, 1935 and 1936 were as follows:

Calendar years	
1932.. . . . .	\$147,690
1933.. . . . .	87,398
1934.. . . . .	1,414,797
1935.. . . . .	1,876
1936.. . . . .	....

TRADE WITH CUBA, 1922-1936

INQUIRY

Hon. Mr. DUFF inquired of the Government:

1. What were the total exports from Canada to Cuba during the calendar years 1922, 1923, 1924, 1925 and 1926?

2. What were the total imports from Cuba to Canada during the calendar years 1922, 1923, 1924, 1925 and 1926?

3. What were the total exports from Canada to Cuba during the calendar years 1927, 1928, 1929, 1930 and 1931?

4. What were the total imports from Cuba to Canada during the calendar years 1927, 1928, 1929, 1930 and 1931?

5. What were the total exports from Canada to Cuba during the calendar years 1932, 1933, 1934, 1935 and 1936?

6. What were the total imports from Cuba to Canada during the calendar years 1932, 1933, 1934, 1935 and 1936?

Hon. Mr. DANDURAND: The answer to this inquiry is as follows:

1. Total exports to Cuba in the calendar years 1922, 1923, 1924, 1925 and 1926 were as follows:

Calendar years	
1922.. . . . .	\$4,868,513
1923.. . . . .	6,084,165
1924.. . . . .	7,039,174
1925.. . . . .	7,779,786
1926.. . . . .	7,770,951

2. Total imports from Cuba in the calendar years 1922, 1923, 1924, 1925 and 1926 were as follows:

Calendar years	
1922.. . . . .	\$11,005,963
1923.. . . . .	9,625,136
1924.. . . . .	8,602,064
1925.. . . . .	12,544,035
1926.. . . . .	7,634,990

3. Total exports to Cuba in the calendar years 1927, 1928, 1929, 1930 and 1931 were as follows:

Calendar years	
1927.. . . . .	\$6,099,533
1928.. . . . .	4,833,354
1929.. . . . .	4,284,483
1930.. . . . .	3,363,344
1931.. . . . .	1,637,089

4. Total imports from Cuba in the calendar years 1927, 1928, 1929, 1930 and 1931 were as follows:

Calendar years	
1927.. . . . .	\$6,156,610
1928.. . . . .	5,043,314
1929.. . . . .	3,564,752
1930.. . . . .	2,768,286
1931.. . . . .	1,041,332

5. Total exports to Cuba in the calendar years 1932, 1933, 1934, 1935 and 1936 were as follows:

Calendar years	
1932.. . . . .	\$1,048,035
1933.. . . . .	871,777
1934.. . . . .	1,195,242
1935.. . . . .	1,196,422
1936.. . . . .	1,343,896

6. Total imports from Cuba in the calendar years 1932, 1933, 1934, 1935 and 1936 were as follows:

Calendar years	
1932.. . . . .	\$741,664
1933.. . . . .	989,157
1934.. . . . .	996,718
1935.. . . . .	457,335
1936.. . . . .	452,357

FRESH FISH—NOVA SCOTIA LANDINGS AND CANADIAN SALES

INQUIRY

Hon. Mr. DUFF inquired of the Government:

1. What was the total in pounds of ground fish, including cod, haddock, etc., etc., landed in Nova Scotia ports from boats and vessels, in fresh condition, during the months of October, November and December, 1935, and January, 1936?

2. What was the total in pounds of ground fish, including cod, haddock, etc., etc., landed in Nova Scotia ports from boats and vessels, in fresh condition, during the months of October, November and December, 1936, and January, 1937?

3. What was the total quantity in pounds of fresh fish, or fresh fish semi-processed, sold or used in Canada during the months of October, November and December, 1935, and January, 1936?

4. What was the total quantity in pounds of fresh fish, or fresh fish semi-processed, sold or used in Canada during the months of October, November and December, 1936, and January, 1937?

Hon. Mr. DANDURAND: The answer is as follows:

1. Kinds of fish—cod, haddock, hake, cusk and pollock.

	pounds
October, 1935.. . . . .	9,415,400
November, 1935.. . . . .	9,982,800
December, 1935.. . . . .	9,351,500
January, 1936.. . . . .	7,954,400

Total.. . . . . 36,704,100

2. Kinds of fish—cod, haddock, hake, cusk and pollock.

	pounds
October, 1936.. . . . .	12,397,100
November, 1936.. . . . .	9,987,300
December, 1936.. . . . .	10,546,600

Total.. . . . . 32,931,000

January, 1937, information not yet available.

3. Information not available.

4. Information not available.

Hon. Mr. DANDURAND.

CANADIAN FISH—EXPENDITURE OF ADVERTISING APPROPRIATION

INQUIRY

Hon. Mr. DUFF inquired of the Government:

1. Of the amount of \$200,000 voted by Parliament in 1936 for the purpose of advertising or encouraging the sale and purchase of Canadian fish, how much was expended in Canada?

2. What amount of the said \$200,000 was expended in foreign countries to promote in said countries the purchasing or importation of Canadian fish in foreign countries, outside and separate from the United States of America?

3. What amount of the said \$200,000 was spent for advertising, etc., in the United States?

Hon. Mr. DANDURAND: Here is the answer to the inquiry:

1. Commitments to date amount to \$141,783.20. The actual payments to date amount to \$64,192.35.

2. \$25,000 in the United Kingdom.

3. Nil.

GOVERNMENT LOANS TO NOVA SCOTIA FISHERMEN

INQUIRY

Hon. Mr. DUFF inquired of the Government:

1. Of the amount of \$300,000 voted by Parliament in the session of 1936, how much of said amount was loaned to individual fishermen in Nova Scotia?

2. How many individual fishermen applied for loans?

3. Was any of said amount paid to co-operative societies or fishermen's unions in lump sums, and if so, how many of such organizations received moneys and what was the total amount paid to them?

4. What was the total amount paid back by the said fishermen or organizations up to and including January 30, 1937?

Hon. Mr. DANDURAND: I have an answer for the honourable gentleman.

1. Up to February 3, 1937, the payments to the provincial loan fund on such loans amounted to \$38,905.85, which was half the amount of the loans made.

2. No information. Loans were made by the province.

3. Eleven associations of fishermen received loans totalling \$13,720, half of which was paid out of the federal appropriation.

4. No information at present. It will be received at the end of the fiscal year for the full year.

## FREE FOREIGN TRADE ZONES BILL

## SECOND READING

Hon. J. P. B. CASGRAIN moved the second reading of Bill A, an Act to enable the establishment, operation and maintenance of Free Foreign Trade Zones.

He said: Honourable members, I am sure that you will pardon me if I do not repeat the rather lengthy remarks that I made when this Bill came up for second reading last session. There is absolutely nothing new that I can say. The Bill is exactly the same as the Bill of last year. Honourable members will recall that that Bill was referred to a special committee which sat for some three weeks, on and off, got all the information available, and reported the Bill back to the Senate. The report was adopted, and the Bill was passed, but it reached the House of Commons just the day before prorogation and there was not sufficient time to give it proper consideration there. I therefore crave the indulgence of the Senate in asking to have the Bill read a second time now, so that it can be sent to the other House, to be dealt with as is deemed fit.

I move the second reading of the Bill, seconded by Hon. Mr. Rainville.

Right Hon. Mr. MEIGHEN: Before the motion is carried, I wish to say on behalf of the honourable senator who has been named as the seconder (Hon. Mr. Rainville) that he desired the second reading carried over till Tuesday.

Hon. Mr. MURDOCK: I was going to suggest that he could hardly be accepted as seconder during his absence.

Right Hon. Mr. MEIGHEN: He was just designated in that way.

Hon. Mr. MURDOCK: In making his motion my honourable friend (Hon. Mr. Casgrain) said that it was seconded by Senator Rainville.

Hon. Mr. CASGRAIN: He asked me to have it seconded in his name. He had to be away to-day to attend to a very important financial transaction. He is just as anxious as I am to see the Bill go to the other House.

Right Hon. Mr. MEIGHEN: I am sure it is the desire of the honourable senator (Hon. Mr. Rainville) to speak on the Bill. He can do that if the third reading goes over until Tuesday.

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

## WEIGHTS AND MEASURES BILL

## CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill 4, an Act to amend the Weights and Measures Act.

Hon. Mr. Coté in the Chair.

On section 1—recovery of penalties:

Right Hon. Mr. GRAHAM: Mr. Chairman, I move the suggested amendment, which was referred to yesterday. It is as follows:

Strike out all the words following "two" in the twelfth line to the end of the Bill and substitute the following: "such justices or before any person who is authorized by section 604 of the Criminal Code to exercise in such district, county or place the powers of two or more justices."

Hon. Mr. DANDURAND: That is the suggested amendment which I mentioned yesterday.

Right Hon. Mr. MEIGHEN: The amendment would undoubtedly improve the phraseology of the section. Our Parliamentary Counsel takes the view that the whole Bill is unnecessary, but that it does no harm. The law will be just the same after this measure is passed.

Hon. Mr. LEGER: Mr. Chairman, may I ask if it is the purpose of the Bill to give exclusive jurisdiction to a justice of the peace with respect to the first class of offences mentioned?

Hon. Mr. DANDURAND: Oh, no.

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. DANDURAND: It makes clear that when the penalty exceeds \$50 a justice of the peace, or two justices of the peace, or a police magistrate, a stipendiary magistrate, or any person having the power or authority of two or more justices of the peace, will have jurisdiction.

Hon. Mr. LEGER: That is true. But the first part of the section says:

if the penalty does not exceed fifty dollars by summary conviction before any justice of the peace for the district, county or place in which the offence is committed.

That is, as I read the Bill, only a justice of the peace would have jurisdiction in that class of cases in which the penalty does not exceed \$50. In the second class of cases, where the penalty exceeds \$50, the section enumerates different justices or magistrates who would have jurisdiction. To my mind

it would have been much better if the section had started in the affirmative, to read somewhat like this:

if the penalty exceeds fifty dollars by summary conviction before any justice of the peace, a police magistrate, a stipendiary magistrate, or any person having the power or authority of two or more justices of the peace, having jurisdiction in such district, country or place—

In that respect I am suggesting what part of the section says now. Then I would add:

—and also, besides the above mentioned magistrates, if the penalty does not exceed fifty dollars, before any justice of the peace for the district, county or place in which the offence is committed.

As I read the Bill, I cannot see how a police magistrate or a stipendiary magistrate could have jurisdiction in the class of cases in which the penalty does not exceed \$50. It seems to me the Bill creates two distinct classes of offences: those for which the penalty is under \$50 and those for which it is over \$50. As to the first class, the Bill says that a justice of the peace shall have jurisdiction; as to the second class, it states that any two justices of the peace, a police magistrate, a stipendiary magistrate or any person having the power or authority of two or more justices of the peace shall have jurisdiction.

Hon. Mr. DANDURAND: We are not affecting the class of cases in which the penalty does not exceed \$50. We are simply making it clear that if the penalty does exceed \$50 it shall be recoverable "by summary conviction before any two justices of the peace, a police magistrate, a stipendiary magistrate, or any person having the power or authority of two or more justices of the peace, having jurisdiction in such district, county or place." We are not going beyond the terms of the present Act.

Hon. Mr. MURDOCK: How do the justices of the peace know what the penalty will be until they have heard the case? How are they to differentiate between a \$50 one-magistrate case and a \$60 two-magistrate case?

Hon. Mr. DANDURAND: The Act clearly provides that for a certain offence the maximum penalty may be \$50 or under; for another offence, \$100 or more.

Hon. Mr. MURDOCK: Then the class of case will be determined by the charge made against the accused?

Hon. Mr. DANDURAND: Yes.

Hon. Mr. LEGER: If I understand this amendment correctly, our police magistrate in the city of Moncton would have no jurisdiction to try offences if on conviction the penalty is under \$50.

Hon. Mr. LEGER.

Hon. Mr. DANDURAND: Oh, yes.

Hon. Mr. LEGER: I do not read the amendment in that way.

Hon. Mr. MURDOCK: He is a police magistrate, is he not?

Hon. Mr. LEGER: Very true, but this amendment says that if the penalty does not exceed \$50 the case must be tried before a justice of the peace.

Hon. Mr. DANDURAND: Oh, no; it may be tried before a justice of the peace.

Hon. Mr. LEGER: This is the wording of the first part of paragraph (b) of section 1 of the Bill:

(b) if the penalty does not exceed fifty dollars by summary conviction before any justice of the peace for the district, county or place in which the offence is committed.

That is complete in itself.

Hon. Mr. DUFF: A police magistrate is also a justice of the peace.

Hon. Mr. LEGER: In my part of the country a police magistrate is not necessarily a justice of the peace. The second part of the paragraph covers the other class of cases, where the penalty exceeds \$50, and it enumerates the different persons who may hear such cases. It seems to me the purpose of the amendment would be made clearer by the simple process of transposing the two parts of the paragraph and inserting a few words between them. Paragraph (b) would then read:

if the penalty exceeds fifty dollars, by summary conviction before any two justices of the peace, a police magistrate, a stipendiary magistrate, or any person having the power or authority of two or more justices of the peace, having jurisdiction in such district, county or place—

Then would follow the first half of the paragraph, with a few explanatory words:

—and also, besides the above mentioned, if the penalty does not exceed fifty dollars, by summary conviction before any justice of the peace for the district, county or place in which the offence is committed.

This would obviate any possibility of confusion in dealing with the two classes of cases.

Right Hon. Mr. MEIGHEN: Here is my appreciation of the position. Honourable members will observe that paragraph (b) in the original Act stops at the word "peace." If the penalty imposable does not exceed \$50, then it can be imposed "by summary conviction before any justice of the peace for the district, county or place in which the offence is committed," and, if the penalty imposable exceeds \$50, "by summary conviction before

any two justices of the peace." The department desires to have it appear in the Act, as well as in the Criminal Code—in which it is provided, as I shall show in a minute—that where the penalty exceeds \$50 the trial may take place not only before two justices of the peace, but also before a police magistrate, a stipendiary magistrate, or any person having the power or authority of two justices of the peace. The departmental officials believe this amendment will make it clear to any magistrate that he can try the case if the penalty imposable is more than \$50. Amendment is necessary because in describing those who are equal in law to two justices of the peace the wording in the original section does not follow the phrasing of section 604 of the Code. Therefore the Code is cited in the amendment now moved by the right honourable senator from Eganville (Right Hon. Mr. Graham):

such justices or before any person who is authorized by section 604 of the Criminal Code to exercise in such district, county or place the powers of two or more justices.

With the Act as amended before him, any magistrate will know he has authority to deal with a case although the fine imposable is above \$50.

I do not agree with the objection of the honourable senator from L'Acadie (Hon. Mr. Leger), for this reason. We do not seek to create any offence by this Bill. The clause simply describes before whom cases can be tried. Where the penalty may be \$50 or under, the case is tried before a justice of the peace; if over \$50, before two justices of the peace or before any person who takes their place, as described in the Code. The point of the honourable senator from L'Acadie (Hon. Mr. Leger) is that it would not do to make it impossible for a magistrate to try the case if the penalty were under \$50. Certainly it would not. A magistrate may or may not be a justice of the peace, but under the Code he always has the power of a justice of the peace. Consequently, every case can come before a magistrate. But if the amount of the penalty exceeds \$50 the case cannot come before a justice of the peace.

Hon. Mr. LEGER: Would this come under the Code—

Right Hon. Mr. MEIGHEN: The Code specifies—I cannot cite the section—that what a justice of the peace can do a magistrate can do.

Hon. Mr. LEGER: That is in criminal cases.

Right Hon. Mr. MEIGHEN: In any cases. I am not speaking by the book—it is not before me—but I fancy that my honourable

friend will find that every magistrate is appointed with all the powers of a justice of the peace, and that the local Act vests him with such power.

Hon. Mr. DANDURAND: The law says one justice of the peace may hear the case if the penalty does not exceed \$50, but if it exceeds that amount the power of two justices will be required.

The proposed amendment of Right Hon. Mr. Graham was agreed to.

Section 1, as amended, was agreed to.

The preamble and the title were agreed to.

The Bill was reported.

### THIRD READING

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

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

### PRESS REPORTERS OF THE SENATE

#### REPORT OF COMMITTEE CONCURRED IN

Hon. Mr. GILLIS moved concurrence in the second report of the Standing Committee on Debates and Reporting.

Hon. Mr. MURDOCK: I wonder if the honourable senator could briefly give us an indication of the terms and conditions set forth in the report of the Committee on Debates and Reporting of June 3, 1913. I do not know what they are.

Hon. Mr. GILLIS: An extract from the Journals of that date, when the first reporter was appointed, gives an outline of his duties. That has been followed ever since. The only change made since is in the amount paid to Mr. Fortier, the French reporter. I have an extract from the Journals, but I shall not read it. The same course has been followed year after year.

The motion was agreed to.

The Senate adjourned until Tuesday, February 9, at 8 p.m.

## THE SENATE

Tuesday, February 9, 1937.

The Senate met at 8 p.m., the Acting Speaker (Hon. P. E. Blondin) in the Chair.

Prayers and routine proceedings.

## NEW SENATOR INTRODUCED

Hon. John Wallace de Beque Farris, K.C., of Vancouver, British Columbia, introduced by Hon. Raoul Dandurand and Hon. J. H. King.

TRADE WITH TRINIDAD, 1922-1936  
INQUIRY

Hon. Mr. DUFF inquired of the Government:

1. What were the total exports from Canada to Trinidad during the calendar years 1922, 1923, 1924, 1925 and 1926?
2. What were the total imports from Trinidad to Canada during the calendar years 1922, 1923, 1924, 1925 and 1926?
3. What were the total exports from Canada to Trinidad during the calendar years 1927, 1928, 1929, 1930 and 1931?
4. What were the total imports from Trinidad to Canada during the calendar years 1927, 1928, 1929, 1930 and 1931?
5. What were the total exports from Canada to Trinidad during the calendar years 1932, 1933, 1934, 1935 and 1936?
6. What were the total imports from Trinidad to Canada during the calendar years 1932, 1933, 1934, 1935 and 1936?

Hon. Mr. DANDURAND: The answer to the honourable gentleman's inquiry is as follows:

1. Total exports from Canada to Trinidad and Tobago during the calendar years 1922, 1923, 1924, 1925 and 1926 were as follows:

Calendar years	
1922.. . . . .	\$3,649,897
1923.. . . . .	3,610,296
1924.. . . . .	3,193,708
1925.. . . . .	3,970,804
1926.. . . . .	3,921,825

2. Total imports into Canada from Trinidad and Tobago during the calendar years 1922, 1923, 1924, 1925 and 1926 were as follows:

Calendar years	
1922.. . . . .	\$2,184,275
1923.. . . . .	1,548,650
1924.. . . . .	2,378,635
1925.. . . . .	1,217,989
1926.. . . . .	2,855,994

3. Total exports from Canada to Trinidad and Tobago during the calendar years 1927, 1928, 1929, 1930 and 1931 were as follows:

Calendar years	
1927.. . . . .	\$4,094,083
1928.. . . . .	4,130,338
1929.. . . . .	4,095,202
1930.. . . . .	3,438,216
1931.. . . . .	2,631,725

4. Total imports into Canada from Trinidad and Tobago during the calendar years 1927, 1928, 1929, 1930 and 1931 were as follows:

Hon. Mr. GILLIS.

## Calendar years

1927.. . . . .	\$1,813,931
1928.. . . . .	3,204,512
1929.. . . . .	2,952,780
1930.. . . . .	2,264,884
1931.. . . . .	3,048,544

5. Total exports from Canada to Trinidad and Tobago during the calendar years 1932, 1933, 1934, 1935 and 1936 were as follows:

Calendar years	
1932.. . . . .	\$1,720,716
1933.. . . . .	1,952,632
1934.. . . . .	2,084,279
1935.. . . . .	2,242,527
1936.. . . . .	2,796,575

6. Total imports into Canada from Trinidad and Tobago during the calendar years 1932, 1933, 1934, 1935 and 1936 were as follows:

Calendar years	
1932.. . . . .	\$2,638,332
1933.. . . . .	1,987,747
1934.. . . . .	1,238,306
1935.. . . . .	2,484,956
1936.. . . . .	2,888,486

TRADE WITH JAMAICA, 1922-1936  
INQUIRY

Hon. Mr. DUFF inquired of the Government:

1. What were the total exports from Canada to Jamaica during the calendar years 1922, 1923, 1924, 1925 and 1926?
2. What were the total imports from Jamaica to Canada during the calendar years 1922, 1923, 1924, 1925 and 1926?
3. What were the total exports from Canada to Jamaica during the calendar years 1927, 1928, 1929, 1930 and 1931?
4. What were the total imports from Jamaica to Canada during the calendar years 1927, 1928, 1929, 1930 and 1931?
5. What were the total exports from Canada to Jamaica during the calendar years 1932, 1933, 1934, 1935 and 1936?
6. What were the total imports from Jamaica to Canada during the calendar years 1932, 1933, 1934, 1935 and 1936?

Hon. Mr. DANDURAND: The answer to the honourable gentleman's inquiry is as follows:

1. Total exports from Canada to Jamaica during the calendar years 1922, 1923, 1924, 1925 and 1926 were as follows:

Calendar years	
1922.. . . . .	\$2,682,614
1923.. . . . .	3,149,708
1924.. . . . .	3,179,960
1925.. . . . .	3,499,903
1926.. . . . .	4,502,986

2. Total imports into Canada from Jamaica during the calendar years 1922, 1923, 1924, 1925 and 1926 were as follows:

Calendar years	
1922.. . . . .	\$3,807,733
1923.. . . . .	3,178,094
1924.. . . . .	3,352,554
1925.. . . . .	4,017,668
1926.. . . . .	4,608,038

3. Total exports from Canada to Jamaica during the calendar years 1927, 1928, 1929, 1930 and 1931 were as follows:

Calendar years	
1927.. . . . .	\$4,711,048
1928.. . . . .	5,298,113
1929.. . . . .	5,309,614
1930.. . . . .	4,024,149
1931.. . . . .	2,910,349

4. Total imports into Canada from Jamaica during the calendar years 1927, 1928, 1929, 1930 and 1931 were as follows:

Calendar years	
1927.. . . . .	\$4,836,464
1928.. . . . .	5,253,680
1929.. . . . .	5,564,203
1930.. . . . .	5,134,135
1931.. . . . .	4,198,727

5. Total exports from Canada to Jamaica during the calendar years 1932, 1933, 1934, 1935 and 1936 were as follows:

Calendar years	
1932.. . . . .	\$2,333,521
1933.. . . . .	2,519,298
1934.. . . . .	3,017,811
1935.. . . . .	3,306,459
1936.. . . . .	3,260,729

6. Total imports into Canada from Jamaica during the calendar years 1932, 1933, 1934, 1935 and 1936 were as follows:

Calendar years	
1932.. . . . .	\$3,293,316
1933.. . . . .	2,742,714
1934.. . . . .	4,111,742
1935.. . . . .	4,473,999
1936.. . . . .	4,897,824

RED RIVER BRIDGE  
INQUIRY

Hon. Mr. LEGER inquired of the Government:

The press of New Brunswick of February 3, 1937, contains a dispatch that the first railway bridge constructed over the Red river, Winnipeg, is marked for demolition and that the swing span of the structure will be shipped to Fredericton, N.B., to replace the one washed away by floods a year ago, and that he will inquire of the Government:—

1. Is the dispatch true?
2. If true, why is the said bridge marked for demolition?
3. And in what respect will it fit the St. John river better than the Red river?

Hon. Mr. DANDURAND: The answer to the honourable gentleman's inquiry is as follows:

The railway bridge at Fredericton, carried away by the 1936 spring freshet, will be replaced at an estimated cost of \$1,250,000. It will be used jointly by the Canadian National and Canadian Pacific railways under an agreement respecting maintenance and operation on a wheelage basis and joint participation in the annual interest charges on the capital cost of the new bridge.

When the Canadian National lines were co-ordinated in 1925 the Transcontinental Railway bridge over the Red river was utilized and the use of the former Canadian Northern bridge discontinued. The latter structure was left in place until some use could be found for it elsewhere. An opportunity now presents itself to utilize the swing span in the new Fredericton structure and the railway management consider it good business to do so. With this explanation the answers to the specific questions asked are as follows:

1. Yes; except that the bridge in question was not the first bridge across the Red river at Winnipeg.
2. Because no longer required in its present position.
3. Because the swing span referred to can be usefully incorporated in the Fredericton structure.

CANADIAN HORTICULTURAL COUNCIL  
INQUIRY

Hon. B. F. SMITH: Honourable members, I desire to call attention to an article which appears in last Friday's issue of the Saint John Telegraph-Journal, one of the leading newspapers in the Maritime Provinces. After stating that the Canadian Horticultural Council had met at Ottawa, the article refers to certain resolutions which were passed by that body, and goes on to say:

Commenting on this and other resolutions on his return to Perth, James E. Porter, secretary of the New Brunswick organization, who attended the conference, explained that he had contacted J. E. J. Paterson, M.P. for Carleton-Victoria, who arranged a meeting of Maritime Province members of Parliament and senators, at which this whole problem was discussed.

My object in rising is to say that this is a misrepresentation of the facts. I desire to ask the Government whether such a meeting was held, and if so, who issued the invitations and who were invited.

## FREE FOREIGN TRADE ZONES BILL

## THIRD READING

Hon. Mr. CASGRAIN moved the third reading of Bill A, an Act to enable the establishment, operation and maintenance of free foreign trade zones.

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

## PASSAGE OF BILL POSTPONED—MOTION FOR THIRD READING RESCINDED

The Hon. the ACTING SPEAKER (Hon. P. E. Blondin): A Bill, honourable senators, originating in the Senate, intituled "An Act to enable the establishment, operation and maintenance of free foreign trade zones," has been read the third time and is now ready to pass. Is it your pleasure, honourable senators, to pass this Bill?

Right Hon. ARTHUR MEIGHEN: Honourable members, the Senate is quietly and, so far as I know, without any real consideration, passing this Bill through the House. A measure as important as this one certainly imposes upon the Government the duty of stating its position before one of the branches of Parliament. I do not know whether we are all expecting the Bill to be rejected in the other House, or whether we want it to be so treated. The Government so far has not even asked that the Bill go to a committee. I do not think the Senate is doing itself justice in permitting a measure like this to pass four stages without the representative of the Administration here making so much as a comment upon it.

Hon. JAMES MURDOCK: Honourable senators, personally I feel under obligation to the right honourable leader on the other side for making that statement, because to my mind it is almost disgraceful the way this important measure has gone through the first, second and now the third stage—

Right Hon. Mr. MEIGHEN: Four stages.

Hon. Mr. MURDOCK: Three or four stages.

Hon. Mr. DANDURAND: Not yet.

Hon. Mr. MURDOCK: It is true that last year the Bill was before a special committee, of which I happened to be a member. But I declare here and now that although I undertook to attend all the meetings of that committee I never dreamed that a report had been prepared and was to come before the House. Now, there is a great deal that I do not know in connection with this measure. Possibly I am the only one in this House

Hon. Mr. SMITH,

who is not fully informed on it. It does seem to me that an important measure of this kind, involving the collection or the failure to make collection of certain revenues by the Government of Canada, should be given proper consideration by one of the leading committees of the Senate. I do not want to make myself particularly objectionable, but I am going to move a motion that I have lying before me here, which I have not asked anybody to second. I move in amendment that all the words in the motion—that is the motion that the Bill be now read a third time—after the word "now," be omitted and the following substituted therefor: "referred to the Standing Committee on Banking and Commerce."

I am one member of this Chamber who would like to hear this Bill thrashed out clause by clause in one of the responsible committees of the Senate.

Right Hon. Mr. MEIGHEN: Has the honourable member chosen the appropriate committee? If he has, I feel disposed to agree with him. I am wondering if the Bill would come more appropriately before the Railway Committee, but this session that committee will be loaded with perhaps the most important measure we shall have.

Hon. Mr. MURDOCK: That is why I suggested the Committee on Banking and Commerce. The Railway Committee already has enough work ahead to keep it busy for the next three or four weeks, I am sure.

Right Hon. Mr. MEIGHEN: I think it clearly should go before one committee or the other. I am disposed to agree with the honourable member, but I should like a statement from the honourable leader of the House as to where the Government stands, if it stands at all.

Hon. RAOUL DANDURAND: I may state, honourable senators, that I asked the Hon. Minister of Transport, and I think also the Hon. Minister of Customs, who would be vitally interested in this legislation—

Right Hon. Mr. MEIGHEN: There is no Minister of Customs.

Hon. Mr. DANDURAND: I mean the Minister of National Revenue. I am quite sure as to the Minister of Transport. I asked him if he had formed an opinion as to the merits of this Bill. I found that he had yet to be convinced as to the advantages which would accrue to the country from the enactment of this measure. He was inclined to be critical, but was ready to study the Bill.

My right honourable friend has asked why the representative of the Government in this

Chamber did not express an opinion on the Bill before it reached the fourth stage, for the question from the Chair is: Shall this Bill pass? To this question the Senate can answer yes or no. I may remind honourable members that upwards of thirty years ago a Bill at this stage was rejected on the motion of Hon. Mr. Miller. The reason why I did not rise to express my view on this Bill is that last session a Senate committee studied a similar Bill, it was then reported to the House and the report discussed, and we decided to transmit the Bill to the Commons without, I think, pronouncing any decided views on the principle involved.

I think there is merit in the proposal to establish free foreign trade zones. I am informed that New York City is about to establish a free trade zone at a point not far distant from the present port. I know there is such a zone in operation in Genoa, having motored straight into it without knowing I should be detained until I had disclosed all my personal baggage. It will be recalled that last session we were informed that free foreign trade zones were in operation at Hamburg and other important points in Europe.

Last session the Senate in its wisdom decided that the Commons should have an opportunity to express an opinion upon the Bill. This, as I have already said, is a Bill similar to the one which engaged our attention last year. The Bill was sent to the House of Commons towards the end of the session. It was not a Government Bill, but a public Bill sponsored by a private member of that House. My right honourable friend, as a former member of the other House, knows what little chance there is of such a Bill passing at that late stage, when Government business is given precedence.

There is nothing unseemly in the procedure we are following, and I am surprised that my honourable friend from Parkdale (Hon. Mr. Murdock) should say that he is somewhat scandalized. The similar Bill before the Commons last session was not discussed; in fact I do not think it reached second reading. Now if we pass this Bill the Commons will have another opportunity to express their opinion on it. They may receive it with favour. It is a permissive Bill; nothing can be done without the sanction of the Government. The whole question being, it seemed to me, somewhat academic, I did not examine into the merits or virtues of free trade zones. I confess that I have not had sufficient data to enable me to give a decided opinion on the matter. The free foreign trade zone in operation in Hamburg has apparently given very satisfactory results. It may be, of course,

that our conditions would not justify a similar venture in this Dominion. However, I have no opinion to express on the question, and I have no objection to the Bill being sent over to the House of Commons to be dealt with there.

Hon. C. C. BALLANTYNE: Honourable senators, I agree with my right honourable leader (Right Hon. Mr. Meighen) that this is a question of far-reaching importance. It is not by any means new. Some thirty years ago, when I was a harbour commissioner for the port of Montreal, the question was a live one.

I should like to suggest to the honourable leader of the Government (Hon. Mr. Dandurand) that instead of this Bill being referred to the Standing Committee on Banking and Commerce it be referred to the Committee on Railways, Telegraphs and Harbours. The membership of those two important committees is pretty much the same. I should also like to see the special report—which, I regret to state, I have not yet had an opportunity to study—submitted to the Standing Committee on Railways, Telegraphs and Harbours.

I am satisfied that the Bill is of such importance that the Shipping Federation of Montreal, the Montreal Board of Trade, the Chambre de Commerce and the railways should be asked if they have any representations to make, as I am quite sure they will desire to be heard. Unless opinion in Montreal has changed in recent years, I do not think any of these interests are very favourably disposed towards the proposal. I am strongly of opinion that the Bill should be given the serious consideration that the importance of the problem warrants.

Hon. J. J. RAINVILLE: Honourable senators, I would point out that the question before us is whether the Bill shall pass. There is no question of referring it back to a committee.

Last session, it will be recalled, we discussed thoroughly this question of free foreign trade zones, and I made a speech in support of the Bill. I do not intend to repeat now the arguments which I then advanced in its favour. The Bill was referred to the Railway Committee and we heard representations from the Board of Trade of Montreal, the Chambre de Commerce, the Shipping Federation and other interests. I remember the honourable senator from Parkdale (Hon. Mr. Murdock) complimented me on what he termed the wonderful testimony given by Major George Washington Stephens, at one time head of the port of Montreal and an acknowledged expert on port management. My honourable friend said it was a revelation to him.

Hon. Mr. MURDOCK: On one side.

Hon. Mr. RAINVILLE: The Bill was reported from the standing committee towards the end of last session. The committee had to work under pressure in order to expedite its report. The Bill was transmitted to the House of Commons, but it was not a Government measure, and with prorogation impending it did not receive attention. As I say, we have already thoroughly discussed a similar measure. I know that in the House of Commons there are several members who desire an opportunity to study this question—perhaps even more thoroughly than we have studied it. Therefore I have much pleasure in seconding the motion for the passing of this Bill. As soon as it is passed here the House of Commons will have an opportunity to deal with it.

The Hon. the ACTING SPEAKER: The question is whether the Bill shall pass.

Right Hon. Mr. MEIGHEN: I am not disposed to concur in the passing of this measure. I am not now speaking on its merits at all. I am dealing with the character of consideration which this House should give to a Bill of such consequence before we put our imprimatur upon it.

I may not be able to recite with accuracy the entire history of the subject. My recollection is it came before us for the first time last year, when a similar Bill was referred to a special committee, which made a report towards the end of the session. I am speaking with much hesitation because I do not fully recollect the facts; indeed, I have to say frankly I do not know them as thoroughly as I should. At all events this House neither discussed nor seriously dealt with the report of that committee. A similar Bill has come before us again this session. Naturally I anticipated there would be a debate on the second reading. When, however, last Thursday the motion for second reading was put it was about to pass without a whisper from a single soul. I rose and, under the impression that the honourable senator from Repentigny (Hon. Mr. Rainville) desired to address the House on the Bill, I urged that an opportunity be given him to do so, and the third reading was deferred until to-day. Now we find the Bill given third reading without any debate on its merits.

Whatever the committee may have reported last session, surely we are not going to put the approval of the Senate upon a measure of this character without full discussion of the report and its bearing upon this Bill. As the honourable leader of the Government (Hon. Mr. Dandurand) says, the Bill is, in a sense, permissive, in that it does not impose a mandatory obligation upon the Government. I will read

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the clause upon which he relies, subsection 1 of section 5:

5. (1) The Governor in Council may, upon application made in compliance with this Act by any public authority, grant to it, subject to all conditions, restrictions and limitations, as to time or otherwise, provided by or under this Act, the privilege of establishing, operating and maintaining, in or adjacent to any frontier port of customs in Canada a free foreign trade zone as described in this Act.

True, though this measure may pass both the Senate and the House of Commons, yet the Government may not act upon it.

Hon. Mr. CASGRAIN: Hear, hear.

Right Hon. Mr. MEIGHEN: But the moment the Bill passes this Chamber the Commons have a right to say, "The Senate favours the measure, and expects the Government to act upon it if we pass it." We cannot hide behind our desire to have the Commons consider the measure. They have a right to say to us, "We want you to think it over before you send it here." The Bill has been initiated in this Chamber and it should be given that thorough treatment here which a measure of this consequence demands. This is not a private Bill. True, it is introduced by a private member, not by the Government, but it is a public Bill of gigantic magnitude. It may have great merit, it may have little, it may have none. We do not do ourselves justice by merely letting it slide through and paying no serious attention to a considered report of one of our own committees. Though the Bill is introduced by a private member, yet, it being a public measure, the honourable leader opposite is bound to state the attitude of the Government thereon, and it is not a statement of its attitude to say that last session the Senate thought the Bill ought to go the Commons. If the Senate thinks the Bill should go to the Commons, it means the Senate approves the measure.

Hon. Mr. KING: It did.

Right Hon. Mr. MEIGHEN: My argument is the Senate should not send it there without giving it proper consideration here.

Hon. Mr. KING: We did.

Right Hon. Mr. MEIGHEN: Very little; and there was no debate upon the report.

Hon. Mr. KING: Yes.

Right Hon. Mr. MEIGHEN: Of the committee?

Hon. Mr. KING: I think so.

Right Hon. Mr. MEIGHEN: I cannot recall any debate at all upon the report of the committee. I think the honourable senator from Parkdale (Hon. Mr. Murdock) will confirm my statement that when the report was before this House for consideration there was no debate upon the measure.

Hon. Mr. KING: If my memory serves me, we had a debate.

Right Hon. Mr. MEIGHEN: What I say is that although we are at the fourth stage of this Bill we can take any step we wish. The Bill cannot pass without our approval. I do not think I am far from the mark when I say that I think we can make an amendment to refer, and surely we should do that. Let us in this assembly thoroughly review, canvass and debate the report of the committee; then, if we decide to support it, well and good. I have no straight and definite opinion upon the Bill, but I should not like to see it go through this House in such a way that we can be said to have approved of it when we really have not considered it at all.

Hon. Mr. MURDOCK: I have a seconder now. I understand the motion before the Senate to be—

Hon. Mr. DANDURAND: There is no motion.

Hon. Mr. MURDOCK: I understand the motion to be that Bill A be read a third time.

Some Hon. SENATORS: No, no. That has been done.

The Hon. the ACTING SPEAKER: I put the question: "Shall this Bill be read a third time?" and as no one rose, I said, "Carried." After that I put the question: "Bill A, intituled 'An Act to enable the establishment, operation and maintenance of Free Foreign Trade Zones' has been read a third time and is now ready to pass. Is it your pleasure, honourable members, that this Bill be passed?" Then the discussion started.

Hon. Mr. DANDURAND: May I give some explanation as to procedure? I am not quite sure that the suggestion I am about to make is absolutely in accordance with our rules, but the Senate can do many things by unanimous consent. We may, at the request of the mover and the seconder, retrace our steps and abandon the passage of the third reading. The Bill would then be at the same stage as when we commenced this evening. I think the Senate would have no particular objection to that procedure, and I would urge the sponsors of the Bill to accept this suggestion. If they do not feel like accepting it,

then we fall under clause 25a of the Rules of the Senate, which reads as follows:

No question or amendment shall be proposed which is the same in substance as any question or amendment which, during the same session, has been resolved in the affirmative, or negative, unless the order, resolution or vote on such question or amendment has been rescinded.

A motion can be made to rescind the third reading, but then the matter will have to stand for five days before it is taken up by the Senate. Clause 25b reads:

An order, resolution or other vote of the Senate may be rescinded; but no such order, resolution or other vote may be rescinded unless five days' notice be given and at least two-thirds of the senators present vote in favour of its rescission; provided that, to correct irregularities or mistakes, one day's notice only shall be sufficient.

A motion may now be made to rescind the third reading, or notice may be given of a motion to rescind, which would be taken up in five days. I think that is the only motion that can regularly be made.

Yet, the Senate, if it will unanimously agree, has full authority to retrace its steps and to take as not passed the motion for the third reading.

Hon. Mr. CASGRAIN: I do not want to prolong this discussion. I am entirely in the hands of the House.

The right honourable gentleman who leads the other side of the House (Right Hon. Mr. Meighen) said he did not recollect the facts. I have a very clear recollection. This Bill dragged before this House for more than two months, and the committee sat for three weeks or more. The Bill is only permissive. The Government may never act upon it. I do not know that any other bill I have ever been connected with was talked about as much as this one, or took as much time in going through this House. I am surprised at the right honourable gentleman. I think that he, seeing that there was only one order on the Order Paper, wanted to start a good discussion so that the Senate would be busy for a little while. I think also that he was unfair in asking the opinion of the Government, because there is only one representative of the Government here, and he is not the Government. He could not speak for the Government.

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. CASGRAIN: Well then, I take that back. If he can speak for the Government, what have the other fourteen or fifteen members of it to say?

Hon. Mr. DANDURAND: They also speak for the Government.

Hon. Mr. CASGRAIN: The committee had its meetings, which were lengthy, and the Government was represented at those meetings. It sent no fewer than three departmental officials to attend the committee. The honourable senator from Montarville (Hon. Mr. Beaubien), cross-questioning them, asked: "Is that the only thing you have against this Bill? Is that your last word?" The reply was, "Yes." Some of the members of the committee were most enthusiastic about the Bill. To-day, for some reason or other—I do not know what—they do not seem to be so much in favour of it.

Why not give the House of Commons a chance? We know this session is going to be short; at least, that is the intention. It all depends on the Opposition. Why not allow this Bill to go to the House of Commons like other bills, and let that House deal with it as it sees fit? I really believe this is a Bill that interests the House of Commons just as much as, or more than, it interests this House. I should like to see it go to the House of Commons, but I am in the hands of honourable members.

If you want to go over the whole matter again, we will; but if anybody wants to kill the Bill, why not kill it now instead of delaying its arrival in the House of Commons until there is not time for consideration? I understand the Government has taken away the private members' days in that House, and it may be weeks before the Bill can be considered. Last year the Bill arrived in the other House just two days before prorogation, and the gentlemen who were going to propose and second it were down in Quebec, where there was a political crisis at the time.

Then I met Mr. H. H. Stevens, just by chance. He said, "That is an excellent Bill of yours." He did what he could for it. Mr. Ilsley, the Minister of National Revenue, said, "I have no objection to the Bill, but I have not had a chance to read it." So the Bill was delayed.

I have never asked favours of this House before, but I would now ask, as a great favour, that it let this Bill go to the House of Commons.

Hon. Mr. BALLANTYNE: Would the honourable gentleman allow one question? He is familiar with this whole matter, and can answer. Did the Shipping Federation, the Boards of Trade and the railway companies approve of this Bill?

Hon. Mr. CASGRAIN: I do not think they did. Furthermore, in Montreal we have many wholesale warehouses where goods are

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placed in bond, and the gentlemen operating these, being ill-informed, I think, believed it might diminish their revenue. They are generally actuated by their own private interests. On the other hand, absolutely independent men like Major George Washington Stephens were in favour of it. He actually worked for two years in Hamburg when the population was only about 200,000, he went over for the purpose of studying German, and later, when he was harbour commissioner, he went back again and found the population had increased to 2,000,000. And it is still increasing. Last Monday a free trade zone was opened in New York. It is the first one in the United States, but in France there are two, and in Germany three or four. Free ports have existed from the time of the Hanseatic League.

The Bill cannot do any harm to anybody. That is one thing sure. Even if it does not cure our ills, it can do no harm. So I beg of the right honourable the leader of the Opposition to let it go through. He knows I have been a good supporter of his on many occasions.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MURDOCK: Honourable senators, may I say that the interests my honourable friend from Alma (Hon. Mr. Ballantyne) has referred to were not represented before the special committee last year, and so far as I know were not asked to appear. Furthermore, since that time a National Harbours Board has been appointed, which may have some views on this particular question. Therefore I move, seconded, as I understand, by the honourable senator from Alma (Hon. Mr. Ballantyne), that Rule 25b be suspended, and that the motion passed for the third reading of the Bill be rescinded.

The motion was agreed to.

MOTION FOR REFERENCE TO COMMITTEE—  
DEBATE ADJOURNED

The Hon. the ACTING SPEAKER: The question, honourable members, is on the third reading of the Bill.

Hon. Mr. MURDOCK: I would move, seconded by the honourable senator from Alma (Hon. Mr. Ballantyne), that this Bill be referred to the Committee on Railways, Telegraphs and Harbours.

The Hon. the ACTING SPEAKER: Is it your pleasure to adopt the motion?

Hon. Mr. RAINVILLE: Honourable senators, if this motion is made for the purpose of calling witnesses again, I may say that when

the committee sat last year all those whose names were submitted to us were called upon and gave their views on the matter. Now that the third reading has been rescinded, I believe that both the honourable leader of the Government and the right honourable leader of the Opposition would be in favour of a day being set aside to discuss the report.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. RAINVILLE: It would take at least three weeks to repeat the inquiry that was made in the committee last year. We did the best we could, and I do not think we did badly. I for one am looking for an opportunity to discuss this report.

Hon. Mr. MURDOCK: Does not the honourable gentleman think the newly created Harbours Board should be asked for its views?

Hon. Mr. RAINVILLE: Not at all.

Hon. Mr. MURDOCK: No?

Hon. Mr. RAINVILLE: No, not at all. We have made a terrible mistake in centralizing the harbour commissions of Canada, and we shall realize it before long. This question of free ports is absolutely independent of any centralization of ports. It is an altogether different business. The free port will not be in the hands of this central body, but in the hands of private individuals who will be licensed by the Government and will bear the expense. I do not see that any good purpose can be served by sending the Bill to a committee, but I should welcome a discussion of the report which was made last year. I would move, therefore, in amendment to the motion of the honourable senator from Parkdale, that a day be fixed for a discussion of the report made last year.

Hon. Mr. MURDOCK: I do not know whether I have made myself clear or not. I was a member of the committee last year. Rightly or wrongly, I thought then, and I think now, that only those who were generally favourable to the proposal were brought before the committee, and that we did not have an opportunity of getting the other point of view.

Hon. Mr. RAINVILLE: The honourable senator knows very well that two or three of the witnesses pronounced themselves as opposed to free ports.

Hon. Mr. MURDOCK: But the preponderance of evidence given before the special committee last year was in favour of free ports. Possibly free ports are desirable, but I think we ought to know more about them than we do at the present time. I believe

the only way to get further information is to send the Bill to the Standing Committee on Railways, Telegraphs and Harbours, where we can have a real free-for-all, and where, with all due respect to my honourable friend (Hon. Mr. Rainville), we can get the viewpoint of the newly created National Harbours Board.

Hon. THOMAS CANTLEY: Honourable members, this matter was fairly well discussed a year ago, at which time I expressed myself very freely and at some length in regard to it. To talk about a free port in Montreal is, to my mind, absolute nonsense. You cannot make a free port in a place that is frozen up four or five months in the year. I know of only two points in Canada where there is any possibility of a free port being successful, namely, Halifax and Vancouver. Who is going to spend \$50,000, \$60,000 or \$100,000 to equip a free port?

We talk about Hamburg. I have been in Hamburg and in two or three of the other free ports in Europe; so I should perhaps know something about them. In those cases there are special reasons and incidents to explain why such ports are more or less successful. Hamburg is the only one that is a conspicuous success, and it is that because it serves a large territory contiguous to that port and without access to the sea.

At one time it was thought that a large amount of manufacturing would be centered in a free port; that is, that raw materials would be brought there and reconstructed into other forms of merchandise and then shipped out, without any duty having been paid. But in this respect free ports have been a great disappointment. Then it was thought that considerable shipbuilding would be undertaken at free ports. This to some extent has proven a well founded expectation, for more small shipbuilding than any other form of manufacturing has been done at these places.

Taking all the facts into consideration, in the limited way in which I am familiar with them, I do not see any possibility of any practical good coming from this Bill. As I have already pointed out, a free port must be built at a point to which shipping can find access at all seasons of the year. That rules out the whole St. Lawrence.

Hon. B. F. SMITH: What about Saint John?

Hon. Mr. CANTLEY: Saint John is all right; almost as good as Halifax—not quite.

Hon. Mr. SMITH: It never freezes over.

Hon. Mr. CANTLEY: Honourable members can pass the Bill if they wish, but it will never have any practical results, in my judgment.

Right Hon. Mr. MEIGHEN: Honourable members, I know that on the question of the best way to handle this measure there is a difference of view as between the honourable senator from Parkdale (Hon. Mr. Murdock), for whose attitude I have a great deal of sympathy, and the honourable senator who seconds the main motion (Hon. Mr. Rainville). Would it not meet the views of the honourable senator from Parkdale if we adjourned the debate and fixed a day, say this week, when with the report of last year's special committee before us we can thoroughly review this measure? That is mainly what I have had in mind. I do not like to insist upon further submission to a committee, for two reasons. In the first place, it would seem a reflection upon the committee that has already considered the measure. I have no ground for reflecting upon that committee. I have not the least cause to think that it did not impartially hear evidence, pro and con, and honestly and faithfully do all its work. If that is the case, and if we are to have time to make a thorough study of that committee's report, we are hardly justified in insisting that the Bill be sent to another committee.

My second reason—and this has been pressed by the sponsor of the Bill—is that although this is a public Bill it is introduced by a private member here and will be introduced in the other House by a private member, and unless it is passed here early in the session it will fall by the wayside without being considered in that other House at all. That is a very important consideration.

Could we not fix a date agreeable to all honourable senators—say Thursday next—for continuing the debate? In the meantime we could make a thorough study of the report presented by last year's committee. I have been trying in vain to get a copy of the Senate Debates of 1936, in order to confirm my recollection that the report of that committee never was under review by this Chamber. I do not think we ever passed upon the measure in the light of the committee's report. To find that I am wrong would have some effect upon my judgment. I cannot remember what the committee reported, what its definite recommendation was, and I am sure that if there had been a debate upon the report when I was here I should have a clear recollection of the purpose of the committee's recommendation. My suggestion is that I be allowed to move the

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adjournment of the debate, on the understanding, if the leader of the Government is agreeable, that it be resumed on Thursday. In the meantime honourable members will have an ample opportunity to study the committee's report, and the Bill in relation to that.

Hon. Mr. DANDURAND: I have no objection to that procedure. But I should like to make sure that the report contained the evidence taken in shorthand before the committee and that it can be obtained and distributed to honourable members.

Hon. Mr. RAINVILLE: It has all been distributed already.

Right Hon. Mr. MEIGHEN: It should be pointed out, honourable members, that we should not give this measure slight consideration simply because it is a permissive measure. It ought to receive the consideration that we give to any other measure of tremendous consequences which contemplates a departure in public policy. The bills authorizing the construction of the Grand Trunk Pacific and of the Transcontinental were permissive measures, as was the bill authorizing the construction of the Canadian Pacific Railway. In those instances the Government did not say it was indifferent as to whether the measures passed, simply because they were permissive.

Hon. Mr. BLACK: Honourable senators, I should like to know if evidence taken before the committee was published in the report.

Hon. Mr. CASGRAIN: Yes, it was printed in full.

Hon. Mr. DANDURAND: I am informed by the Clerk of the House that 500 copies were printed and that there are available enough for distribution to honourable senators.

Hon. Mr. MURDOCK: My view, which may be right or may be wrong and not worth anything, is that, generally speaking, only one side of the argument was before the committee. If there is any ground for that view, are we not justified in undertaking to have the other side of the argument presented by responsible harbour men? That is the only point I have in mind.

On motion of Right Hon. Mr. Meighen, the debate was adjourned until Thursday next.

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

**THE SENATE**

Wednesday, February 10, 1937.

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

Prayers and routine proceedings.

**PRIVATE BILLS**

**FIRST READINGS**

Bill C, an Act respecting Central Finance Corporation and to change its name to Household Finance Corporation.—Hon. Mr. Little.

Bill D, an Act to incorporate Federal Fire Insurance Company of Canada.—Hon. Mr. Little.

Bill E, an Act to incorporate Wellington Fire Insurance Company.—Hon. Mr. Little.

Bill F, an Act to incorporate Gore District Mutual Fire Insurance Company.—Hon. Mr. Lynch-Staunton.

Bill G, an Act to incorporate Sterling Insurance Company of Canada.—Hon. Mr. Moraud.

Bill H, an Act respecting Industrial Loan and Finance Corporation.—Hon. Mr. Moraud.

**MOTION FOR SECOND READING**

Hon. Mr. MORAUD: With the leave of the Senate, I move that Bill G be read a second time now.

Hon. Mr. MURDOCK: Let us see the Bill, please.

Hon. Mr. MORAUD: All right; Friday.

The motion for second reading was placed on the Orders of the Day for Friday next.

**CANADIAN RED CROSS SOCIETY BILL**

**FIRST READING**

Bill 14, an Act to amend the Canadian Red Cross Society Act.—Hon. Mr. Dandurand.

**GOVERNMENT HARBOURS AND PIERS BILL**

**FIRST READING**

Bill 9, an Act to amend the Government Harbours and Piers Act.—Hon. Mr. Dandurand.

**PACKED VEGETABLES AND FRUITS—FREEZING PROCESSES**

**INQUIRY**

Hon. Mr. SAUVE inquired of the Government:

1. Has the Government definite information as to the result of the freezing of packed vegetables and fruits? If so, has it any pamphlet available to the public for purposes of education and encouragement?

2. What fruits and vegetables, according to these reports, have been successfully or unsuccessfully submitted to freezing processes?

3. Has the Government sufficient information to recommend this new industry of the freezing of packed vegetables and fruits?

Hon. Mr. DANDURAND: I have this answer for the honourable gentleman:

1. Yes.

2. The following fruits and vegetables have been frozen successfully and introduced commercially: strawberries, raspberries, cherries, blueberries, peaches, asparagus, spinach, corn on the cob, peas, string beans (one variety), and rhubarb. All vegetables have not as yet been tried. However the freezing of tomatoes has not proven satisfactory.

3. Yes.

Right Hon. Mr. MEIGHEN: Does the answer to the first section apply to both queries? If so, what is the name of the pamphlet?

Hon. Mr. DANDURAND: I will draw the attention of the department to the incompleteness of the answer to the first section of the question.

**RAILWAY COMMITTEE**

On the motion to adjourn:

Hon. Mr. DANDURAND: I would remind its members that the Railway Committee will sit immediately after conclusion of this sitting. I do so to allay the fears of those who, being very much concerned with the work of the Senate, may think our sittings are rather short. They may not know that we adjourn in order to attend to very important proceedings of our standing committees.

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

**THE SENATE**

Thursday, February 11, 1937.

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

Prayers and routine proceedings.

**PACKED VEGETABLES AND FRUITS—FREEZING PROCESSES**

**ANSWER TO INQUIRY**

Hon. Mr. DANDURAND: Honourable senators, the first paragraph of the inquiry put yesterday by the honourable gentleman from Rigaud (Hon. Mr. Sauvé) was twofold, and it was represented to me that the answer

to it was not complete. I am now informed that the word "Yes" answers the two questions contained in that paragraph.

Right Hon. Mr. MEIGHEN: In that event, what is the title of the pamphlet?

Hon. Mr. DANDURAND: I do not think that question was asked.

Right Hon. Mr. GRAHAM: Perhaps it has no title.

### DAIRY INDUSTRY BILL

#### THIRD READING

Bill 8, an Act to amend the Dairy Industry Act.—Hon. Mr. Dandurand.

### FREE FOREIGN TRADE ZONES BILL

#### REFERRED TO COMMITTEE

On the Order:

Resuming the adjourned debate on the motion of Hon. Mr. Casgrain for the third reading of Bill A, an Act to enable the establishment, operation and maintenance of free foreign trade zones, and the amendment thereto of Hon. Mr. Murdock.—Right Hon. Mr. Meighen.

Hon. J. P. B. CASGRAIN: Honourable members, for the second time I move, seconded by the honourable senator from Repentigny (Hon. Mr. Rainville), the third reading of this Bill. I have gone to considerable trouble to find out—

Hon. Mr. MURDOCK: I rise on a point of order, honourable senators. There is a motion before the House, I think.

The Hon. the SPEAKER: The honourable member from Parkdale (Hon. Mr. Murdock) is quite correct. There is a motion before the House, moved in amendment by the honourable member from Parkdale; and the debate was adjourned by the right honourable senator from St. Mary's (Right Hon. Mr. Meighen).

Right Hon. ARTHUR MEIGHEN: Honourable senators, my interpretation of what took place was different, namely, that a motion had passed to rescind the third reading, leaving the motion for third reading to be made again by the sponsor of the Bill. Before that third reading was rescinded I had suggested an adjournment of the debate, but at that time the debate was on the fourth stage, the question whether the Bill should pass. After the carrying of the honourable senator from Parkdale's motion to rescind the previous third reading, I did not rise to move adjournment of debate on the question of third reading.

Hon. Mr. DANDURAND.

However, I do not purpose discussing the measure. What I desired was that I should have an opportunity, and that the Senate should have an opportunity, of reviewing fully the report made by the special committee last session on a Bill which was the same as the one we have now before us. It will be recalled that Tuesday evening I gave to the House my recollection that there had been no discussion of the measure in the light of that report, and that the committee's report had never been before us. I spoke subject to correction, but I find I was right. The committee made its report, quite true, but it was made rather late in the session and was never at any time debated in this House. When later the order for third reading of the measure came up, I with other members of the House agreed that the third reading might proceed. The circumstances were that the report was brought down so late in the session that if the Bill was to be considered at all by the other House we could no longer defer decision here. But now we are at a comparatively early stage of the session. I felt then, and still feel, that it is well we should decide our course after as thorough a review as possible of the evidence then taken and of the report of the committee. I have read the evidence of three witnesses, including Mr. Stephens', but have been rather disappointed in its material features. It seems to me the witnesses made no attempt to think in terms of the circumstances of Canada as distinguished from those of Germany and other countries where free ports undoubtedly have succeeded. The evidence is not convincing either for or against the measure. For my part, I should welcome some further discussion by the sponsors of the Bill and by others who since last session have given some thought to the subject and who, I know, have very carefully studied the report. After we have heard their views and their criticism of the evidence and report, we shall be able to decide more intelligently our course of action.

Hon. JAMES MURDOCK: Honourable senators, I may run the risk of being considered a poor sport for raising now some questions that I think should be raised. It will be observed that the report of last year's hearings before us relative to free ports indicates that the committee adjourned on June 6 until June 9. As a matter of fact the committee adjourned on June 6. There is nothing to show that the members ever met again. However, they did meet, but no stenographic record was made of the proceedings. I was there as a member of the committee, and much to my surprise found that a report was ready for submission to the Senate. As we know,

the House adopted the report because, as was alleged, and correctly so, we were then close to the end of the session.

I was very much enthused with the evidence given by Mr. Stephens. I thought it sounded good, but I felt we were entitled to hear the other side of the case, especially as one of the witnesses (as will be seen on page 21 of the evidence) stated that telegraphic communications had been received from Vancouver, Windsor, Toronto, Hamilton, Quebec, Montreal, Saint John and Halifax disapproving of the proposed legislation. I assumed that we should get the views of responsible members representing the boards of trade in those large cities, and therefore I was much surprised to find the matter rushed through and a report presented to the Senate.

This session we are confronted with exactly the same Bill as that which we had last session, and with no discussion at all, we gave first, second and third reading. There is much with respect to free foreign trade zones that I know nothing about, and I feel that under the circumstances I am entitled to know why the boards of trade to which I have referred are against this measure. I am entitled also, I think, to know the viewpoint of the National Harbours Board which has been functioning since we dealt with the Bill last session. That is why on Tuesday last I moved, seconded by the honourable senator from Alma (Hon. Mr. Ballantyne), that all the words in the motion after the word "now" be omitted and the following substituted therefor: "referred to the Standing Committee on Banking and Commerce." As a result of some discussion on that occasion, I agreed whole-heartedly that possibly the measure should be referred to the Committee on Railways, Telegraphs and Harbours. But surely some committee should hear any objections which may be raised against Mr. Stephens' earnest recommendations—recommendations made, I think, as the result of pretty complete knowledge and careful study. I think the Senate would be making a mistake if it were to send to the other House an important Bill of this kind, dealing with something entirely new, without a reasonable investigation of both sides of the question, and I am one who respectfully contends that, speaking generally, only one side of the question was dealt with last year before the special committee of the Senate.

Hon. J. H. KING: Honourable senators, I do not wish to prolong the discussion on this matter. The other night when the right honourable the leader opposite (Right Hon. Mr. Meighen) indicated that there had been no discussion of this matter—

Right Hon. Mr. MEIGHEN: Of the report.

Hon. Mr. KING: Yes, of the report—I was under the impression that there had been. Upon reviewing the situation I find that he was correct. The report was adopted and the Bill was read the third time without much discussion. But there was a very serious and lengthy discussion previous to the appointment of the committee.

The committee held a number of sittings and afforded an opportunity to those interested in the idea to appear. Among those who appeared before the committee was Major Stephens, a gentleman who is regarded as a port authority. As a young man he lived in Hamburg in 1888, at which time he made observations. Some twenty years later, when he had become president of the port of Montreal, he returned to Hamburg and again investigated and saw for himself the development of that port, and advantages, as he believed, that it afforded to the people it served. His statement was very convincing. I, like the honourable senator from Parkdale (Hon. Mr. Murdock), have very little knowledge of free ports, but I think we were all impressed by Major Stephens. Then the Shipping Federation appeared before us in the person of Mr.—

Hon. Mr. BALLANTYNE: MacCallum.

Hon. Mr. KING: Yes. If one reads Mr. MacCallum's evidence—there is very little of it—one will find that he indicated that under our present customs regulations, through our bonding privileges, we had met the situation very well. He said that the people he represented did not see any great necessity for free ports in Canada. In addition there was Mr. Clarke, secretary of the Canadian Chamber of Commerce, representing the various boards of trade throughout Canada. His evidence would indicate that they as a body were fairly well satisfied with the customs situation generally in Canada and were not disposed to favour free ports.

During the investigation it was brought out that the question of free ports had been under consideration for many years in the United States of America. Representations were made to Congress from time to time, but each and every time the matter was carried before Congress it was contended by those engaged in manufacturing in the United States that their interests would be seriously affected by free ports. It was also shown before the committee that last year, owing to conditions which had arisen in the port of New York, the Government had decided to pass a bill permitting free ports, and that a free port had been established in that harbour.

I am in accord with the motion that this matter receive further consideration, and I think it might well be referred to a standing committee of this House. In view of the work before the Railway Committee, I would suggest, if it is agreeable to the honourable senator from Parkdale (Hon. Mr. Murdock), that this Bill be referred to the Committee on Banking and Commerce, where we can ascertain more about the development in the port of New York.

This question cannot easily be pushed aside. We know that in Germany, in Holland and various other countries of Europe there have been free ports. Some have succeeded, some have not. Apparently there is an advantage to be gained by the establishment of free ports in a country where goods can be reassembled and transhipped. I think this subject is worthy of investigation, and am quite in accord with the suggestion that the matter be referred to a special committee, or to a general committee of this House, for further consideration.

Hon. Mr. MURDOCK: I am quite willing to leave to the House the selection of the committee to which the Bill should be referred. The Banking and Commerce Committee will satisfy me. It can get the information.

The amendment of Hon. Mr. Murdock was agreed to, and the Bill was referred to the Standing Committee on Banking and Commerce.

## DIVORCE BILLS

### FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill I, an Act for the relief of Joseph Neilson Blacklock.

Bill J, an Act for the relief of Francis Hector Walker.

Bill K, an Act for the relief of William Edward Connor.

Bill L, an Act for the relief of Annie Nemchek Cohen.

Bill M, an Act for the relief of James Gordon Ross.

Bill N, an Act for the relief of Florence Anna Iverson Salberg.

## TRANSPORT BILL

### SITTINGS OF COMMITTEE

Hon. Mr. DANDURAND: Honourable senators, I had thought that the Committee on Railways, Telegraphs and Harbours would be convened to-morrow to continue its in-

Hon. Mr. KING.

vestigations into the Transport Bill, but the witnesses who were to have been heard have asked to be heard next week; so there will be no sitting of the committee to-morrow. I move, therefore, that when the Senate adjourns this afternoon it stand adjourned until Monday next at 8 o'clock in the evening.

The motion was agreed to.

The Senate adjourned until Monday, February 15, at 8 p.m.

## THE SENATE

Monday, February 15, 1937.

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

Prayers and routine proceedings.

## SUGAR BEET INDUSTRY

### RETURN

Hon. Mr. SAUVE inquired of the Government:

1. Has the Government any definite information as to the sugar beet industry in Canada? If so, what has been the progress of that industry since its origin?

2. What was the value of its production in 1911 and in 1936?

3. Are the competent authorities of the Department of Agriculture recommending that industry in Canadian localities where land is suitable for the growing of that root plant?

Hon. Mr. DANDURAND: I should like this inquiry to stand as a motion for a return, which I shall table forthwith.

The inquiry was passed as an order for a return.

## CORN IMPORTATIONS INTO CANADA

### MOTION FOR RETURN

Hon. Mr. DUFF inquired of the Government:

1. From what countries is corn imported into Canada?

2. What quantity of corn was imported into Canada during the calendar year 1936?

3. At what Canadian ports was this commodity entered during said year, and what quantity was entered at each port?

4. What are the rates of the Customs tariff of Canada for duty purposes upon corn imported into Canada by manufacturers of corn meal and other corn products?

5. What are the rates of customs tariff of Canada for duty purposes upon corn imported into Canada by farmers and others feeding live stock, poultry, etc.?

6. What quantity of corn was imported into Canada during the calendar year 1936 by manufacturers, farmers and others?

7. Was the duty upon corn remitted in whole or in part during the calendar year 1936?

8. If so, upon what authority was such remittance of duty made?

9. What was the date of such remittance?

10. Was the duty reimposed and upon what date?

11. What quantity of corn was imported during the period of remittance and how much at each port of entry?

12. What quantity of the corn imported during the period of remittance was manufactured into corn meal during said period?

13. What quantity of corn was imported during said period by farmers and other feeders of live stock, poultry, etc.?

14. Did the price of corn and corn meal to the consumer remain constant or fluctuate during the period of remittance of duty as compared with price before remittance and after reimposition of duty?

15. What quantity of corn imported during the period of remittance of duty is still held by importers, manufacturers or others, at this date?

16. Is the duty upon corn dealt with by the so-called "Ottawa Agreements"?

17. If so, what was the clause—or clauses—of said agreements?

18. Has the Government received any complaints, or information, that corn imported during the period of remittance of duty was being held, or hoarded, in order to exact an enhanced price from the consumer?

Hon. Mr. DANDURAND: I have no answer for the honourable gentleman, and would ask that this inquiry be converted into a motion for a return.

The inquiry stands as a motion for a return.

## GOVERNMENT HARBOURS AND PIERS BILL

### SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 9, an Act to amend the Government Harbours and Piers Act.

He said: Honourable senators, the object of this Bill is to amend the Government Harbours and Piers Act, which regulates the administration of all the harbours that are not under a commission and which covers some 950 small wharves throughout the Dominion, most of them built by the Department of Public Works, but afterwards transferred to the Department of Transport. These works are generally operated and managed by a wharfinger, who attends to the reception of goods at the wharf, sees to the lighting when lighting is required, and so on.

In many small places there is considerable difficulty in obtaining persons to act as wharfingers. They are paid by fees levied for the handling of the goods, and under the Audit Act are supposed to hand over to the Treasury the amounts they collect. But that is not what has been done in practice.

Since 1930 or 1931 the wharfingers have been allowed to retain the amount of expenses incurred in the management of the wharf, as well as their fees. As this is in violation of the statute, the purpose of this Bill is to regularize what is now the practice.

It will be seen that the Minister assumes the obligation of selecting the wharfingers and other assistants when there is need for them. The Governor in Council used to make the appointments, but in 1918, I believe, this duty was transferred to the Civil Service Commission. In 1922 the Civil Service Commission, finding that it could not even obtain replies from men who were asked to serve as wharfingers, recommended that the Minister should have authority to make the appointments. So there is an amendment which has for its object the vesting of this authority in the Minister. As the Minister has said in another place, it is very seldom that he attends to these matters himself, because there is in the department an officer who roams about trying to find men of good will to accept the positions.

When a man does accept the position he has duties to perform, but does not get well paid. As I have said, the remuneration comes from fees. The complaint has been made that at a certain place there is a wharf with a wharfinger, who collects his fee, while at a distance of a few miles there is a wharf without a wharfinger, and consequently no fees have to be paid. That is a situation which all governments have faced and cannot well cure. There is no wharfinger when no one can be found who is willing to serve. It may be asked why the Government does not pay salaries to people appointed to do this work. Well, if that were done the amount of the salaries would be much larger than the total receipts collected from those small wharves.

In many places the wharfinger does important work, for he receives goods and is responsible for them. He may have to store goods, by one means or another, until the owner calls for them. When the owner requires possession, the wharfinger, who may live half a mile or farther from the wharf, has to come and hand over the goods, and his fee for the whole job will be perhaps five or ten cents. So a man needs some public spirit in order to undertake work of that kind.

The amendments are of no special importance. I have outlined the main ones. When we go into Committee of the Whole I shall answer any questions as to the working of the present law and as to details of the Bill.

Hon. Mr. McMEANS: I was hoping that the honourable leader would give us some explanation of the Bill, but he has confused my mind. With the greatest deference to him, I must say that I do not think he understands the amendments. He has got them mixed up with the Civil Service Act and several other things. The Bill is entitled, "An Act to amend the Government Harbours and Piers Act," but the honourable gentleman has not made clear what the object of the measure is. My purpose in rising now is not to object to the Bill, but to ask the honourable leader of the Government to make a more succinct and explanatory statement as to the real reason for the Bill. As I say, in the explanation we have heard so far the Bill is mixed up with the Civil Service Act and other things.

Hon. Mr. DANDURAND: No. I stated that prior to 1918 those wharfingers were appointed by the Governor in Council, and that from 1918 to 1922 authority to make the appointments was transferred to the Civil Service Commission. In 1922 the Civil Service Commission arranged by some regulation that the Minister should have this authority. That is, the Civil Service Commission divested itself of power to appoint wharfingers and delegated that power to the Minister. That explains why, under these amendments, the Minister will continue to appoint. But the remuneration, or the table of fees, will remain under control of the Governor in Council. I think the explanation I gave is germane to the Bill. It shows why an amendment is made authorizing the Minister to appoint wharfingers and their assistants. This amendment simply sanctions a practice arising from a decision of the Civil Service Commission in 1922.

I did not stress the point that the first clause of the Bill will have the effect of replacing the Minister of Marine and Fisheries by the Minister of Transport.

Section 3 of the present Act reads as follows:

Nothing in this Act shall apply to the harbour of Toronto, Quebec, Montreal, Halifax, Pictou, or Saint John, New Brunswick, or any harbour under the management of commissioners appointed under any Act of the Parliament of Canada.

In order to make that exception more general, and clearer, the following section is substituted:

Nothing in this Act shall apply to any harbour under the administration, management and control of the National Harbours Board or of any commissioners appointed under any Act of the Parliament of Canada.

Hon. Mr. DANDURAND.

I have already dealt with clause 3 of the Bill, which provides for the appointment of officers and employees, and I have shown that it is because of an amendment resulting from a regulation of the Civil Service Commission that the Minister has authority to appoint "such officers, clerks, employees or labourers as he may think proper."

Hon. Mr. McMEANS: Is authority for making the appointments now with the Civil Service Commission or with the Minister?

Hon. Mr. DANDURAND: With the Minister. He will have to do the chasing in order to find men who will accept jobs as wharfingers, because the Civil Service Commission could not find such men. In many cases no man will accept the job. That is why some 200 wharves are without wharfingers.

Right Hon. Mr. GRAHAM: That has been the practice for years.

Hon. Mr. DANDURAND: Other clauses are merely technical, and I can explain them when we go into committee.

Hon. Mr. McMEANS: I must confess my ignorance of the object of this Bill and my inability to understand the honourable gentleman's explanation. As I see it, the Bill transfers from the Civil Service Commission to the Government the power to make certain appointments. Am I wrong?

Hon. Mr. MURDOCK: Yes. Until 1918 the Governor in Council appointed all these wharfingers. In 1918 the Civil Service Commission were authorized to make appointments and they continued to make them until 1922, when they found it impossible to get applicants, whereupon they asked the Minister to make appointments. Since 1922 the Minister has done so.

Hon. Mr. McMEANS: So this Bill takes away certain authority from the Civil Service Commission and, in effect, confers upon the Minister power to exercise a certain amount of political patronage. I do not understand the Harbours and Piers Act, but I gather that in future appointments will be made by the Minister instead of the Civil Service Commission. That conveys to my mind just one thing: that the Government will make political appointments to those jobs.

Hon. Mr. BUCHANAN: Why not?

Hon. Mr. HUGHES: The Civil Service Commission refused to make appointments.

Hon. Mr. McMEANS: That does not make any difference. I do not understand the Bill, but I gather from the explanation of the

honourable leader of the Government that the change is being made for the purpose I have suggested. And I do not like that.

Hon. Mr. DANDURAND: It was just because I thought there was some such idea in my honourable friend's mind that I gave the explanation.

Hon. Mr. McMEANS: The honourable gentleman did not make his explanation very clear.

Hon. C. C. BALLANTYNE: Honourable senators, I think that the new section will give the Minister more latitude than the section which is being repealed. The present section 6, which is to be repealed, reads as follows:

The Governor in Council may appoint or direct such officers or persons as he thinks proper, who shall have, under the direction of the Minister, the charge of the works by this Act placed under the management and control of the Minister, and who shall collect the tolls and dues to be paid in respect thereof.

But the substituted section gives the Minister power to appoint "officers, clerks, employees or labourers" to perform duties in connection with the management and control of wharves and to collect tolls and dues, and to charge certain expenses against such tolls and dues. This is certainly very obscure, and I agree with my honourable friend from Winnipeg (Hon. Mr. McMeans) that we ought to have more information. The amendment deals not only with appointment of wharfingers; as the House will note, the Minister is given authority to "appoint such officers, clerks, employees or labourers as he may think proper." No one knows how many might be appointed in certain pressing times, as on the eve of a general election, for instance. That is a risk we have to take. What I was wondering, principally, was if the leader of the Government could give us an idea of what the remuneration would be for these staffs that the Minister desires to appoint. I should also like to know if any limit will be fixed to the remuneration that may be paid these wharfingers, clerks, and so on, and to the expenses that they may charge. Can the honourable gentleman tell us on what basis remuneration will be paid to them, and what latitude will be allowed them with regard to their expenses?

Hon. Mr. DANDURAND: I draw my honourable friend's attention to the present law, which he has just read, and would ask him to bear in mind that the amended section reads "Minister" instead of "Governor in Council" as in the Act.

Hon. Mr. BALLANTYNE: It was the Minister before.

Hon. Mr. DANDURAND: My honourable friend has been a Minister of the Crown, and he admits that it is the Minister who brings his resolution to Council. I doubt whether any member of Council would intervene to amend a resolution covering such a case.

Right Hon. Mr. GRAHAM: He would not know anything about it.

Hon. Mr. DANDURAND: True. Section 6 of the original Act provides:

The Governor in Council may appoint or direct such officers or persons as he thinks proper, who shall have, under the direction of the Minister, the charge of the works by this Act placed under the management and control of the Minister, and who shall collect the tolls and dues to be paid in respect thereof.

To anyone who does not know what this Bill covers it may seem to give great latitude to the Minister. To enlighten myself I have read the debate on the Bill in the other House, and I find that the amendment applies mainly to wharfingers. My honourable friend while Minister of Marine administered the original Act, and yet he asks me to explain the law. There are some ports with a revenue ranging from \$1,000 to \$10,000, and at Sorel it amounts to \$15,000. At those ports there are employees, other than wharfingers, already working under the Act. I will obtain for my honourable friend full information as to the returns received and payments made. I have before me a table of fees, running from one cent up to thirty or forty cents, which wharfingers collect and upon which they take a certain commission. Detailed information will be available when we come to the committee stage.

Hon. Mr. BALLANTYNE: During my term of office as Minister wharfingers were under the Civil Service Commission. We were out of power in 1921 and 1922. I suppose we are to go into committee on this Bill.

Hon. Mr. DANDURAND: Yes.

Hon. Mr. BALLANTYNE: If the revenue of Sorel is \$15,000 per season, on what basis will the staff be paid? I can well understand that if five clerks were required, and misleading information reached the Minister from zealous partisans interested in placing men in positions, double that number might be engaged.

Hon. Mr. CASGRAIN: I should like to ask a question of the temporary leader of the Opposition. When he was Minister of Marine for four or five years were any wharfingers appointed in the city of Winnipeg? I wonder if he had any trouble with the wharfingers on the Red and Assiniboine rivers.

Hon. Mr. McMEANS: When the former Bill was passed the Government dismissed all the harbour commissioners. As I understand—I am speaking subject to correction—harbour commissioners were generally chosen from the vicinity of the harbour. I do not come from a province in which there are many harbours, though Manitoba has a harbour on the Red river and another at Churchill.

Do I understand the honourable gentleman to say that the Government have the right of patronage in relation to all harbours, but forgot to include in their first Bill the Red river port and other ports where appointments might be necessary? To-day apparently this is the attitude of the Government: "When drafting our first Bill we forgot certain ports; so we must amend the Act to give us the patronage there."

Hon. Mr. DANDURAND: I think what my honourable friend is concerned about must be included in the 950 small wharves.

Hon. Mr. McMEANS: I want to impress on my honourable friend that political patronage is becoming a disgrace to the country, and I give notice to him that if the purpose of this Bill is to extend Government patronage further I will vote against it.

Hon. Mr. DANDURAND: Let me repeat what I have already told my honourable friend, that under the law the patronage he objects to is vested in the Governor in Council. I suppose he will have to accept the law. The only change sought under this Bill is to have the appointment of wharfingers made directly by the Minister.

Hon. Mr. McMEANS: As I understand the Bill, it is to amend the Act so as to extend the patronage to some other small ports.

Hon. Mr. DANDURAND: My honourable friend does not seem to realize that under a regime which perhaps he preferred to the present one there was difficulty in finding 250 or 300 wharfingers. They were not to be had. Yet my honourable friend is indignant lest patronage may be exercised by the Minister.

Hon. Mr. McMEANS: The honourable gentleman must know that if he advertises for a wharfinger he will get a hundred applications. But under this Bill the successful applicant must be a supporter of the Government. If the purpose of the Bill is to extend patronage appointments for the benefit of political supporters, I think it is altogether wrong. I do not see why appointments under the Act should be withdrawn from the Civil Service Commission.

Hon. Mr. CASGRAIN.

The Hon. the SPEAKER: The motion is for second reading. Is it your pleasure to adopt the motion?

Hon. Mr. McMEANS: No.

The Hon. the SPEAKER: Carried on division.

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

#### REFERRED TO COMMITTEE

Hon. Mr. DANDURAND moved that the Bill be referred to the Standing Committee on Railways, Telegraphs and Harbours.

Hon. Mr. CASGRAIN: Honourable gentlemen, I must protest against this procedure, as I have done every session. This is a public bill, and all the authorities—Todd, May, Bourinot, Flint, and even Beauchesne—declare that a public bill should be dealt with in Committee of the Whole. Therefore, if I have a seconder, I will certainly make a motion to refer this Bill to Committee of the Whole. Private bills are sent to standing committees, because they involve private interests and it is desired to get evidence both for and against the passage of such bills. But a public bill should be discussed in this House. That is my protest against this departure from the regular practice.

Hon. Mr. DANDURAND: My honourable friend states that public bills should go to Committee of the Whole. They can be dealt with in that way, but I would remind him that they may be referred to standing committees if the Senate so decides. It has been the practice for a number of years to send to the Standing Committee on Banking and Commerce, or to the Railway Committee, or to a special committee, important bills upon which we desire to have direct information from the department concerned. At present we have the Transport Bill, an important piece of legislation, before the Railway Committee. Honourable senators will recollect that the Canadian National-Canadian Pacific Bill, a very important measure, was referred to the Railway Committee. A reference to our Debates will show that every session the Senate decides that certain bills can be best dealt with by a standing committee. I very much doubt that my honourable friend can cite a rule of this House requiring public bills to be dealt with by Committee of the Whole rather than by a standing committee.

Hon. Mr. CASGRAIN: The honourable gentleman can read the authorities I have quoted just as well as I can; perhaps better. I repeat, a public bill should be dealt with in

Committee of the Whole. After it is reported to the Senate, should further information be desired, the bill can be referred to a standing committee.

The motion was agreed to.

### CANADIAN RED CROSS SOCIETY BILL SECOND READING

Hon. **RAOUL DANDURAND** moved the second reading of Bill 14, an Act to amend The Canadian Red Cross Society Act.

He said: Honourable members, this is an amendment to the Canadian Red Cross Society Act. It is asked for unanimously by the Central Council of the Society. They claim that the membership of the Council should be decreased from approximately 60 to 40, in order that the expenses in connection with their meetings may be reduced.

Subsection 1 of section 6, as it now stands, is amended by striking out the words, "the past presidents of the Society, the president, the honorary secretary, the honorary treasurer and" in the second, third and fourth lines and the words "fifty other" in the fourth line, and by inserting the word "forty" in lieu thereof; and also by striking out the words "of whom not more than thirty shall be" and inserting after the word "appointed" in the fifth line thereof the words "or elected"; and by striking out the words "by the provincial divisions of the Society" in the fifth and sixth lines thereof, and the words "and not more than twelve members elected by the Central Council" in the seventh and eighth lines thereof.

In anticipation of this amendment to the Act, at the last meeting of the Central Council a by-law was unanimously adopted which specifies the number of members to be elected by the provincial divisions of the Society and by the Central Council itself.

As the effect of the amendment to subsection 1 of section 6 is to remove the statutory inclusion of the past presidents, the president, the honorary secretary and the honorary treasurer in the Central Council of the Society, subsection 3 of section 6 should be brought into line with the change so made. Subsection 3 of section 6, as it now stands, is therefore amended by striking out the words "the past presidents, the officers of the Society and of" in the second line thereof, and by inserting the words "or elected" after the word "appointed" in the fourth line thereof.

I move the second reading of the Bill.

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

### CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on the Bill.

Hon. Mr. Léger in the Chair.

On section 1—Central Council :

Hon. Mr. **DANDURAND**: At the very beginning of this section there is an error in the date. It refers to "chapter sixty-eight of the statutes of 1919." It should read "the statutes of 1909." It is simply a clerical error.

Hon. Mr. **CASGRAIN**: I move to strike out "1919" and to insert "1909."

The proposed amendment was agreed to.

Hon. Mr. **DANDURAND**: Since we are making an amendment, we might make a change in subsection 4 of new section 6, as contained in clause 1 of the Bill. This subsection says:

The Executive Committee shall have and exercise all the powers given by this Act—

This is an expression not generally used in our legislation, and the word "given" should be replaced by the word "granted."

The proposed amendment was agreed to.

Hon. Mr. **ROBINSON**: It says:

The Executive Committee shall have and exercise all the powers—

What powers?

The **CHAIRMAN**: The powers granted by this Act.

Hon. Mr. **ROBINSON**: To whom?

Hon. Mr. **CASGRAIN**: To the Central Committee of the Red Cross Society.

Section 1 was agreed to.

The preamble and the title were agreed to.

The Bill was reported as amended.

### THIRD READING

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

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

### PRIVATE BILLS

#### SECOND READING

Hon. Mr. **HORSEY** moved the second reading of Bill C, an Act respecting Central Finance Corporation and to change its name to "Household Finance Corporation."

He said: In the absence of the honourable senator from London (Hon. Mr. Little) I have the honour to move the second reading of this Bill. A short memorandum placed in my hands by those looking after the measure explains its purposes, and with the leave of

the Senate I might read it, because I think the information it contains is perhaps important.

This company was incorporated in 1928, and has been carrying on business in increasing volume since that time. It is to-day the largest of the three Dominion-incorporated small loan companies, and in 1936 lent to more than 24,000 people amounts totalling nearly \$5,000,000.

The object of the Bill is to change the name of the company, to increase its capital stock, and to change the computation of the rates at present charged from a complicated combination of discounted interest, fees and disbursements—all of which are deducted in advance—to a simple, all-inclusive charge of a percentage of the loan balances from time to time remaining unpaid. The result of these changes would be a slight lowering in the interest rate at present authorized.

When the Bill is under consideration by the Committee on Banking and Commerce its promoters will be prepared to give full detailed explanations.

Hon. Mr. DANDURAND: Last year we examined two or three bills respecting companies of this kind, some of whom asked for amendments to their charters, and others for incorporation. I do not remember whether the company concerned in this Bill appeared before us or not. We passed some of those bills. They went to the House of Commons and a couple of them, I know, were rejected. There can be no objection to our passing the second reading of this Bill with the understanding, as has been suggested by the honourable gentleman (Hon. Mr. Horsey), that the Bill will go to the Committee on Banking and Commerce.

Hon. Mr. McMEANS: The Committee on Private Bills.

Hon. Mr. DANDURAND: We are aware, of course, of the inquiry which took place last year, and which occupied the attention of the Banking and Commerce Committee for more than a week. But this Bill will be examined minutely by the committee.

Hon. Mr. MURDOCK: It is my recollection that last year a number of bills similar to this one came before the Senate. They were referred to a committee, by whom they were examined rather exhaustively, and then, according to my understanding, we were informed that the Government desired to prepare for the next session of Parliament a uniform measure governing all such companies as the one with which this Bill proposes to deal. That was the thought I had in mind

Hon. Mr. HORSEY.

the other night when I asked to see the Bill presented by the honourable senator from La Salle (Hon. Mr. Moraud).

Hon. Mr. HORSEY: This company has been doing business practically ever since 1928. Perhaps I should have emphasized more than I did the fact that it proposes to make loans at a lower rate of interest than in the past.

Hon. Mr. McMEANS: With reference to the remarks of the honourable senator from Parkdale (Hon. Mr. Murdock), I may say that it was my impression that after a very exhaustive examination by the committee we passed several bills respecting small loan companies.

Hon. Mr. MURDOCK: Yes, we did, and when they went to the House of Commons last session it was my understanding that they would not go through, because the Government contemplated the preparation of a parent bill.

Hon. Mr. McMEANS: I do not know whether it was contemplated by the other House or by this House, but I do know that bills respecting such companies were passed without any blanket legislation.

Hon. Mr. BLACK: I may say, honourable senators, that similar bills received considerable attention before the Committee on Banking and Commerce last year and that committee fixed a maximum beyond which the charges were not to go. There was no blanket bill to cover all such companies, although the idea prevailed, as suggested by the honourable senator from Parkdale (Mr. Murdock), that there would be such a measure.

Right Hon. Mr. GRAHAM: Honourable members, for about three weeks I worked as chairman of a special committee on this particular type of bill. The report of that committee was finally adopted, with one or two amendments, and we thought we had evolved what was really a model bill.

Hon. Mr. LAIRD: A standard bill.

Right Hon. Mr. GRAHAM: A standard bill of the Senate would be a model bill. When that bill went to the House of Commons there was, I think, a slight misapprehension, if I may say so, about its meaning. That bill, if I remember correctly, brought the company under one or two Acts which prevented it from fixing its rate of interest above a certain point. I rather think the Commons overlooked the fact that such bills were subject to these other statutes. However, the Commons—and I think the Minister

of Finance—intimated that there would be a bill presented covering all these measures.

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

#### SECOND READING

Hon. Mr. HORSEY moved the second reading of Bill D, an Act to incorporate Federal Fire Insurance Company of Canada.

He said: Honourable senators, on behalf of the honourable senator from London (Hon. Mr. Little) I have the honour to move the second reading of this Bill. Its promoters are the directors and some of the officers of the company. They wish to secure federal incorporation in order that they may do business beyond the boundaries of the province of Ontario. They intend to transfer the assets and business of the present company to the new corporation. They have no intention of increasing the capital stock, either authorized or paid up. The draft Bill has been submitted to the Superintendent of Insurance at Ottawa, and he, I understand, has concurred in it. I am told that the Bill meets the requirements of Parliament.

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

#### SECOND READING

Hon. Mr. HORSEY moved the second reading of Bill E, an Act to incorporate Wellington Fire Insurance Company.

He said: Honourable members, I desire to move the second reading of this Bill. The explanation of the previous Bill applies to this one.

Hon. Mr. MURDOCK: Am I correct in believing that both these insurance companies are new companies?

Hon. Mr. HORSEY: No. They are both companies incorporated by the province of Ontario, registered with the Superintendent of Insurance at Ottawa, and doing business in the province. They want to do business beyond the boundaries of the province.

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

#### SECOND READING

Hon. E. D. SMITH moved the second reading of Bill F, an Act to incorporate Gore District Mutual Fire Insurance Company.

He said: Honourable senators, I am making this motion on behalf of the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton). The Bill is requested by the

Gore District Mutual Fire Insurance Company, which was incorporated under the laws of Upper Canada ninety-eight years ago and has been in active operation ever since. The company simply seeks a Dominion charter.

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

#### SECOND READING

Hon. Mr. BLONDIN moved the second reading of Bill G, an Act to incorporate Sterling Insurance Company of Canada.

He said: Honourable senators, on behalf of the honourable gentleman from La Salle (Hon. Mr. Moraud) I move second reading of this Bill, and if the motion carries I intend to move afterwards a reference to the Standing Committee on Banking and Commerce. The object of the Bill is to give Dominion incorporation to the Sterling Insurance Company of Canada, which was incorporated about thirty years ago under Quebec statutes and has been in business ever since. I understand that the measure complies with all the requirements of the law and that it has been approved by the Superintendent of Insurance.

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

#### SECOND READING

Hon. Mr. BLONDIN moved the second reading of Bill H, an Act respecting Industrial Loan and Finance Corporation.

He said: Honourable senators, on behalf of the honourable senator from La Salle (Hon. Mr. Moraud) I move second reading of this Bill respecting the Industrial Loan and Finance Corporation, a company incorporated under Dominion laws and carrying on business. The Bill purports to make simpler and clearer the company's mode of operation in regard to loans, so that the borrower will at all times know in advance exactly what he will have to pay for interest and other charges. Under its charter the company's operations are predicated on a discount basis. Interest on loans is deducted therefrom in advance. That system is complicated, because the lender must build up special reserves for unearned interest which is to be refunded if the loan is repaid before the due date. Also, it is not very clear for the borrower, for he cannot tell at a glance exactly at what rate the interest is computed, nor how much he pays for other charges. In addition, such a system lends itself to ambiguities. It is in order to correct these faults that the company desires this Bill, which I understand is the same in

principle as a measure sponsored by the honourable senator from London (Hon. Mr. Little).

Hon. Mr. MURDOCK: Honourable senators, I trust that when the Banking and Commerce Committee is dealing with these Bills it will notice that the one now before us is very much shorter than the Bill respecting the Central Finance Corporation, of Ontario, to which we gave second reading to-night. That Bill has six sections, some of them fairly long, whereas the present Bill contains but one section. Yet the honourable senator from Laurentides (Hon. Mr. Blondin) has just told us, as I understood him, that the intent of both measures is the same. It seems to me that shows the necessity for a model bill, for we should have uniformity in the two provinces of Ontario and Quebec at least.

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

#### HOME IMPROVEMENT LOANS GUARANTEE BILL

##### FIRST READING

Bill 11, an Act to increase employment by encouraging the repair of rural and urban homes.—Hon. Mr. Dandurand.

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

### THE SENATE

Tuesday, February 16, 1937.

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

Prayers and routine proceedings.

#### PRIVATE BILLS

##### FIRST READINGS

Bill C, an Act to incorporate Toronto General Insurance Company.—Hon. Sir Allen Aylesworth.

Bill U, an Act to incorporate the Sons of Scotland Benevolent Society.—Right Hon. Mr. Graham.

#### CANADIAN HORTICULTURAL COUNCIL

##### ANSWER TO INQUIRY

Before the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, before the Orders of the Day are called, I desire to give an answer to the Hon. Mr. BLONDIN.

inquiry made by the honourable senator from Victoria-Carleton (Hon. Mr. Smith) on the 9th instant, as to who issued invitations to a meeting of the Horticultural Council lately held at Ottawa. The answer of the Government is that it has no information on the subject, as the Canadian Horticultural Council is a private enterprise.

#### DIVORCE BILLS

##### SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill I, an Act for the relief of Joseph Neilson Blacklock.

Bill J, an Act for the relief of Francis Hector Walker.

Bill K, an Act for the relief of William Edward Connor.

Bill L, an Act for the relief of Annie Nemchek Cohen.

Bill M, an Act for the relief of James Gordon Ross.

Bill N, an Act for the relief of Florence Anna Iverson Salberg.

##### FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill O, an Act for the relief of Charles Marsh Doxsey.

Bill P, an Act for the relief of Phyllis Stanners Kitchin, otherwise known as Judith Stanners Kitchin.

Bill Q, an Act for the relief of Ivy Jackson Beaulne.

Bill R, an Act for the relief of Charlotte Opal Moore Norton.

Bill S, an Act for the relief of Mildred Tannenbaum Sufrin.

#### ADJOURNMENT—BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: I move the adjournment of the House, and in doing so would remind my colleagues that the Railway Committee will be sitting on an important Bill right away.

Right Hon. Mr. MEIGHEN: Before the Senate adjourns, perhaps the honourable gentleman could tell me when the Home Improvement Loans Guarantee Bill will be before us.

Hon. Mr. DANDURAND: I thought it had been put down for second reading to-morrow.

Right Hon. Mr. MEIGHEN: I had a note from my secretary stating that it would be down to-day.

Hon. Mr. DANDURAND: No; to-morrow.

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

## THE SENATE

Wednesday, February 17, 1937.

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

Prayers and routine proceedings.

### COMMERCIAL FISHING IN HUDSON BAY

#### INQUIRY

Hon. Mr. McMEANS inquired of the Government:

1. Has the Government any knowledge as to commercial fishing in the district known as the Hudson Bay?
2. If there are fish there in commercial quantities, of what species are they?
3. Has the Government taken any steps to develop same?

Hon. Mr. DANDURAND: The answer to the honourable gentleman's inquiry is as follows:

1, 2 and 3. Investigations have been made into the fisheries of Hudson Bay, reports on which have been published. These show that fish frequenting rivers tributary to the Bay migrate to and from it at times, but that prospects for a sea fisheries industry in the Bay itself are not promising.

### DIVORCE BILLS

#### THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were read the third time, and passed on division:

Bill I, an Act for the relief of Joseph Neilson Blacklock.

Bill J, an Act for the relief of Francis Hector Walker.

Bill K, an Act for the relief of William Edward Connor.

Bill L, an Act for the relief of Annie Nemchek Cohen.

Bill M, an Act for the relief of James Gordon Ross.

Bill N, an Act for the relief of Florence Anna Iverson Salberg.

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### HOME IMPROVEMENT LOANS GUARANTEE BILL

#### SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 11, an Act to increase employment by encouraging the repair of rural and urban homes.

He said: Honourable senators, the title of this Bill explains its purpose, which is to sanction one of the several plans studied and suggested by the National Employment Commission. This plan is based on a similar one in effect in the United States for a little over two years. The Bill authorizes the Government to guarantee approved lending institutions against losses on home improvement loans. As a general rule the chartered banks will make the loans. The liability of the Government on loans made by banks and other financial institutions is limited to a maximum of 15 per cent of the aggregate amount loaned. The total Government guarantee is not to exceed \$7,500,000, and the aggregate amount of home improvement loans so guaranteed is not to exceed \$50,000,000. The Governor in Council may fix a date after which no home improvement loans made by any approved lending institution shall be guaranteed.

This plan was announced in the early part of last September. Although it had not of course at that time been confirmed by Parliament, the Bankers' Association agreed to cooperate and to make loans in advance, on the assurance that legislation to cover the loans would be introduced during the present session.

Loans were made as early as the beginning of last November. The rate of discount was agreed upon at 5 per cent when the matter was first broached with the Bankers' Association, but after some further discussion it was reduced to 3½ per cent. Including this discount, the annual interest ranges somewhat above 6 per cent. I have seen it stated at 6.23 to 6.32.

During November and December there were under this plan 3,600 small loans totaling \$1,200,000—a promising beginning. It is estimated that in every dollar expended on household repairs from 80 to 85 cents go to labour; not entirely to labour directly engaged in the repair work, but partly to labour entering into the materials employed in such repairs.

Rural as well as urban householders have taken advantage of these loans.

No home improvement loan is to exceed \$2,000 on any single property, except that in the case of a multiple family dwelling or a property to be converted into such a dwelling,

the improvement loan is not to exceed \$1,000 for each family unit, plus \$1,000. The maximum would be \$5,000 if four families were to be accommodated. The term of the loan is not to exceed three years if the amount is \$1,000 or less, nor five years if it exceeds \$1,000.

It will be observed that no security is required from the borrower. His character and income are the basis for the loan; in other words, his ability to repay.

The end in view is apparent: to absorb unemployment, especially in the building trades, and to stimulate the construction industry, which has been somewhat slow in recovering. As a matter of fact, there was a slight decline in 1936, as compared with 1935, in the total expenditure on construction work.

The experience of the United States under the Federal Housing Act during the last two years has been quite encouraging. There have been 1,056,000 loans, aggregating \$382,000,000. The official report published in July, 1936, contains the following paragraph:

Losses of the 6,289 financial institutions which have made loans under the modernization credit plan and which have been paid by the federal housing administration have to date totalled less than one-half of one per cent of the total amount of their advances. A survey made in the early part of 1936 showed that these loans on the whole had had an excellent record for prompt repayment. At that time only a fraction over two per cent of the total number of loans were in default thirty days or more. A total of 4,333 financial institutions reported that they had no accounts that were delinquent thirty days or more.

This is an exceedingly fine record.

I am informed that up to the end of 1936 there were \$500,000,000 borrowed under that plan in the United States, and that private capital must have invested \$3 for every \$1 borrowed. This would mean an expenditure in aid of re-employment of two billion dollars.

Right Hon. Mr. MEIGHEN: I read that statement in the report of the debate in the other House, but I do not understand it. Could the Minister explain just how it is that a loan of \$1,000 made by a bank to an individual is the cause, the fountain spring, of a loan by some other person of \$3,000? I do not know how the \$3,000 investment bears any relation to the \$1,000 under the Act.

Hon. Mr. DANDURAND: Of course I have not the source from which the Minister of Finance got that information. He must have secured it somewhere. Before we go into committee, or on the third reading of the Bill, I will try to have that information.

Hon. Mr. DANDURAND.

It may be that the person borrowing \$1,000 spent \$3,000 more on repairs. I have no foundation for the statement except that it was made by the Minister of Finance. I myself was surprised at the figure.

Right Hon. Mr. MEIGHEN: It could not be that.

Hon. Mr. DANDURAND: The discount rate in the United States has been 5 per cent, which at simple interest worked out to a shade over 10 per cent. As I have said, our rate of discount will be  $3\frac{1}{4}$  per cent, which works out to about 6.3 per cent.

Upon receipt of a satisfactory statement from the financial institution, the Government's guarantee will be given. These guarantees will be administered direct by the Finance Department.

The development of the whole scheme throughout the country will be under the supervision of the National Employment Commission. It will attend to the publicity or propaganda through newspapers, booklets and radio. The cost involved in this publicity will not fall upon the Treasury, the banks or the borrowers, but will be financed by private funds secured through subscription from public-spirited citizens and business interests. I quite realize that some institutions will benefit directly by these expenditures. Such institutions would help to carry on the work of propaganda.

Provincial committees have been appointed throughout the country, and local advisory committees are to be established in every community. One of the various duties of these committees will be to approach the municipal and the provincial governments to see that the increase in the value of homes by reason of this expenditure will not mean an increased assessment. This plan may produce some much needed employment throughout Canada. Under it, of course, we cannot hope for a development as rapid or extensive as appears to have taken place in the neighbouring republic. Conditions in that country are different. It has a population of 130 millions odd. However, this may help in large degree to give more life to building construction. I have repeated in this Chamber, perhaps more than once, an old saying which I suppose can be found in every language, and which is as old as the language of France; it runs in these terms: *Quand le bâtiment va, tout va*—when building flourishes everything flourishes.

With these few remarks, I move the second reading of the Bill.

Hon. L. McMEANS: I am not quite clear, after the honourable gentleman's succinct explanation, how he got this matter mixed up with the United States' plan. I should like to ask him if there is to be another host of people appointed by the Government, and, if so, whether the Civil Service Commission will have anything to do with their appointment. I cannot understand just what the honourable gentleman means. He says there is to be no security taken; that money is to be loaned on the strength of a man's reputation. If that is correct, I may say that I have very serious doubts as to the eligibility of certain gentlemen who support the Government, and of others who do not.

If this Bill is to result in the appointment of more Government officials, I think I would oppose it on that ground. When the late Government introduced a measure for industrial insurance I was astounded to find that the people of Canada would be called upon to pay \$18,000,000 for its administration.

Hon. Mr. DANDURAND: What Act was that?

Hon. Mr. McMEANS: The Bill providing for industrial insurance. It was introduced by the Bennett Government, not by the present Government.

I certainly think a halt must be called to further expenditures and the appointment of further hordes of officials. You may talk about 5 per cent or 2 per cent or any other rate. Whatever it may be, it will be eaten up by salaries for these people, and already the finances of the country are being eaten up by salaries paid to a host of officials throughout the country. Will the honourable gentleman state positively how much this measure is going to cost the Government?

Hon. CAIRINE WILSON: May I answer the honourable gentleman?

The Hon. the SPEAKER: I will put the motion.

Hon. Mr. DANDURAND: The honourable gentleman was out of order.

The Hon. the SPEAKER: Yes. I presumed the honourable gentleman was going to ask a question; therefore I gave him considerable latitude.

Hon. Mr. Dandurand moves, seconded by Right Hon. Mr. Graham, that Bill 11, an Act to increase employment by encouraging the repair of rural and urban homes, be read a second time.

Hon. Mr. McMEANS: Perhaps, now that I am in order, the honourable gentleman will give an answer to my question. I understood

from some rather vague information appearing in the newspapers that the banks of Canada were going to finance this scheme, and that the Government was going to guarantee the banks to a certain extent. This measure proposes something entirely different.

Hon. Mr. DANDURAND: Perhaps the right honourable leader of my honourable friend (Right Hon. Mr. Meighen) can give the honourable gentleman the explanation he desires.

Hon. Mr. McMEANS: I prefer to get it from the honourable leader of the Government.

The Hon. the SPEAKER: The honourable member from Rockcliffe (Hon. Cairine Wilson) has the floor.

Hon. CAIRINE WILSON: I think I may be able to give the information desired. The honourable senator from Winnipeg (Hon. Mr. McMeans) is quite correct. The banks are the sponsoring institutions. They are to look into the question of a man's ability to pay, before they advance the money, and they will not advance it without reasonable cause.

Right Hon. ARTHUR MEIGHEN: Honourable members, I fully support not merely the second reading of this Bill, but its reference to committee, because I think its phraseology and construction can be improved. As I have said on more than one occasion, the commission selected for this purpose is a good commission. This, in my judgment, is mainly because of its extremely able chairman.

I desire, however, to make some reference to remarks on the results of the measure as disclosed by the leader of the House. Apparently a sum approximating a million and a quarter or a little more—

Hon. Mr. DANDURAND: It is more now.

Right Hon. Mr. MEIGHEN: —has already been borrowed by various home improvers throughout the country, and I do not doubt that probably 80 per cent of this sum is reflected in the earnings of the workers of this Dominion. That would aggregate nearly a million, or possibly a little more, which would go into the pockets of working people of one class or another; a total of ten cents for every inhabitant of our country. It is by no means great, but it is something, and no doubt these figures will be very much enlarged as time goes on. I do not anticipate, though, that they will ever reach such dimensions as to have a very pronounced effect upon the aggregate of employment in this country. I can see that in all certainty—not probability—some portion of this money

would have been spent on improvements anyway, whether there was a statute or not. There are people who are able to borrow money for improving their homes, and from day to day and week to week throughout the year, all over the country, people are doing this. Nevertheless the number of persons who improve their homes will undoubtedly be enlarged by the operation of the statute.

The honourable gentleman suggested that other expenditures would be traceable to those made under his scheme. I know the source of that opinion: it was advanced by the Minister of Finance. But for the life of me I cannot attach any meaning to it at all.

Hon. Mr. DANDURAND: In the United States.

Right Hon. Mr. MEIGHEN: If it were the case there it would be the case here. Just why B, inspired by A's borrowing under this Bill, is going to dig into his own pocket and spend three dollars for every one that A borrowed, I do not know. Relationship between one expenditure and the other simply does not exist. That suggestion is an attempt to make the measure appear more important than it really is.

The honourable gentleman also said that through advisory committees of the commission—and certainly there are in this organization enough advisory committees, superimposed and underimposed committees, to achieve things—an effort was now being made to bring about an arrangement with municipalities, no doubt through provincial co-operation, whereby improvements made to homes under this Bill would not be taxed. I cannot see any reason at all for such a move. Why should these improvements not be taxed? I think the Government of Canada is wise in providing special means to assist people to make repairs to their houses. But if somebody repairs his house without such assistance, does it by an enterprising stroke of his own, and on his own resources, why should he be taxed on his improvements while improvements made by a man who got Government aid are exempted from taxation? I can hardly believe a commission under Mr. Purvis would ask for such a thing.

Hon. Mr. DANDURAND: I think there is a good reason for that.

Right Hon. Mr. MEIGHEN: I cannot see it.

Hon. Mr. DANDURAND: Will my right honourable friend allow me? There are hundreds of municipalities where taxation has reached such a point that it seems to taxpayers to be unbearable.

Right Hon. Mr. MEIGHEN.

Right Hon. Mr. MEIGHEN: Certainly.

Hon. Mr. DANDURAND: That being so, it is suggested that the good men and true who are being asked to give of their time without remuneration, and even to give of their own money, towards absorbing the unemployed, should try to have their municipalities agree that increased values arising through expenditures under operations of this Act shall not be taken advantage of as sources of increased taxation. They will say to municipalities and provinces: "Kindly help. We are striving to have hundreds of thousands of unemployed put back to work. Towards that end arrangements have been made whereby money will be supplied by banks and the federal treasury for repairs to homes. Will you please help by refraining from taxing these improvements?" It is simply a kind of community plan under which public-spirited citizens on these advisory committees, who are exerting themselves in an effort to find work for people at present unemployed, will appeal to municipalities to help this worthy cause by not taking advantage of expenditures for home improvements.

Right Hon. Mr. MEIGHEN: I am afraid I am not persuaded. Some people will be helped by this measure, and the honourable leader bases a special claim to further help for them from municipalities on the fact that many good citizens are assisting in regard to expenses, publicity and so on, of the Employment Commission. I do not see any relation there. I was arguing against this proposal on the ground of discrimination. It would be a good thing if municipalities could exempt from taxation all improvements to homes and to premises of business firms who are enterprising enough to have improvements made. But how could a municipality justify relieving one class, who already are being helped, and refusing to relieve another class, who are not being helped at all?

Hon. Mr. DANDURAND: I think they all would be relieved at the same time.

Right Hon. Mr. MEIGHEN: If there is one institution in Canada which is in no position to give such relief, however gratifying it might be to recipients, to banks and to persons assisting the Employment Commission, it is the municipality. Of all who have had to suffer from the depression, municipalities have suffered most. I have always been in favour of municipal control of and responsibility for unemployment relief, though all the time I have known that relief has heaped terrific burdens upon municipalities. But the necessity of maintaining local control is so important that nothing else could be done. I should like to see outside help applied, not to ease

municipalities of their burden of relief, but to ease municipal taxpayers of the general burden. I am thinking of something in the way of an allowance of a certain percentage of real estate tax, perhaps, with no interruption in the direct responsibility of municipalities to keep down relief within their borders. Local control is vital in a matter such as relief. However, I am somewhat off the track. My point is that you cannot justly ask a municipality to distinguish in favour of borrowers from banks under this measure as against citizens who make improvements without assistance under the measure.

Hon. Mr. DANDURAND: I admit that.

Right Hon. Mr. MEIGHEN: It cannot be done. And municipalities now are in no position to relieve all improvements by taxation.

Hon. Mr. DANDURAND: But they can stay their hand.

Right Hon. Mr. MEIGHEN: But they are relieving when they stay their hand. If municipalities exempt all improvements there will be a reduction in the aggregate assessment because of deterioration, and if that is not compensated for by increased assessment, where are municipalities going to land? I have great confidence in the judgment of the Chairman of the Employment Commission and I cannot think he is lending himself to demands of this kind.

While I am on my feet I want to refer to a statement that I made at the opening of the session. At that time, referring to this Bill, I intimated that public announcement had been made by the Government of an appropriation of \$50,000,000 to cover its guarantees. I was not wrong in my statement, for that announcement was made and I read it; but the announcement was wrong. Now I find the Government's responsibility runs not to \$50,000,000, but only to \$7,500,000, that is, 15 per cent of the total amount contemplated to be ultimately loaned under this measure. I question whether loans will reach that sum, because in this country there is not as much incentive to lend on the part of lending institutions as there is in the United States. Nor do I think there should be; I believe it is wise that the rate should be kept down. The effective rate now is about 6.3 per cent. With bookkeeping that banks will have to do in connection with loans there will not be much profit for them at that rate, and therefore not much incentive for them to spread money out very widely under this measure. And of course the money will really have to come from banks. However,

the more that is done under this Bill the better. Every man employed means a gain; every new opportunity for employment tends to reduce the incidence of the relief problem.

But I still cannot see why the tremendous and elaborate machinery of the commission was needed to produce this measure. The measure is good. The United States has had one exactly like it in effect for two or three years, but in that country it was not preceded by such a commission. Why could not the Canadian Government have been equally resourceful? It had the advantage of being able to study the American measure and of knowing what the experience with that measure had been. All that I complained of in the first place was that this extensive machinery had been established, and big manifestos were spread throughout the country about tremendous efforts that were to be made, when the Government was in a position to do all that this machinery could do; when, indeed, it was the business of the Government to do it. Where can we turn in Canada to-day without finding a Government commission? Can anyone cast his eye in any direction in our country without discovering one in operation? Is there any province, even, that has not one? Concerning the Grain Exchange we have had a royal commission every few years, certainly—I was going to say, every few months—as far back as I can remember, all examining into exactly the same thing. We hardly get through with one before another is appointed. The present commission is going over all the evidence, hearing all the witnesses, travelling and tramping over exactly the same ground that its predecessors, to the number of half a dozen, did in years gone by. And because of a stoppage of work in some factory, a Textile Commission was appointed, and it is still commissioning. As far as I can see it is going to keep on commissioning. Lawyers are employed at good pay—

Hon. Mr. McMEANS: Certainly.

Right Hon. Mr. MEIGHEN: These lawyers seem to feel it is their duty to use Government money, money of this country, to propagate their particular tariff beliefs here, there and everywhere. The Treasury of the country is being exploited in order that tariff principles, so called, or tariff prejudices, or whatever you like to call them, may be spilled throughout the Dominion by lawyers acting for one of these commissions. I will not name them all, but I venture to say that at least four or five commissions are now travelling across our territory, and I am told another is in course of incubation.

My suggestion is that we should get away from this kind of thing. We do not need all these commissions. The cost of them is terrific. One commission, appointed by the Province of Ontario, is now examining into conditions at a reformatory. We in Ontario shall have to pay for this one. It is taking evidence from young convicts; has been listening to a whole string of them for days. What the purpose can be I do not know, or what chance there is of being further ahead when the investigation is finished than when it began. At the same time there is a federal commission inquiring into conditions at penitentiaries and listening to grievances of convicts, at a cost to taxpayers of from five hundred to one thousand dollars a day. This country has many honest workers' grievances to attend to, of far more importance to the taxpayers of the Dominion than the grievances of convicts.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I have, I know, covered a sphere wider than the Bill. I like the Bill, I like the conduct of the commission, and I have great confidence in the chairman; but I do not think we ought to have a Government in Ottawa, with certain specific duties, delegating those duties to a dozen commissions spread all over our country, at the expense of the taxpayers of the Dominion.

Hon. Mr. DANDURAND: The right honourable gentleman's last remark does not bear on the administration of this Bill.

Right Hon. Mr. MEIGHEN: A good deal of what I said does not bear on it.

Hon. Mr. McMEANS: Would the honourable gentleman give me an answer to my question: what is this thing going to cost the taxpayer? I am a taxpayer.

Hon. Mr. DANDURAND: The case is exceptional, I know, but I think I can boast that the whole machinery for the administration of the Bill will cost nothing.

Hon. Mr. McMEANS: Nothing?

Hon. Mr. DANDURAND: No.

Hon. Mr. McMEANS: I am very glad to hear that, but I think the honourable gentleman is mistaken.

Hon. Mr. DANDURAND: The National Employment Commission has called upon men of standing in the various communities to give their services for nothing.

Hon. Mr. McMEANS: I have not met any of them in my experience.

Right Hon. Mr. MEIGHEN.

Hon. Mr. DANDURAND: I am rather surprised that the services of my honourable friend from Winnipeg have not been requisitioned. No one knows what loss may be involved in the 15 per cent guarantee which the Government is giving to the lending institutions. It may reach the maximum of \$7,500,000, and it may be only a paltry sum.

Hon. Mr. McMEANS: I am afraid the honourable gentleman does not understand my question. Applications for loans must be passed upon by some officials. Those officials must be paid by the Government.

Hon. Mr. DANDURAND: No; my honourable friend is in error. The borrower applies directly to the bank, or to some other financial institution approved by the Hon. Minister of Finance. If the lending institution, after making the necessary inquiries as to character and solvency, decides to lend him \$1,000 or \$2,000, as the case may be, it appraises the honourable Minister of the fact. If his department is satisfied that the proposed loan comes within the regulations to be made under the measure, then approval is given and the Government is responsible to the lending institution for the 15 per cent. The procedure is very simple, as the borrower has not to find an endorser or give any security; he has merely to state his needs to the lending institution, and if the loan is granted the lending institution will be responsible for 85 per cent of the loan.

Hon. Mr. McMEANS: Who advises the Hon. Minister of Finance on the transaction?

Hon. Mr. DANDURAND: I suppose he will assume that the approved lending institution has taken the necessary precautions. He has simply to see that the loan comes under the terms of the Bill and the regulations as drafted by his department.

Hon. Mr. McMEANS: Surely the honourable gentleman knows from experience that no Minister of Finance can pass upon the millions of loans which may be sought under the Bill. There must be a separate organization to advise him on loan applications. I do not think there can be any doubt about that.

Hon. Mr. BALLANTYNE: The banks take the responsibility of passing on loans.

Hon. Mr. McMEANS: To what extent?

Hon. Mr. BALLANTYNE: To the extent that the Bill provides. The honourable leader of the House (Hon. Mr. Dandurand) said a moment ago that the National Employment Commission would not cost the Government a

cent. That is quite correct as far as the personnel is concerned; but I think my honourable friend will admit that the commission's travelling and hotel expenses and clerical staff are a charge upon the Treasury.

Hon. Mr. DANDURAND: I was not covering that point. I was asked how much this organization would cost to pass on loans.

Hon. Mr. BALLANTYNE: Yes, and the honourable gentleman said it would not cost the Government a cent.

Hon. Mr. DANDURAND: I said it would not cost anything; but the National Employment Commission is doing other work than that. It supervises, it helps, it appoints provincial advisory committees. The commission covers a much wider field, and I took it for granted that the honourable gentleman's question covered operations under the Bill.

Hon. Mr. HORNER: Honourable members, I think much of this discussion is entirely unnecessary, as evidently loans for the purposes authorized by this Bill have already been made. Apparently the Government has been carrying on under a "blank cheque."

Hon. Mr. DANDURAND: Yes; but it is for this House to accept or reject the Bill.

Hon. Mr. McRAE: Does the 15 per cent guarantee apply to each loan or to the aggregate amount of loans?

Hon. Mr. DANDURAND: To the aggregate.

Hon. Mr. McRAE: There is, it seems to me, a good deal of difference between the two. If the liability of the Government is to be 15 per cent of the aggregate amount of loans made, a bank would be relieved of loss on a loan that might become a wash-out.

Hon. Mr. DANDURAND: If the bank loans \$2,000, and the loan is not recoverable, it will lose 85 per cent of that loan.

Right Hon. Mr. MEIGHEN: Oh, no.

Hon. Mr. McRAE: A 15 per cent guarantee on each loan, which I should say is reasonable, would provide the bank with a fair margin; but if the guarantee covers the aggregate of loans made, then in the case of a wash-out loan of \$2,000 the bank would be paid the full loss under the guarantee.

Hon. Mr. DANDURAND: It would be paid 15 per cent.

Right Hon. Mr. MEIGHEN: No; my honourable friend is wrong. If that were the case it would be far better for the Government and far worse for the banks. But that is not

the case. The unit is the institution, not the loan. Suppose the Bank of Montreal makes eight loans, seven of which prove to be good and one a total loss. The bank does not lose a nickel; the Government takes the whole loss. I am not saying it is wrong, but it is a lot better for the banks than if each loan stood on its own feet. The bank has a margin of 15 per cent, and therefore has to lose 15 per cent on the whole business before it loses a nickel itself. As far as safety is concerned, the bank is in a pretty comfortable position; but it does a good deal of work for the rate of interest received.

When is the Government going to come to the accounting period and arrive at the loss it is to bear? On this point the Bill is silent. The loaning operations may last for ten years. Are we to wait until the end of that period before anything is done on the part of the Government? I do not think so. I think the banks will fix accounting periods just as often as they can and get the Government's money. Under the Bill the Government can run on indefinitely before it notifies institution A or B, "You are not to make any more loans after the 1st of February,"—or some other date. I venture to say the loaning operations will not run very long before the banks will demand that an accounting period be fixed and the losses then be put into a reserve, and that reserve applied to the full extent of the Government's liability. I think the Bill ought to be explicit on the point.

Hon. Mr. DANDURAND: When I read the Bill and the explanations given by the Hon. Minister of Finance, I realized that this was an important question. When it was put to him he answered that the 15 per cent applied to loans in the aggregate. A question arose as to when the loss would be estimated. It is a continuing process, and I cannot exactly see when the Government will say, "Now, we want an accounting."

Right Hon. Mr. MEIGHEN: Neither can I.

Hon. Mr. DANDURAND: Whether it would be every six months, every year, or every two years I cannot say. I have not been able to meet the Hon. Minister of Finance to obtain any enlightenment on this important question. When the Bill was before the House of Commons the question apparently did not strike honourable members there as it has struck my right honourable friend opposite and my honourable friend from Vancouver (Hon. Mr. McRae), as well as myself. But it is my intention to move that the Bill be referred to the Banking and Commerce Committee. Then I shall ask either the Hon. Minister of Finance or his

deputy to appear there and explain to us the working out of the loaning system, the guarantees and so forth.

It has been stated that the loss will be reckoned on the aggregate. That statement does not make absolutely clear to me who will profit by that kind of accounting.

Right Hon. Mr. MEIGHEN: Oh, the banks.

Hon. Mr. DANDURAND: I saw a statement that such was the decision of the Department of Finance, as it would then be sure of the full co-operation of the banks in furthering the scheme. I suppose it implies that the banks will be on the right side of the transaction.

Hon. Mr. McMEANS: Is the honourable gentleman sincere when he says the administration of this Bill will not cost the taxpayers anything at all? Does he mean to say that although the Government may have to pass on millions of loans of which it will guarantee 15 per cent, this will not necessitate the appointment of a host of officials? Does he still say this will not cost the taxpayer anything at all?

Hon. Mr. DANDURAND: I take it for granted that the Department of Finance has the necessary staff for the purpose. If one or two more clerks are needed—

Hon. Mr. McMEANS: One or two?

Hon. Mr. DANDURAND: I think my honourable friend is a member of the Banking and Commerce Committee, and if he attends he will be able to question the Minister of Finance or his deputy as to the expense involved.

Hon. Mr. McMEANS: I shall be there.

Hon. Mr. MacARTHUR: I think this Bill has considerable merit, but some of its features are not quite clear to me. The right honourable leader on the other side (Right Hon. Mr. Meighen) spoke of taxes on improvements. I see nothing in the Bill with respect to that. Nor do I observe any provision as to who is to take legal action in case of default by a borrower.

Hon. Mr. DANDURAND: It will be the lending institution.

Hon. Mr. MacARTHUR: I am in full agreement with the right honourable leader on the other side in regard to the number of commissions and the excessive cost they entail. I think it is time to call a halt to any further appointments. I should like to know what will be the cost of administration when the Bill becomes effective. We know the heavy losses incurred on the returned soldiers' land

Hon. Mr. DANDURAND.

settlement scheme. By comparison I should think any loss under this 15 per cent guarantee will be a drop in the bucket. I do not see why anyone who would be accepted as a good risk under this Bill could not borrow money for home improvements from private sources. The purpose of the measure undoubtedly is good; there can be no question about that; but I am inclined to think that its administration will necessitate considerable outlay for clerical assistance and travelling and other expenses. As to the 15 per cent guarantee, the Government is safeguarded, because the improvements made will add to the value of the security. Indeed, the Government should not lose a cent.

Right Hon. Mr. MEIGHEN: The honourable member is mistaken. Neither the Government nor the bank has any security on the building.

Hon. Mr. MacARTHUR: But if the borrower is in default the Government or the bank can take legal action and recover the loan, or at least a part of it.

Right Hon. Mr. MEIGHEN: How? By selling the home?

Hon. Mr. MacARTHUR: Yes.

Right Hon. Mr. MEIGHEN: No chance. There is no security.

Hon. Mr. ARTHURS: Honourable senators, so far as the liability of the Government is concerned, it is undoubtedly 15 per cent on the aggregate of the loans made. Clause 4 reads:

In no case shall the liability of the Government of Canada in respect of guarantees given under this Act to any approved lending institution exceed fifteen per centum of the aggregate amount of home improvement loans made by any such approved lending institution.

The idea seems to prevail that the loans will be made solely by our chartered banks, but that is not the case. The Bill provides that loans may be made by banks or other approved lending institutions. I can see some danger in respect to that. For instance, many of our insurance companies have millions of dollars loaned on homes in Toronto and other cities. To my personal knowledge many of those homes in Toronto have been in need of repairs for the last five or six years. Their owners will certainly take advantage of this Bill to secure loans in order to make necessary repairs. As a result the Government will in effect be protecting the mortgagees to the extent of 15 per cent of the aggregate of such loans, and the mortgagees will benefit pro-

portionately. I am not on the Banking and Commerce Committee, but I hope some member of the committee will deal with that phase when the Bill is under consideration.

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

#### REFERRED TO COMMITTEE

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

#### BANKING AND COMMERCE COMMITTEE

On the motion to adjourn:

Hon. Mr. DANDURAND: I should like to notify members of the Banking and Commerce Committee that the committee will sit immediately after adjournment of the Senate. May I remind honourable members who are not on that committee that they are welcome to attend its meetings and participate in discussions?

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

### THE SENATE

Thursday, February 18, 1937.

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

Prayers and routine proceedings.

#### SENATE DELEGATES TO CORONATION INQUIRY

Hon. Mr. McMEANS inquired of the Government:

1. Are any members of this Chamber to be appointed or selected as delegates to the Coronation?
2. If so, how many?
3. In what manner are they appointed or selected?
4. Who pays the expenses of such delegates?
5. Has this Chamber any right to appoint or select its own delegates?
6. If not, is this Chamber consulted as to the appointment or selection of delegates?
7. If this Chamber has nothing to say in the appointment or selection of delegates to represent it, is it in any way bound by the appointment or selection of delegates?

Hon. Mr. DANDURAND: The answer to the honourable gentleman's inquiry is as follows:

1. Yes.
- 2, 3 and 4. The Government has intimated its intention of asking five members of the Senate and House of Commons holding

official parliamentary posts, including the Speaker of the Senate and the two leaders of the Senate, to form part of the official Canadian delegation to the Coronation. In addition, the United Kingdom Branch of the Empire Parliamentary Association has indicated its desire to invite eight members in all of the Senate and House of Commons to proceed to London and take part in the meetings of the association during the Coronation period, as its guests.

5, 6 and 7. Answered by above.

Hon. Mr. McMEANS: I did not quite catch the answer the honourable gentleman made to that part of my inquiry as to whether the Senate selected or had anything to say about the selection of its own delegates. I asked that question because we are a representative body, and I had an impression—a vague one, perhaps—that we should have something to say as to who are going to be our delegates.

#### PRIVATE BILLS

##### SECOND READING

Hon. Mr. HORSEY moved the second reading of Bill T, an Act to incorporate Toronto General Insurance Company.

He said: Honourable senators, in the absence of the honourable senator from North York (Hon. Sir Allen Aylesworth), I have the honour of moving second reading of this Bill. It is an insurance Bill, similar to several that were given second reading on Monday evening last. The company has provincial incorporation and desires authority to do business beyond the province. The intention is that when a federal charter is received the business and assets of the present company will be transferred to the new one, and that the existing provincial charter will be surrendered. I understand the draft Bill has met with approval of the Superintendent of Insurance and that all regulations of the Parliament of Canada have been complied with.

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

##### SECOND READING

Right Hon. Mr. GRAHAM moved the second reading of Bill U, an Act to incorporate the Sons of Scotland Benevolent Association.

He said: Honourable senators, this Bill is to some extent like the insurance bills that have been given second reading. The object of the measure is to give federal incorporation to the Sons of Scotland Benevolent Association, which has been doing business under provincial charter for half a century. The institution is perfectly solvent, and intends to trans-

fer all its assets and interests to the federally incorporated association as soon as the new charter is received.

## DIVORCE BILLS

### SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill O, an Act for the relief of Charles Marsh Doxsey.

Bill P, an Act for the relief of Phyllis Stan-ners Kitchin, otherwise known as Judith Stan-ners Kitchin.

Bill Q, an Act for the relief of Ivy Jackson Beaulne.

Bill S, an Act for the relief of Mildred Tan-nenbaum Sufirin.

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, moved the second reading of Bill R, an Act for the relief of Charlotte Opal Moore Norton.

Hon. Mr. HUGHES: Honourable senators, before this Bill passes I should like to ask the Chairman of the Committee (Hon. Mr. Mc-Means) whether there was a difference of opinion in the committee in regard to granting the application. I have read the evidence and have come to the conclusion that there was collusion between the petitioner and the respondent. For that reason I think the Bill should not be proceeded with.

Hon. Mr. McMEANS: The only informa-tion I can give the honourable gentleman is that the report of the committee has been filed, and it specifies whether the decision was unanimous or not. There has been no dif-ference of opinion in the committee with respect to any petitions which have been dealt with so far this session. I do not recall this particular case, but if the honour-able gentleman has any doubt of the bona fides of the petition he may discuss the Bill on the motion for third reading, or he may object to the present motion.

Hon. Mr. HUGHES: I will reserve my objection until the Bill comes before the House for third reading. In the meantime, I would ask honourable senators to read the evidence. The parties were married in the United States. I think they were domiciled in Canada for some years, but whether they are citizens of this country I do not know. From my reading of the evidence I have come to the conclusion that the case is a "frame-up," and that a divorce should not be granted.

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

Right Hon. Mr. GRAHAM.

## ADJOURNMENT—RAILWAY COMMITTEE

Hon. Mr. DANDURAND: Honourable senators, I desire to move that when the Senate adjourns this afternoon it stand adjourned until Tuesday, February 23, at 8 p.m.

The Railway Committee is to sit imme-diately after the House adjourns.

The motion was agreed to.

The Senate adjourned until Tuesday, Feb-ruary 23, at 8 p.m.

## THE SENATE

Tuesday, February 23, 1937.

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

Prayers and routine proceedings.

## ANTHRACITE IMPORTS FROM FRENCH INDO-CHINA

### NOTICE OF INQUIRY

Hon. THOMAS CANTLEY: Honourable senators, I wish to give notice that on Thurs-day next I shall inquire of the Government:

1. How many cargoes of coal were imported by Canada in 1936 from French Indo-China?
2. At what Canadian ports were such cargoes landed?
3. What is the total tonnage of such coal imports?
4. What are the amounts respectively of daily wages in francs and their equivalent in currency of Canada paid where such coal is produced to the following classes of mining workers: (a) adjusters; (b) blacksmiths; (c) miners; (d) timbermen; (e) trammers; (f) men labourers; (g) women labourers; (h) child labourers?
5. How many of the above mentioned classes are Europeans? How many are natives of the country in which such coal is produced?
6. What are the proportions of the several classes of labour: (1) men; (2) women; (3) children?
7. What is the approximate distance in miles from Indo-China to the ports in Canada at which such coal was landed?
8. What is the average content of such coal in: (a) moisture; (b) volatile; (c) fixed carbon; (d) sulphur; (e) ash; (f) B.T.U.?

Hon. Mr. DANDURAND: Is the honour-able gentleman alluding to soft coal or anthra-cite?

Hon. Mr. CANTLEY: Hard coal; anthra-cite.

## ALBERTA TAR SAND LANDS

## ORDER FOR RETURN

Hon. J. E. SINCLAIR moved:

That an Order of the House do issue for a copy of all correspondence, letters, telegrams or other documents exchanged between the Government of Canada and any person or government in the year 1935 regarding the development, leasing or utilization of the tar sand lands or resources of the province of Alberta.

The motion was agreed to.

## DIVORCE BILLS

## THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were read the third time, and passed on division:

Bill O, an Act for the relief of Charles Marsh Doxsey.

Bill P, an Act for the relief of Phyllis Stanners Kitchin, otherwise known as Judith Stanners Kitchin.

Bill Q, an Act for the relief of Ivy Jackson Beaulne.

Bill S, an Act for the relief of Mildred Tannenbaum Sufrin.

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, moved the third reading of Bill R, an Act for the relief of Charlotte Opal Moore Norton.

Hon. J. J. HUGHES: Honourable senators, I have some observations to make before this motion is voted on. I read some time ago a report in the Toronto newspapers that certain judges of the Supreme Court of Ontario had stated that in their opinion a large percentage—I think they put it as high as 70 or 80 per cent—of the divorce cases that came before them were collusive. In my view it would be fair to assume that about the same percentage applies to the divorce petitions which come before the Parliament of Canada. Collusion is hard, indeed it is almost impossible, to prove, because the principals naturally will not admit, even under oath, that they have agreed to seek divorce. It would be inconsistent on their part to make any such admission, for it would defeat the object they have in view.

I understand that in the courts the judges decide cases according to the evidence. I do not know whether the same principle would apply to the Divorce Committee and to the Senate itself. If it does, you can easily see that where there is collusion and it is denied, the courts and the Parliament of Canada are merely registering bodies giving legal effect to what is unlawful.

I think there was collusion in this case, and that therefore the Bill should be rejected. I shall give my reasons very briefly. According to the evidence, the parties agreed to separate, and the husband promised to give the wife \$50 a week for five years, and afterwards \$25 a week.

Hon. Mr. ASELTINE: What is wrong with that?

Hon. Mr. HUGHES: I am simply stating the terms of the agreement. Each honourable member can draw his own conclusion.

The next step was that, as is usual in such cases, Mr. Norton, the respondent, went to a hotel with a woman, not his wife, and they registered as Mr. and Mrs. Norton. They were assigned a room. Two detectives shadowed them to the hotel—the usual procedure. These detectives engaged a room alongside Mr. Norton's. They state that an hour and a half later they knocked at his bedroom door. They were immediately admitted; no delay at all; no questions asked. It would appear as if Mr. Norton had been expecting them. They say they found him standing in the room nearly undressed, and the woman was in bed, also nearly undressed. They asked Mr. Norton, "Is this woman your wife?" "Certainly," was his answer. What other answer could he give in the circumstances? Then the detectives retired to the lobby, where they waited for about an hour, until they saw Mr. Norton and the woman leave the hotel. That is the evidence given before the committee. It does not prove that adultery was committed. Perhaps such proof was not necessary. I suppose it would be reasonable to infer that there was misconduct. I understand that cases of this kind are common in England. Organizations there make a business of supplying—at a price—co-respondents whose standing in society is similar to that of the petitioners. I read as to one such divorce case in the English courts that in a later action the responsible parties swore that adultery had never been committed.

It would appear that the courts and the Parliament of Canada are simply at the mercy of married couples who, having made up their minds to get a divorce, thereupon follow the same procedure as in this case. It is a tremendous evil in my opinion, and there ought to be some way of combating it. Divorce and its concomitant evils have been the main factors in the destruction of all nations of antiquity that have perished from the earth. Divorce destroys the family, the unit on which the State rests. It will destroy the English-speaking world if allowed

to grow, as it is growing at an alarming rate in England, United States and Canada.

I think this Bill should be rejected because, as I submit, the evidence clearly shows there was collusion.

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

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

## THE SENATE

Wednesday, February 24, 1937.

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

Prayers and routine proceedings.

### NAVAL AFFAIRS

#### NOTICE OF INQUIRY AND DISCUSSION

On the notice by Hon. Mr. Ballantyne:

That he will inquire of the Government:

1. What year was the Naval College closed?
2. Is it the intention of the Government to have it reopened?
3. How many Canadian cadets had Canada in the Imperial Navy for training in the years 1919 and 1920?
4. How many Canadian cadets were recalled from the Imperial Navy in 1920 and 1921 for service in the Canadian Navy?
5. How many Canadians are now in the Imperial Navy for training and are paid by Canada?
6. How many Canadians now in the Imperial naval colleges for training?
7. What year was the oil-burner cruiser Aurora taken out of commission?
8. If the Aurora was sold or scrapped, to whom, and what price was paid?
9. What provision was made when the Aurora was taken out of commission for all officers, senior and junior rank, and other ratings to the total number of 318?
10. What is the total number of senior and junior officers on our four Canadian destroyers and submarines?
11. How many are Canadian born?
12. How many senior and junior officers, if any, are from England?

Hon. Mr. DANDURAND: The answer to the honourable gentleman's inquiry is as follows:

1. 1922.
2. No.
3. None.
4. None.
5. Officers 39; ratings 26.
6. In training colleges, including training ship Frobisher, 33.
7. 1922.

Hon. Mr. HUGHES.

8. The Aurora and submarines CH 14 and CH 15 were sold as a lot to A. A. Larocque, Sorel, P.Q., for \$40,000.

9. Those discharged from the Naval Service were granted gratuities as provided in Order in Council P.C. 1189, of 5th June, 1922, which was laid on the Table in both Houses of Parliament.

10. Twenty commissioned officers and four warrant officers are serving on destroyers. There are no submarines in commission.

11. Nineteen.

12. Five.

Right Hon. Mr. MEIGHEN: Honourable senators, I know it is the intention of the honourable member from Alma (Hon. Mr. Ballantyne) to discuss the subject-matter of this inquiry, and I think I should take occasion, speaking wholly on his behalf, to give notice of his intention to do so on Tuesday next.

Hon. Mr. CASGRAIN: You have to make a regular motion.

Hon. Mr. DANDURAND: The honourable senator from Alma did not frame his inquiry so as to base a discussion upon it. It is simply an inquiry.

Right Hon. Mr. MEIGHEN: That is all.

Hon. Mr. DANDURAND: Now he may give notice that he will draw the Senate's attention to the subject-matter. This will enable him to discuss it.

Hon. Mr. CASGRAIN: With all respect, I would point out that every time I desire to speak on an inquiry of mine I am told that I should have added notice that I intended to call the attention of the Senate to the matter. Such notice is required by the rule. I suppose when you get old you generally find things going wrong. Well, at one time our rules were observed; now they are being constantly disregarded. They have been laid down for a good purpose and we should abide by them. Now you do all sorts of things; you even rescind the third reading of a Bill, "with the leave of the Senate."

Hon. Mr. DANDURAND: In answer to the strictures of my honourable friend I may say that he simply repeats what I have just said, that the inquiry of the honourable senator from Alma does not call for a discussion. It will be brought within the rule if the attention of the Senate is drawn to the subject-matter.

Hon. Mr. CASGRAIN: And notice is given.

Hon. Mr. DANDURAND: Naturally

Right Hon. Mr. MEIGHEN: I do not wish to ask the Senate for any favour at all, not even for the honourable gentleman from Alma. I agree with what has been said by the honourable senator from—I wish he would get a constituency whose name I could pronounce.

Hon. Mr. CASGRAIN: De Lanaudière.

Right Hon. Mr. MEIGHEN: I thought I was complying with the rules. On behalf of the honourable senator from Alma, I give notice that he will bring before the House for discussion on Tuesday next the questions put by himself and the answers made by the honourable leader of the Government to-day.

The Hon. the SPEAKER: Then the matter will be in proper form on the Order Paper.

Right Hon. Mr. MEIGHEN: Yes.

#### BRITISH COLUMBIA DIVORCE APPEALS BILL FIRST READING

A message was received from the House of Commons with Bill 15, an Act to provide for Appeal to the Court of Appeal of the Province of British Columbia in Divorce and Matrimonial Causes.

The Bill was read the first time.

#### ORDER FOR SECOND READING

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

Hon. Mr. DANDURAND: This Bill is to provide for appeal to the Court of Appeal of British Columbia in divorce causes. If honourable senators from British Columbia are interested, they may sponsor the Bill.

On motion of Hon. Mr. Green, seconded by Hon. Mr. Farris, the Bill was placed on the Orders of the Day for second reading on Tuesday next.

#### TRIBUTES TO DECEASED SENATORS THE LATE SENATORS HOCKEN AND BURNS

Hon. RAOUL DANDURAND: Honourable senators, one of our colleagues, Senator Hocken, has suddenly left us. As the news of his demise and that of his wife reached me, I repeated to myself: What shadows we are! This thought often recurs to my mind when a colleague who for years has moved in our midst, strong in body and in spirit, is suddenly called away by death.

The days roll on and the procession carries us inevitably to our last post. Natural is the effect of time on our minds. While in

the prime of life we are wont to be active, energetic, enthusiastic—at times aggressive. To one with strong convictions is often ascribed a spirit of intolerance. But we are apt to mellow as age creeps on.

Such was the case with Senator Hocken. From reading his writings and sayings, I had the impression that I should behold a plumed knight with sword aloft, always ready to charge. To my surprise I saw a gentle, meek septuagenarian, kindly and even deferential.

It was a touching sight to observe Senator Hocken and his helpmate moving about arm in arm, gently leaning upon each other to the last day of their lives.

Senator Hocken had a notable career as printer and journalist, as alderman and mayor of Toronto, and as a member of Parliament.

To his family I desire to extend the sympathy of the Senate.

We have just been apprised of the death of Senator Patrick Burns. He had been ill for some two years. Senator Burns was one of the most interesting pioneers of the West. I do not know what were his beginnings, but I see that he was from Oshawa in the good old province of Ontario. I had heard of him and of his activities before I visited the West, and when I passed through the Western Provinces as far as the coast, I saw his name everywhere in every town and village.

He had been a rancher in a large way; he then erected abattoirs, and followed that venture by becoming a packer, distributing his goods far and wide. He also became a chain-store prince. It could be said of him that he raised and distributed his cattle from the hoof to the dinner table. His activities also extended to the East, where he sat on many important boards. His life is a lesson for present and future generations, and should be held out as an example to the children and the students in our schools and colleges.

I desire to extend the sympathy of the Senate to his mourning relatives and friends.

Right Hon. ARTHUR MEIGHEN: Honourable senators, a more faithful compendium of the career of Senator Burns than that which we have just heard from the leader of the Government would be difficult indeed to compose.

The senator's passing was not wholly unexpected. For many months he stood bravely on the edge of the grave, and his last long struggle for life was witnessed in tender sympathy by thousands upon thousands of those, particularly in the West of Canada, who had learned to love and to follow him.

One's mind goes back to the little school near Kirkfield, just a few miles north of Toronto, where as a country boy Senator

Burns attended for but a short time. Curiously enough, another great Canadian, Sir William Mackenzie, attended this little red school at the same time. Often have I heard Senator Burns tell of all his difficulties as a little lad being settled by the master mind of the school, the then Billy Mackenzie. Interesting it is that as their lives unfolded, both in a big and masterful way, they were still associated. When Senator Burns launched his tremendous enterprise in Western Canada his great second was Sir William Mackenzie, whose interest in that enterprise continued to the day of his death.

I think it is now about fifty years since Patrick Burns left Ontario and took up a homestead near Minnedosa, where, with nothing but oxen for his power, he carved out a shelter for himself and started his career. To the very last there was nothing nearer his heart than the experience of that time. He loved to tell about his privations, the simplicity of his life, how he was befriended, the goodness of his neighbours and the honesty of everyone.

Very soon he started travelling through the country buying cattle, driving them through the concessions and selling them where he could; and it was his proud boast that he could sell without taking any note or any evidence of debt, and would always be paid. That he could do this was, unconsciously to him, a tribute to his own remarkable character. His neighbours trusted him and could never bear to lose his respect. Advantages of education he scarcely had at all. To others this would have been a handicap almost insurmountable; to him, I sometimes thought, it was not a handicap at all. He seemed to have the instinct of business and the instinct of friendship developed equally.

His judgment on matters large and small was almost errorless; his judgment of men rarely, if ever, failed.

He passed from the little homestead into small business ventures, and one by one, being successful, they accumulated and finally flowered out in the great Burns packing business of Western Canada. With this were associated his ranching interests and his farming enterprises, all on a scale the vastness of which has never been paralleled in this country, or, I doubt not, on this continent.

He seemed to direct the destiny of these things with a sure, steady, firm hand, and to direct them easily; and the marvel of it is that though throughout this career he gathered much and became a man of great influence, a pillar of the West, a rich man, he nevertheless wholly escaped the envy, so

marked in his times, that others in like position have had to endure.

From the time I went to Western Canada, now nearly forty years ago, all through these decades, most of which were spent there, I can say I never heard an individual, rich or poor, humble or proud, say a single unkind word of Pat Burns.

His name is a queer compound of Irish and Scotch. His surname does not designate his origin. I think there was some change in late generations. Anyway, Mr. Burns was Irish in every line and lineament. He had all the fine qualities of the Irish race. He was the soul of honour in all activities, and never did he leave his fellow man, after a bargain or after a promise, where any difficulty arose, or any resentment or sense of injustice.

He was an institution in the West. He had no peer; he was the leader in that country for certainly four decades. He took an interest in public affairs merely because he felt that a citizen should. If he had party leanings at all, I think he was always Liberal. Certainly he was more liberal, in a wider sense, than any other man I have even known. He had nothing unkind to say about anybody or any party. It was not because of his interest in public affairs, or because he was a politician or had any ambition that he was appointed to this Chamber. I had nothing to do with his appointment, but I am safe in saying that he was made a senator from Alberta because he had been for decades the first citizen of that province. He lived domestically, in great degree, alone. It is some years now since his wife died, and his only son, unhappily, passed away about a year ago. None of the family now remain, but there stands as his monument the multiplied evidence of tremendous achievement scattered throughout a veritable empire, and a memory as lovely and wholesome as perhaps any other Canadian ever left behind.

Senator Hocken was a man whose career was wholly different from that of Senator Burns. They were of about the same age, having reached approximately four score years. From very humble beginnings as a printer Senator Hocken, by dint of energy, hard work and sound principle, continued his rise until he became a publisher. It was as publisher and journalist that he really achieved his finest work in Canada.

I listened very sympathetically to the words of the leader of the Government as he commented upon the man he discerned after he got to know him. Senator Hocken, particularly in earlier years, was looked upon by many excellent Canadians as a man of not

only strong convictions, but strong prejudices. Often, I lament to have to say, I heard him described as a bigot. I do not know anyone much farther from that category. During all of his life he was a strong churchman, and through most of it a church worker, in an active and enthusiastic way. He had in his heart no enmity to any church; it was full of generosity and sympathy for all religious effort. But he always had a very determined view, a clear and definite opinion, as to the line of demarcation between the activities of church and of state, and in laying out that line and driving home among the people what he felt to be the correctness of his view thereon, so zealous was his advocacy that it unhappily and without warrant gave rise to an impression that he was narrow.

Senator Hocken was beloved by those who knew him. His best public work, of course, was done before he reached this House, and that work was mainly municipal. He was a good alderman, a good mayor, a man who left a fine reputation after the discharge of every public office, a member of Parliament never defeated, as acceptable at the close of his career as he was welcome at the beginning.

One does not, however, reach a faithful estimate of the character and work of Senator Hocken without taking into account the place his wife occupied in his life. She was the source of his comfort and his happiness, the fountain of his ambition, the inspiration of his career, the companion through all vicissitudes and along every step of his journey. For fifty-seven years they walked hand in hand, and at the last even the stern Messenger of Death was powerless to divide them. Stricken within the walls of this building not many days ago, he was carried soon after to his home. Gallantly he struggled, as would any true man, for return to the bright day. But lying not far from him his wife also was passing through the valley, and when tidings reached his mind that she had resigned this anxious life, he gave up the battle, wrapped the curtains round him and lay down to quiet sleep. Under bright winter skies, surrounded by sorrowing friends, the two were buried last Saturday in the same grave. I am sure our sympathies go out to the remaining son—one died on the fields of France—and to the two daughters who have lost so much.

Hon. D. E. RILEY: Honourable members, I should like to add my humble tribute to what has been said by the leaders on both sides with regard to Senator Burns, who passed away this morning. I knew the late senator for almost half a century. I knew him when he was leading the rugged and strenuous life of a cattleman in the early

days of the West, where true values are perhaps more readily assessed, and through all the changing years since that time we were close friends. Although this is a sad occasion for me, I am glad and proud at this time and in this place to stand and say of my old friend: He was a good man in every sense of the word.

The late Senator Burns had a full measure of the pioneer spirit. A plain and simple man in the finer sense of the term, he was endowed with a vision and an almost uncanny foresight; and this, coupled with courage to back his opinions, placed him in the front rank of Canada's business men. To most of us he was known as a cattleman, and he was a cattleman in a large way. His operations extended over a tremendous territory: on the Pacific coast to the Yukon, in the provinces of British Columbia, Alberta and Saskatchewan. Though we think of him as a cattleman, his business activities were almost as varied as the resources of the vast territory in which he operated. In fact, the history and early development of Western Canada and the life history of the late senator are very closely interwoven.

In politics he took little active part, but he was always a prominent figure in the public life of his adopted province. His death removes one of the outstanding pioneers and personalities of Western Canada. We shall miss his cheery greeting and the unflinching optimism and faith in his adopted province that were so often encouragement and inspiration to many a struggling pioneer. We all shall miss him: the members of this Chamber who had the privilege of knowing him will miss his wise counsel; his business associates will miss him; but above all he will be missed by the poor people of the West, where he lived so long, to whom he had endeared himself by his kindly and generous spirit.

I join with those who have already spoken in extending our sincere sympathy to his bereaved relatives.

Hon. HENRY A. MULLINS: Honourable members, it was with the deepest regret that I learned of the passing of my old friend and business associate, Senator Burns. He was commonly known on the open ranges as Pat Burns; we referred to him in no other way. I had a great many business deals with Burns, from the days when we pioneered in and near Minnedosa, in my constituency in Western Canada; deals that amounted to many thousands of dollars; but I never had a dispute of any kind with him, in any manner, shape or form. I remember one transaction in which we sold the Waldron ranch cattle to

him. That deal was made in two minutes, and the agreement was fully and faithfully carried out by Mr. Burns. His word was his bond.

He was truly an old pioneer of the Western country. From the days of the oxen, when we all were struggling out there, Burns fought every inch of the way to the position he finally attained and in the upbuilding of the great business that bore his name.

He left Manitoba and went out to the open ranges of the West, where he pioneered with my friend from High River (Hon. Mr. Riley), and he helped to build up that country. As my honourable friend has said, he will be missed by the poor people. He had a big heart, and everybody knew of the kindness of Pat Burns to the poor of the district in which he lived.

May I also make a brief reference to my other old friend, Senator Hocken, whom I saw laid to rest last Saturday? I was a member of the House of Commons with him, and I know there was no kinder person whom you could meet in the corridor or anywhere else. I felt it sorely when I saw him placed away in the same grave with his wife, in that old-time cemetery in Toronto.

The passing of these two old pioneers struck me so forcibly that I could not refrain from paying my tribute to them. We cannot afford to lose any of our pioneers at the present time, honourable members, because they are needed more now than they ever were, on account of the situation which faces this country. More than ever before we need our pioneers to help us steer this ship of state along a safe course.

#### BANKING AND COMMERCE COMMITTEE

Hon. Mr. DANDURAND: I desire to remind honourable senators that immediately after the House rises there will be a sitting of the Banking and Commerce Committee.

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

### THE SENATE

Thursday, February 25, 1937.

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

Prayers and routine proceedings.

Hon. Mr. MULLINS.

### HOME IMPROVEMENT LOANS GUARANTEE BILL

#### THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 11, an Act to increase employment by encouraging the repair of rural and urban homes.

Hon. L. McMEANS: Honourable members, I have no desire to raise any factional opposition to this Bill, but I want to ask the Government when there is going to be an end to this kind of paternal legislation. A short time ago I was considering what result such legislation had had upon the country. In my own province, Manitoba, there was passed an Act called the Farm Loan Board Act. The result of that has been so appalling that I should be ashamed to mention it in this House. Large numbers of farmers came to the Board and borrowed every dollar they could, and when they had to pay taxes and interest they abandoned their farms because they could go and rent at very much lower cost. Now, what benefit did that Act confer? Another enterprising member of the Government introduced the Rural Credits measure, under which certain sections of the community were to elect members to form a committee for the purpose of advancing money to buy stock. What was the result? The losses were so heavy that I do not feel like mentioning the figures. Then there was another piece of legislation, called the Winkler Cow Act, which had the same result. Not one dollar of benefit ever came to anyone in the province in connection with those measures. These tremendous losses impose a very heavy burden of taxation upon the people. If the present rate of increase in taxation continues, the day will soon come when very few will be able to pay taxes. I understand that in the city of Winnipeg only 30 per cent of the residents are paying taxes.

It will be remembered that the Dominion Government advanced \$80,000,000 to put returned soldiers on the land. I think the right honourable leader on this side of the House (Right Hon. Mr. Meighen) was responsible for that legislation. A year or two later their farms were revalued, and the Government lost some \$40,000,000. These losses can be met only by taxation, and the burden is placed upon the man who gets no benefit and no encouragement under this paternal legislation. I could mention several other cases, but I will not detain honourable members.

I have perused this Bill and I cannot understand how the individual is going to benefit. To my mind it would be far better to pass a measure to discourage our people from borrowing any more money. When the honourable leader of the Government introduced this Bill I asked him if he could give the House any idea of the cost of administration, but I got no answer.

Hon. Mr. DANDURAND: Yes, I gave the honourable gentleman an answer, and I shall repeat it in a moment.

Hon. Mr. McMEANS: Then I must accept the honourable gentleman's answer, but I shall do so with a great deal of doubt, for it will be hard for him to convince me that you can guarantee the immense amount of money that may be loaned under this Bill without incurring further losses and increasing the number of Government officials. I am inclined to think that by next session the honourable gentleman will have changed his mind.

As I said before, I do not desire to offer any factional opposition, but I do suggest the time is coming when we must call a halt to this paternal legislation; otherwise the taxpayers of this country will find it impossible to meet their tax bills. As a matter of fact, to-day nearly one-half of the population are working to maintain the other half; that is, they have to meet the principal burden of administration and other costs.

I think last session I called the attention of honourable members to a Bill introduced in the other House to regulate our old friend the Canadian hen. That Bill was enacted, and under the regulations based thereon she could lay eggs only of a certain size. While the Bill was passing through this House I asked the honourable leader of the Government what it would cost to carry out the system of regulation. It was stated at \$200,000 a year. I suppose it is costing more to-day. The matter was brought home to me by a little incident which occurred in Winnipeg. A woman in the neighbourhood who operated a small chicken farm traded two dozen eggs with a local grocer for some tea. He put the eggs on his counter. In a day or two a Government inspector came along and had him arrested on the charge that the eggs were smaller than the regulation size, and should not be sold. The Government is employing hordes of officials all over the country to enforce regulations passed under paternal legislation, and the burden on the people is becoming well-nigh insupportable. I warn my honourable friend opposite that if much further legislation of this kind is put on the

Statute Book the cost of administration will be more than our taxpayers can bear.

Hon. Mr. DANDURAND: Honourable senators, I need not repeat why this legislation is before the House. We all know that the country is facing the problem of re-employing hundreds of thousands of workmen who are on direct relief at the expense of municipal and provincial authorities. The National Employment Commission has suggested this scheme to encourage the building and renovation of houses, and so stimulate building and other industries, whose activity will in turn lead to further employment. A similar scheme in operation in the United States for the past two years has created a movement which, to a degree, has diminished unemployment. The diminution is partly due to the fact that under the Act people have been able to borrow money to make repairs to their homes in town and country, and partly to an intensive country-wide campaign in which people are urged to put their houses in order and to spend money in such a way as to bring about a revival of the building trade. The plan in the United States is still in the experimental stage. We are only beginning. The Government of Canada is guaranteeing to the extent of 15 per cent the money loaned by the banks. It may lose some money, but inasmuch as it will lessen the number of people on the dole, surely the experiment is worth while.

My honourable friend (Hon. Mr. McMeans) asks what this will cost. The whole scheme is to be carried on by committees of public-spirited men throughout the land who are disposed to do something for the State; so this phase of it will cost nothing. What will be the cost of the administration of the Act by the Department of Finance? The Deputy Minister of Finance, who appeared before the committee, said all he would need would be perhaps two or three more clerks for the two or three years the scheme will be in existence. That is my justification for saying it will cost practically nothing.

Hon. JOHN T. HAIG: Honourable members, the honourable the senior member from Winnipeg (Hon. Mr. McMeans) has raised objection to this Bill on the ground that the Government is going to lend a great deal of money and that much of it will be lost. I wish the first part of his statement were true. I am afraid the Government will lend very little money.

Hon. Mr. DANDURAND: It will lend no money.

Hon. Mr. HAIG: It will guarantee 15 per cent of what the banks lend. But the banks will lend very little money. The scheme has been in operation now for about six months, and what do we find in the city of Winnipeg? We find that anybody who has the right kind of security can go to the bank and borrow money without any guarantee from the Government, but that without such security nobody can get money, Government guarantee or no. What is going to happen is this. Within six months or less there will be an agitation for the Government to lend the money directly. When I, for instance, because I can produce security and show that my property is clear, can go to the bank and get money and my next-door neighbour cannot do so, because his property is not clear and his taxes are in arrears, his wife will say to him, "Why cannot we have our house improved just as well as the Haigs?" The result will be that the Government will be forced into lending money directly. Then look out! Then the senior senator from Winnipeg (Hon. Mr. McMeans) will be right. We in Manitoba to date have had more experience in government lending than any other province, in proportion to our population. We lent \$10,000,000 in farm loans; we lost half of it. We lent \$3,000,000 on rural credits and lost it all. Not only did we lose it all, but we lost a great deal more in trying to collect the original sum. You will have the same experience here. Already in Winnipeg there is a growing agitation by people who want to know why, when the Government is guaranteeing the loans and banks are running no risk, one man should be able to go to a bank and borrow money for home improvement and another man not be able to do the same thing.

I am opposed to this Bill. It is only camouflage and is misleading the people of the country. Unless the Government is prepared to get behind it and lend the money directly—and that will mean giving it—the Bill will do no good at all.

Hon. Mr. DANDURAND: I am glad to hear that there will be very little loss for the Government under this legislation.

Right Hon. Mr. MEIGHEN: The honourable the senior senator from Winnipeg (Hon. Mr. McMeans) referred to the cost of operation of this scheme. I mentioned that subject some little time ago, and I have received a letter telling me of the staff of this commission, and their salaries. The information is really startling. I did not think the letter was likely correct, and I am not going to read it here until I know it is.

Hon. Mr. DANDURAND.

Hon. Mr. DANDURAND: A question was asked in the other House as to the cost of the commission, and the answer appears in Hansard.

Right Hon. Mr. MEIGHEN: Does it give the salary of each official, permanent or temporary? The letter gives information that seemed to be authentic, but I cannot believe it, because I have such confidence in the chairman.

Hon. Mr. DANDURAND: I read the answer, but perhaps I saw it in the papers rather than in Hansard. The name of the chairman was there, and the amount received by him was nil.

Right Hon. Mr. MEIGHEN: I know he is paid nothing.

Hon. Mr. DANDURAND: Other officials were mentioned, and there were amounts representing their travelling expenses. I do not think any salaries were given; but it may be that the list I saw was not complete. My right honourable friend is welcome to put a question on the Order Paper and get an answer.

Right Hon. Mr. MEIGHEN: I can state my question now, and it will appear on Hansard; so there is no need to put it on the Order Paper. What I should like is a list of officials, with the salary of each.

Hon. Mr. DANDURAND: If any.

Right Hon. Mr. MEIGHEN: And a list of the various committees with the remuneration of all their members. This letter I received told about the Youth Committee, which always was a source of amusement to me. A special committee was appointed, as if the problem of finding employment for youth were any different from that of finding employment for others. On that committee there is, I am told, a whole string of persons who are being paid \$10 a day and expenses. And then there is a Women's Committee, a twin source of amusement.

Right Hon. Mr. GRAHAM: That is another youth committee.

Right Hon. Mr. MEIGHEN: Perhaps. But the salaries as stated to me were not youthful; they were rather mature. There is said to be a whole string of persons on that committee too. Then, I am told, there is an adviser on something or other who is paid \$625 a month, and an adviser on something else who is getting around the same amount. A lot of ingenuity was displayed in giving separate titles to these people.

Hon. Mr. DANDURAND: Upon what document does my right honourable friend rely?

Right Hon. Mr. MEIGHEN: I am referring to the letter which I received.

Hon. Mr. DANDURAND: I would rather that my right honourable friend waited until he got authentic information.

Right Hon. Mr. MEIGHEN: As I have said, I would not read the letter because I really could not believe the figures it gave. If the leader of the Government will please secure the list of officers, with their appropriate and ornamental titles and their inappropriate and less ornamental salaries, we shall know what the facts are.

Hon. Mr. DANDURAND: I promise my right honourable friend that I will give him the whole list. If he should think it is not complete, I will busy myself to get the missing information.

Right Hon. Mr. MEIGHEN: I know it will be complete.

Hon. WILLIAM DUFF: Honourable senators, before this Bill is read a third time I should like to say a few words. When I noticed the measure was introduced in another Chamber I wondered as to what attitude I should take on it. In the last year or two so much of a certain new type of legislation was introduced in the Parliament and legislatures of this country that I began to think I was perhaps losing my grasp on social and financial matters, and I wondered whether I was getting to be old-fashioned. Now, I agree with what has been said by the honourable the senior senator from Winnipeg (Hon. Mr. McMeans). It seems to me that our Parliament and legislatures are going out of their way to introduce measures in an attempt to alleviate conditions of the present time. Perhaps I really am getting old-fashioned: it is my opinion that legislation never will bring this country back to where it should be. We have to adopt the old-fashioned method of hard work in order to get back to prosperity.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: And economy as well. Everybody knows that when there is a chance to get government money easily people are apt to be only too ready to take advantage of it. There is nobody in this House or in this country who is more sympathetic to the ordinary individual than I am. I do not want to boast of the way I have had to work in the last forty-five years, but certainly I can

say that nobody would ever dare to call me a "high brow," nor would anyone ever declare that I was born with a silver spoon in my mouth.

Hon. Mr. LAIRD: What about "Admiral"?

Hon. Mr. DUFF: Well, I earned that title by hard work and service to my country.

In the first place, honourable senators, I do not believe this legislation will do very much good. In the second place, I am afraid it is just another bit of that kind of legislation which tends to inculcate in the minds of the people the idea that whenever anyone gets into difficulty—whether it is a case of a man having a fight with his wife in the morning or something more serious—he can turn to the Government and have his affairs straightened out. I say, honourable senators, we must get away from legislation like this, for making loans in connection with farms, home improvement plans and everything else. I should like to see every house in the country beautifully painted, with a new roof, a bathroom, a hot air or hot water furnace—perhaps the hot air kind would be better—and with all modern improvements. But I think you will agree with me that after all is said and done the only way a man can have these improvements made to his home and at the same time hold up his head in pride is by paying for them with money that he earns himself.

Honourable members will recall from their reading of the Bible that a certain Person was taken up to a high pinnacle and shown the whole world, and told He could have it all on certain terms. It seems to me that in legislation of this kind our Parliament and legislatures are pointing out certain things to the people and trying to tempt them. One danger I see is this, that people who cannot afford to do so will go to the banks to borrow money, perhaps \$500 or \$1,000 or \$2,000, and agree to pay six and two-thirds per cent interest on it, and if the banks lend it—

Hon. Mr. HAIG: They will not.

Hon. Mr. DUFF: I doubt that they will; and if they do not this legislation will be useless.

I am afraid the Bill will tempt many people to make expenditures which they cannot afford, and that they will be unable to pay back their borrowings in three or five years as provided by the measure. I say we should not encourage people to go into debt like that. We should not pass a Bill which says to the banks, "If you are willing to take a chance and get endorsers for the notes of these people, the Government of Canada will

come to your rescue in the event that the notes cannot be paid."

I have no hesitation in saying this is not good legislation. Yet in reading the newspapers I find that some of the most intelligent citizens of the country are going around holding meetings and urging that people make improvements to their homes under this Bill. And I notice, especially in my own province, that the men who are on the committees and who are particularly interested in getting the Bill through are hardware merchants or dealers in stoves, bath tubs, furnaces or other things that would be required in larger quantities if the measure became law.

I repeat, honourable senators, that in my opinion this legislation is entirely wrong. Instead of urging citizens of this country to stand on their own feet, to repair their homes on their own responsibilities, and to practise thrift and economy, the measure would in my opinion result in making our people subservient to the State and to banks and other institutions that lend them money. It is a palliative, not a remedy; and once the small amounts borrowed under this Bill are spent, the workmen will be again out of employment. We want legislation which will provide permanent employment, not temporary expedients. I therefore desire to move, in amendment, that this Bill be not now read the third time, but this day six months.

Right Hon. Mr. MEIGHEN: Honourable members, having said at an earlier stage that I was in favour of this measure, I think that now, when it is seriously under attack, I should give reasons why I adhere to my position. Ordinarily I am in complete accord with those sentiments expressed by the last speaker (Hon. Mr. Duff) and by the honourable senators from Winnipeg (Hon. Mr. McMeans and Hon. Mr. Haig). I have not the least doubt in my mind that we have gone very much too far in our efforts to establish government-financed foundations under citizens here, there and everywhere throughout the Dominion. I do not know what Administration started the farm loan system, though I have a suspicion, but I am convinced that system is altogether wrong and should never have been commenced. I cannot predict where it is going to land us. Under the late Government I expressed this view when farm loan bills were before this House. I am afraid that if the farm loan policy is continued it will bring us to a point where we are underwriting the whole system of farm finances in Canada. Such a consummation would be disastrous.

Hon. Mr. DUFF.

Then, you ask, why am I in favour of this measure? Well, extraordinary circumstances justify extraordinary measures, if they are wisely thought out. We have been through a black and most onerous depression, which seemed to stifle the enterprise of our people and resulted in a stagnation of industry everywhere. The effects, largely psychological, became increasingly evident as the depression proceeded in its course. As we all know, our big capital industries used to employ a large proportion of the men who are still idle, and it is these industries that we have to get going again. Employees of what we call industries of immediate production—the production or manufacture of food and so forth—were at the very worst of the depression largely occupied, and as it lifted somewhat there was very little unemployment among that class of labour; but the unemployment in our capital industries, construction and so forth, continued and was very severe.

The United States addressed itself to the problem of "priming the pump" in the construction industry, and effected an improvement. Its Government launched a programme of federal construction, with all the money coming from the federal treasury. We launched our programme in a far more moderate and, in my judgment, far wiser way. So far as the United States Government has proceeded on its course, I feel—if my opinion is worth even listening to—that the country is likely to land in the mire.

The Government of the United States also adopted something of the course which is reflected in this measure. We are placing upon those most competent to judge, and with something to lose, the onus of deciding whether an applicant for a loan is worthy of credit because of his record, his character, his position, and we are saying to them, "Now, if you will help those who, you think, are worthy of credit, we will stand back of your ultimate loss to the extent of 15 per cent." The system under this Bill is likely to result in the choice of such as are worthy of credit, and therefore in little loss to the Administration. If by that little loss we can give a fillip to the construction industry of Canada, it is in my opinion worth while, for I believe it will bring collateral and additional results to warrant the expenditure.

Hon. Mr. DUFF: Does my right honourable friend not think the improvement scheme will be merely temporary? If it were likely to be permanent I should agree with him.

Right Hon. Mr. MEIGHEN: I do not think it should be permanent at all. If the scheme does its work it will do it in the course of two years. It will get the construction industry going. The habit will grow and there will be much more construction than ever, to the great alleviation of industry. I know that is the motive of the Chairman of the National Employment Commission, having heard him address the Canadian Club in Toronto a few weeks ago. I know of no one better able to work out the proposed plan, though I do not see why the Government itself should not have undertaken it. I like the plan. The honourable the junior member from Winnipeg (Hon. Mr. Haig) is quite correct in saying there will not be a great demand on the treasury. That is all to the good. To my mind the scheme does offer a sane hope that it will start going the wheels of our construction industry, and, if it does, we are going to have a more rapid absorption of that class of labour which otherwise was likely to wait a considerable time for employment.

Hon. JAMES MURDOCK: Honourable senators, I understand we are speaking to the motion for the third reading of this Bill.

Hon. Mr. DANDURAND: No; the amendment.

Hon. Mr. MURDOCK: Has the amendment been seconded, and is it before the House?

Right Hon. Mr. MEIGHEN: It is not seconded yet, but it will be, I think.

The Hon. the SPEAKER: The motion before the Senate is for the third reading of the Bill, as amended.

Hon. Mr. DANDURAND: There is the amendment, that this Bill be not now read the third time, but this day six months.

The Hon. the SPEAKER: I have not yet received the amendment.

Hon. Mr. DANDURAND: But there is a motion to that effect.

Hon. Mr. MURDOCK: It was not seconded that I heard of.

Right Hon. Mr. MEIGHEN: I did not second it.

Hon. Mr. DANDURAND: Then there is no amendment.

Hon. Mr. MURDOCK: That is what I wanted to clear up before I made a few remarks. The motion before the House is for the third reading of this Bill as amended.

I am in full accord with certain of the statements of honourable senators as to the

Parliament of Canada and other parliaments having gone altogether too far in reversing the old adage that the Lord helps those who help themselves. We have in the past gone too far in undertaking to help those who, so far as we can see, have shown no reasonable disposition to help themselves.

I have to the best of my ability analysed this Bill, and I do not regard it as a measure which contemplates the spending of large sums of the people's money for certain construction work to be done in various parts of Canada. As I understand the Bill, the Government undertakes to co-operate with the banks and other financial institutions of Canada which are willing to lend money for the purpose of building construction and re-modelling of houses, and, as one honourable senator put it, repainting and installing new plumbing, and doing various other repairs that may be very necessary in some Canadian homes. This Bill gives the banks an opportunity to lend money to certain reliable persons. I happen to know of one Canadian who—

Hon. Mr. HAIG: Will the honourable senator allow a question?

Hon. Mr. MURDOCK: Yes.

Hon. Mr. HAIG: Could the banks not lend money to reliable persons without this Bill?

Hon. Mr. MURDOCK: Of course they could; but I judge that under conditions which have prevailed in this country for the past few years the banks feel that the Government should say: "Amen. We are with you and we will back you up to the extent of 15 per cent, if that should be necessary." This measure does not contemplate lending money to Tom, Dick and Harry. No person can get money under the provisions of this Bill, as I understand it, unless he can show to a bank or other financial institution that he has a steady job at regular pay, and agrees to set aside out of his earnings a certain amount per week, per month or per year in repayment of his loan.

I was going to say a moment ago that I happen to know of one good Canadian—his name is familiar to every honourable senator within the sound of my voice—who could not get a loan under this Bill. Why? Because, unfortunately, he has no job and cannot say, "Next month or next year I will repay you out of my earnings so much per week, per month or per year."

I cannot understand some of the objections made by my honourable friend the senior member from Winnipeg (Hon. Mr. McMeans). As I see it, the purpose of the Bill is to

encourage financial institutions to help recreate or improve the homes of Canadians in our various towns and cities, and under the circumstances it seems to me the very least we can do is to co-operate to the extent of 15 per cent. If, as some honourable gentleman has said, nothing is going to be done under this Bill, then there is not very much to worry about. Presumably the banks will be just as zealous as usual in looking after their interests, and just as careful to see that they make loans only to those who are likely to repay.

I do not think we can co-operate with the construction and building industry and with the thousands of Canadians whose homes have been allowed to run down during the past few years, unless we pass this measure. Then we shall have an opportunity to see how it works out. It may be that next year some of the prophecies of honourable gentlemen will be borne out, and it will be demonstrated that we have made another mistake; but in that event it will not be as expensive a mistake as some of the others that have been mentioned this afternoon.

Right HON. GEORGE P. GRAHAM: Honourable senators, I think it is essential that we keep in mind what is really the object of this Bill.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. GRAHAM: Its primary purpose is not the repair of houses; it is to give employment at that work. It may be a harsh statement, but to one who lives near the highway, and the members of whose family spend half their time answering the doorbell to applicants for food or work, it would seem that we are assisting in developing a citizenship, not of workers; but of loafers.

Right Hon. Mr. MEIGHEN: Hear, hear.

Right Hon. Mr. GRAHAM: I took occasion recently to find out during a week at my own home how many persons of those who called asked for employment. Only one out of sixteen applicants made such a request, and he did so at night, when he knew he was not likely to be given anything to do. The sad part of the trouble is that young men who get on relief, through their families, seem to be arriving at the opinion that the world owes them a living and they can get it without working. That is not developing their manhood.

If this Bill assists in giving employment to men who are willing to take it, it will to that extent stop the avalanche of boys and men towards the idle life. It is heart-rending to have two or three boys come to the door,

Hon. Mr. MURDOCK.

who, their parents being out of work, have undertaken to get a living through absolute every day begging. Municipalities pass bylaws declaring it illegal for beggars to go from door to door. Such bylaws may act as a deterrent once in a while, but the trek continues from house to house. In Brockville my house is not neglected, and when I come to the city of Ottawa I find it has been discovered that this is not a bad place to land in when one is looking for some help.

The object of this Bill is to get men to go back to work, to return to a life of real citizenship instead of depending on their neighbours. I would rather give \$100 to help a man get a job than give \$10 to keep him in idleness. It is better for the country that he should be at work. I do not think we are going too far with this measure. While it may cost something, it will give the men who provide the materials a chance to get back to their jobs, and it may be that some of them will earn sufficient money to enable them to secure loans under this legislation for the improvement of their homes. I am strongly in favour of anything that will, in a reasonable way, encourage men to go back to work.

Hon. THOMAS CANTLEY: Honourable senators, I suggest that this Bill is in the interests of the automobile builders and the garage operators. Money that should have been put into houses and spent on repairing buildings has been squandered in automobiles that are being driven all over the country. I am quite convinced that if it were not for that fact this Bill would never have seen the light of day.

Hon. ANTOINE J. LEGER: May I call attention to section 10 of the Bill? It says:

Any person making a statement in an application for a home improvement loan which is false—

You will notice that the word used is "false," not "fraudulent." Under this section a man who might be acting in the best of faith could, and in all probability would, be found guilty. As the section reads, there is no chance for a scienter or a mens rea. If the statement is false, he is guilty. I would suggest that the section be made to read:

—which is known by him to be false.

In that way the provision would be in accordance with nearly all, if not all, of our legislation dealing with punitive measures.

Hon. Mr. DANDURAND: I should not be disposed to accept such an amendment. The clause as it stands is very clear.

Any person making a statement in an application for a home improvement loan which is false in any material respect—

and so on, shall be liable. When he makes his declaration or statement he knows what he is talking about.

Hon. Mr. CALDER: He ought to, anyway.

Hon. Mr. DANDURAND: He knows what he is obligating himself to, and I would hold him responsible for his statement, from which he will obtain profit. He may be called before the courts if he makes a false statement "in any material respect," or "uses the proceeds of a home improvement loan otherwise than in payment for repairs, alterations or additions to the rural or urban home of which he is the owner specified in his application." I do not see that we need to add to that. We are satisfied that he should know the statement he makes to be true.

Hon. JAMES MURDOCK: Surely we are to understand that he could not get a loan at all unless he said it was for the purpose of improving his home in some way. Surely that is what is meant. If later he utilizes that money for something else—for garage or automobile expenses, as suggested by the honourable senator from New Glasgow (Hon. Mr. Cantley)—his statement is untrue. That, it seems to me, is why the word "false" is used. He could not get the loan unless it was for some home improvement; and if he uses the money for some other purpose his statement is false.

Hon. Mr. LEGER: We have not seen the application that will be used in connection with such loans, but I have no doubt that one of the inquiries among the many will be, "Are you the owner of the land in question?" During my practice as a lawyer I have known a man to build a house on a lot which did not belong to him. In fact, it was only after many years that he discovered he had built on a lot which belonged to somebody else. In such a case as that a man could be found guilty under this section. I cite this extreme example to show that many other cases could arise in which a man acting in good faith might be held guilty under the Act. A man may believe that all the statements he makes are true, yet it may be discovered afterwards that some of them, through no fault of his own, are quite incorrect. In such a case he would be guilty. That is why I object to the section. I do not intend to debate the point at all. I simply raise the question and leave it to the Senate to decide.

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

The Hon. the SPEAKER: Is it your pleasure, honourable members, that the Bill now pass?

Right Hon. Mr. MEIGHEN: May I take occasion to refer again to the personnel of the commission and its staff? The honourable senator from Westmorland (Hon. Mr. Black) has drawn my attention to Hansard of the other House, page 344, where some questions are asked and answered. But they do not cover the ground. The questions are as follows:

1. What is the personnel of the National Employment Commission?
2. What salaries were paid during 1936?
3. What is the rate for each member per annum?
4. What has been the total amount spent on, for or by this body?

Honourable members will see that the first three questions do not ask for data as to any salaries except those of the members of the commission. With respect to those the information is given. The fourth question asks for the total. This, I may say incidentally, is \$94,562.55 to the end of the year. I should like to have the salaries of the staff, the personnel under the commission. Of the members of the commission, Mr. Purvis and Mr. McLean apparently have drawn nothing; Mr. Alfred Marois has drawn a not very large sum, and Mr. Tom Moore quite a substantial one. The names of Mrs. Sutherland, Mr. McIntosh and Mr. E. J. Young also appear, but the data given in the other House do not at all answer the question I put to the leader of the Government.

Hon. Mr. DANDURAND: I will secure the necessary information.

The Bill was passed.

## GOVERNMENT HARBOURS AND PIERS BILL

### REPORT OF COMMITTEE

Right Hon. Mr. GRAHAM, Chairman of the Standing Committee on Railways, Telegraphs and Harbours, presented the report of that committee on Bill 9, an Act to amend the Government Harbours and Piers Act, and moved concurrence therein.

The motion was agreed to.

### THIRD READING POSTPONED

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

Right Hon. Mr. MEIGHEN: Honourable members, because of the views which I know to be held by the honourable senator from Alma (Hon. Mr. Ballantyne), I think I should not agree to the immediate third reading of this Bill. I do not believe the Bill to be

an important one from the standpoint of the Government, and would ask that it stand until next week.

Hon. Mr. DANDURAND: Tuesday next. The third reading was postponed.

#### FREE FOREIGN TRADE ZONES BILL SITTINGS OF COMMITTEE

Hon. Mr. BLACK: Before the Orders of the Day are called I should like to make a brief announcement. At the last meeting of the Committee on Banking and Commerce it was decided to meet again at 10.30 on Tuesday morning to consider the Free Foreign Trade Zones Bill. Since then, however, representations have been made by those who desire to give evidence, stating that they cannot be here on that date. So the committee will not resume its labours on this Bill until 10.15 on Wednesday morning. I may say further that it will not be worth the while of witnesses from outside to be present at that time, as the committee has already undertaken to consider various other bills at 10.30. The committee will meet, therefore, on the Free Foreign Trade Zones Bill at 10.15 on Wednesday, when it will probably postpone further consideration.

Hon. Mr. MURDOCK: No meeting Tuesday morning?

Hon. Mr. BLACK: No meeting Tuesday morning.

#### CORN IMPORTATIONS INTO CANADA ORDER FOR RETURN

Hon. Mr. DUFF moved:

That a return do issue showing:

1. From what countries is corn imported into Canada?
2. What quantity of corn was imported into Canada during the calendar year 1936?
3. At what Canadian ports was this commodity entered during said year, and what quantity was entered at each port?
4. What are the rates of the Customs tariff of Canada for duty purposes upon corn imported into Canada by manufacturers of corn meal and other corn products?
5. What are the rates of customs tariff of Canada for duty purposes upon corn imported into Canada by farmers and others feeding live stock, poultry, etc.?
6. What quantity of corn was imported into Canada during the calendar year 1936 by manufacturers, farmers and others?
7. Was the duty upon corn remitted in whole or in part during the calendar year 1936?
8. If so, upon what authority was such remittance of duty made?
9. What was the date of such remittance?
10. Was the duty reimposed and upon what date?
11. What quantity of corn was imported during the period of remittance and how much at each port of entry?

Right Hon. Mr. MEIGHEN.

12. What quantity of the corn imported during the period of remittance was manufactured into corn meal during said period?

13. What quantity of corn was imported during said period by farmers and other feeders of live stock, poultry, etc.?

14. Did the price of corn and corn meal to the consumer remain constant or fluctuate during the period of remittance of duty as compared with price before remittance and after reimposition of duty?

15. What quantity of corn imported during the period of remittance of duty is still held by importers, manufacturers or others, at this date?

16. Is the duty upon corn dealt with by the so-called "Ottawa Agreements"?

17. If so, what was the clause—or clauses—of said agreements?

18. Has the Government received any complaints, or information, that corn imported during the period of remittance of duty was being held, or hoarded, in order to exact an enhanced price from the consumer?

The motion was agreed to.

#### DIVORCE BILLS FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill V, an Act for the relief of Clara Emily Taylor Elkin.

Bill W, an Act for the relief of Yetta Ginsburg.

Bill X, an Act for the relief of Marguerite Emily Coombe Low.

Bill Y, an Act for the relief of Mary May Rowell Thom.

Bill Z, an Act for the relief of Eva Josephine Millicent Good Ross.

The Senate adjourned until Tuesday, March 2, at 8 p.m.

#### THE SENATE

Tuesday, March 2, 1937.

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

Prayers and routine proceedings.

#### FREIGHT TARIFF RATES INQUIRY

Hon. Mr. SUTHERLAND inquired of the Government:

1. How many special, and how many competitive, freight tariff rates have been allowed or approved by the Board of Railway Commissioners for Canada during each of the years ending December 31, 1935 and 1936?

2. What was the extent in dollars of the reduction from the standard rate set by the Board termed special and also termed competitive?

3. What is the approximate railway mileage at present being operated under each classification of freight rate tariffs, namely, standard, special, and competitive?

4. What constitutes competitive points, as interpreted by the Board?

Hon. Mr. DANDURAND: The honourable gentleman's inquiry was submitted to the Board of Railway Commissioners by the Department of Transport, and I have here a copy of the reply sent by the Board. I think the honourable senator did not realize the amount of work that would be entailed in answering his inquiry, and it may be that the reply is somewhat different from what he expected. Addressed to George W. Yates, Esq., Assistant Deputy Minister and Secretary, Department of Transport, it begins by quoting the inquiry in full, and then goes on:

I am directed to advise you that it is impossible for the Board's Traffic Department, with its present staff, to answer this inquiry. Upon carefully considering the inquiry, as worded, it is estimated that it would take the full time of the entire staff of the Traffic Department for at least six months to take out the information asked for.

The answer to question 1 would, probably, involve an examination of several million different rates filed during 1935 and 1936. If the information were taken out, it would be immediately out of date, because many rates are being changed every working day of the year. Special, or competitive, tariffs filed with the Board contain anywhere from a few to many hundreds of rates and, during the month of January, 1937, two railways alone filed one hundred and sixty such tariffs with the Board.

In question 1, reference is made to special and competitive tariffs "allowed or approved" by the Board. Special and competitive freight tariffs do not require formal approval or allowance by the Board. See sections 328 to 331 of the Railway Act.

So far as relates to question 2, if this covers the traffic actually carried by the railways during the years 1935 and 1936, the information is not available in the Board's records. The bulk of the freight traffic of Canada, approximately 95 per cent of it, does not pay, and never has paid, the rates shown in standard freight tariffs.

With respect to question 4, competitive points are points as to which two or more transportation lines compete for the movement of traffic.

Yours truly,

P. F. Baillargeon,  
Secretary, B.R.C.

I would suggest to my honourable friend that he confer with the Secretary of the De-

partment, Mr. Yates, to see whether some of the information he seeks cannot be easily obtained in another form.

## NATIONAL EMPLOYMENT COMMISSION

### ANSWER TO INQUIRY

Hon. Mr. DANDURAND: I should like to answer an inquiry—it does not appear on the Order Paper—from my right honourable friend (Right Hon. Mr. Meighen) on the—

Right Hon. Mr. MEIGHEN: The Home Improvement Loans Guarantee Bill?

Hon. Mr. DANDURAND: Yes. The inquiry is as follows:

1. What is the personnel of the National Employment Commission?

2. What salaries were paid during 1936?

3. What is the rate for each member per annum?

4. What has been the total amount spent on, for or by this body?

My right honourable friend will tell me whether these questions cover his inquiry.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: The answers are as follows:

1. Answered by attached statement "A."

2. See statement "A."

3. See statement "A."

I produce statement "A," but as it is a lengthy document I will not read it. It will appear in Hansard.

Right Hon. Mr. MEIGHEN: I am sorry it is lengthy.

Hon. Mr. DANDURAND: The statement is lengthy, but perhaps my right honourable friend will find that it discloses the commission is not as costly as he thought it might be.

As to the fourth question, further information is being secured in order that it may be adequately answered. The information will cover the total amount spent to January 31, 1937, including the cost of national registration of the unemployed on relief.

Hon. Mr. HARDY: Will the honourable gentleman see that the figures are inserted in to-night's proceedings?

Hon. Mr. DANDURAND: They will be.

This is statement "A" referred to:

NATIONAL EMPLOYMENT COMMISSION

REMUNERATION, SALARIES AND EXPENSES OF THE COMMISSIONERS, COMMITTEE MEMBERS AND STAFF OF THE COMMISSION, AS OF THE 31ST OF JANUARY, 1937

The Commissioners were appointed on the 15th day of May, 1936 (P.C. No. 1140)

Commissioners	Remuneration Provided	Remuneration Received	Travelling Expenses	Actual Living Expenses	Total Received
		\$ cts.	\$ cts.	\$ cts.	\$ cts.
Arthur S. Purvis (Chairman), Montreal.....	\$20 00 per diem...	Nil	Nil	Nil	Nil
A. N. McLean, Saint John, N.B.....	\$20 00 per diem...	Nil	552 30	588 77	1,141 07
Alfred Marois, Quebec.....	\$20 00 per diem...	2,109 00	368 60	362 45	2,840 05
*Tom Moore, Ottawa.....	(See note).....		228 95		228 95
Mrs. M. M. Sutherland, Wells, B.C.....	\$20 00 per diem...	3,914 00	714 60	1,633 73	6,262 33
W. A. Mackintosh, Kingston, Ont.....	\$20 00 per diem...	1,539 00	363 70	494 98	2,397 68
E. J. Young, Dummer, Sask....	\$20 00 per diem...	3,439 00	605 60	1,151 35	5,195 95
Total Amount Paid.....		11,001 00	2,833 75	4,231 28	18,066 03

NOTE.—The remuneration paid to the Commissioners is for the actual days engaged on the work of the Commission and is subject to the five per cent deduction.

\*Commissioner Tom Moore is in receipt of a salary of \$9,000 per annum, less the five per cent deduction as a member of the Employment and Social Insurance Commission.

YOUTH EMPLOYMENT COMMITTEE OF THE NATIONAL ADVISORY COMMITTEE

Appointed on the 2nd day of September, 1936 (P.C. No. 2242)

Member	Remuneration Received	Living Allowance Provided	Living Allowance Received	Transportation Expenses	Total Received
			\$ cts.	\$ cts.	\$ cts.
Alan Chambers (Chairman), Victoria, B.C.....	Nil	\$15 00 per diem...	3,225 00	569 70	3,794 70
R. F. Thompson, Toronto, Ont.	Nil	\$15 00 per diem...	1,657 50	453 87	2,111 37
Joseph McCulley, Newmarket, Ont.....	Nil	\$15 00 per diem...	1,417 50	684 95	2,102 45
André Montpetit, Montreal....	Nil	\$15 00 per diem...	585 00	77 35	662 35
W. C. Nickerson, Halifax, N.S.	Nil	\$15 00 per diem...	225 00	55 64	280 64
Total Amount Paid.....			7,110 00	1,841 51	8,951 51

NOTE.—The Living Allowance is only paid for the actual days away from home, whilst engaged on the work of the Committee. Mr. Chambers assumed his duties on the 4th day of July, 1936, and has also been engaged on other work for the Commission. Messrs. Thompson and McCulley assumed their duties on the 11th day of August, 1936; Mr. Montpetit assumed his duties on the 1st day of September, 1936; and Mr. Nickerson assumed his duties on the 21st day of September, 1936.

WOMEN'S EMPLOYMENT COMMITTEE OF THE NATIONAL ADVISORY  
COMMITTEE

Appointed on the 3rd day of November, 1936 (P.C. No. 2718)

Member	Remuneration Received	Living Allowance Provided	Living Allowance Received	Trans- portation Expenses	Total Received
			\$ cts.	\$ cts.	\$ cts.
Mrs. W. Lindal (Chairman), Winnipeg, Man.....	Nil	\$15 00 per diem...	457 50	186 30	643 80
Mrs. L. G. Ferguson, Westville, N.S.....	Nil	\$15 00 per diem...	622 50	146 50	769 00
Miss R. Low, Kitchener, On- tario.....	Nil	\$15 00 per diem...	330 00	48 95	378 95
Madame M. Cormier, Montreal	Nil	\$15 00 per diem...	412 50	58 73	471 23
Mrs. A. J. Currie, Govan, Sask.	Nil	\$15 00 per diem...	490 00	163 50	653 50
			2,312 50	603 98	
Total Amount Paid.....					2,916 48

NOTE.—The Living Allowance is only paid for the actual days away from home whilst engaged on the work of the Committee. This Committee assumed its duties immediately after appointment.

NATIONAL EMPLOYMENT COMMISSION—(Continued)  
CONSULTANTS

Name	Duties	Appointed	Order in Council	Remuneration Provided	Amount Received	Travelling Expenses	Total
				\$ cts.	\$ cts.	\$ cts.	\$ cts.
*D. Shepherd, Toronto	Consultative capacity (Housing)	1st Sept., 1936	No. 2096	625 00 per month	2,468 75	708 65	3,177 40
Miss C. Whitton, Ottawa	Consultant, Co-ordination of Aid	15th Nov., 1936	No. 2716	25 00 per diem	1,547 00	123 42	1,670 42
Total amount paid					4,015 75	832 07	4,847 82

NOTE.—Miss Whitton, whose period of service is limited by Order in Council, is only paid for the actual days engaged on the work of the Commission.  
\* Mr. Shepherd's employment ceased on Feb. 28, 1937.

PERSONNEL OF THE STAFF

Name	Duties	Order in Council	Appointed	Monthly Salary	Total Salary Received	Travelling Expenses	Total Received
				\$ cts.	\$ cts.	\$ cts.	\$ cts.
H. Spencer Relp.	Secretary	No. 1363	4th June, 1936	400 00	3,002 00	104 75	3,106 75
Ray A. Brown	Director of Publicity	No. 2717	14th Oct., 1936	375 00	1,206 65	177 56	1,384 21
V. C. Phelan	Director of Registration	No. 80-2078	20th July, 1936	330 00	2,037 75	137 06	2,174 81
T. W. O'Neill	Secretary to Executive	No. 79-2078	15th July, 1936	200 00	954 29		954 29
J. A. Bethune	Chief Statistical Clerk	No. 1991	1st Aug., 1936	158 33	745 75		745 75
H. P. Gardner	Chief, Central Registry	No. 1713	4th July, 1936	150 00	927 63		927 63
Paul Masse	Clerk, Grade III	No. 2844	1st Sept., 1936	115 00	426 25		426 25
Miss N. Roger	Statistical Clerk	No. 21-17	13th Jan., 1937	115 00	66 96		66 96
E. Landriault	Statistical Clerk	No. 16-17	20th Aug., 1936	90 00	440 97		440 97
A. Hemming	Clerk, Grade II	No. 2843	9th Nov., 1936	90 00	246 00		246 00
O. F. Martin	Clerk Messenger	No. 1713	25th June, 1936	90 00	648 00		648 00
Miss B. Brice	Stenographer, Grade II	No. 1713	30th June, 1936	90 00	633 00		633 00
Miss M. A. Veniot	Stenographer, Grade II	No. 79-2078	22nd July, 1936	90 00	569 00		569 00
Miss A. Gullet	Stenographer, Grade II	No. 28-2420	20th Aug., 1936	90 00	484 84		484 84
Miss F. M. Morris	Stenographer, Grade II	No. 40-2633	3rd Sept., 1936	90 00	444 00		444 00
Miss E. G. McLean	Stenographer, Grade II	No. 14-185	22nd Jan., 1937	90 00	26 13		26 13
Miss H. M. Ross	Typist, Grade II	No. 28-2420	6th Aug., 1936	65 00	379 52		379 52
Miss D. McKinnon	Stenographer, Grade I	No. 16-17	4th Jan., 1937	65 00	58 06		58 06
Miss I. Latremouille	Stenographer, Grade I	No. 16-17	4th Jan., 1937	65 00	58 06		58 06
Total amount paid					13,354 86	419 37	13,774 23

NOTE.—Statutory deductions of five per cent have been made for the first eight employees.

Grand Total for Commissioners, Committee Members and Personnel

\$48,556 07

## GOVERNMENT HARBOURS AND PIERS BILL

### THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 9, an Act to amend the Government Harbours and Piers Act.

He said: My right honourable friend (Right Hon. Mr. Meighen) suggested last Thursday that the motion for third reading be postponed until to-day because the honourable senator from Alma (Hon. Mr. Ballantyne) desired to speak to the Bill.

Right Hon. Mr. MEIGHEN: Yes. He is not here; so I will offer no further objection to the motion.

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

## BRITISH COLUMBIA DIVORCE APPEALS BILL

### SECOND READING

Hon. R. F. GREEN moved the second reading of Bill 15, an Act to provide for Appeal to the Court of Appeal of the Province of British Columbia in Divorce and Matrimonial Causes.

He said: Honourable senators, I am not conversant with the legal considerations involved, and therefore I will ask the seconder of the motion, my honourable friend from Vancouver (Hon. Mr. Farris), to explain the Bill.

Hon. J. W. de B. FARRIS: Honourable senators, this Bill is applicable only to British Columbia. As a practising lawyer, I know something about the need for it. Its purpose is to give jurisdiction in divorce cases to the Court of Appeal in British Columbia. We have there a Supreme Court which is the trial court. Ever since Confederation the Supreme Court has had jurisdiction to hear and determine divorce actions; but the only appeal from the decision of the trial judge is to the Privy Council. The result, as honourable senators can well understand, is that there are practically no appeals.

The Bill does not in any way purport to give added jurisdiction to the trial court. Its enactment will, I believe, tend to diminish rather than to increase divorces. Speaking not authoritatively, but only from observation, I should think that in considerably over 90 per cent of the divorce cases heard in British Columbia decrees are granted. It is true that many are ex parte cases, but, notwithstanding, one can readily see that, almost of necessity, the majority of appeals will be from judgments in which divorces have been granted.

I need not point out to honourable members how extremely important it is that justice should be administered with the same care in divorce as in any other form of action; in fact I know of none in which justice is more essential. And the basis of appeal is reconsideration to ensure that justice shall be done.

I have some figures which I obtained yesterday and which, to me, are rather startling. In 1935 there were 384 divorces granted in British Columbia; in Ontario, 463. On the basis of 100,000 of population, 54 divorces were granted in British Columbia, 28 in Saskatchewan, which was the next highest, and 14 in Ontario.

I would point out that a few years ago Parliament passed a law granting to the Ontario courts jurisdiction in divorce. Under that legislation there is the right of appeal from the trial judge. British Columbia is the only province exercising jurisdiction in divorce in which there is no such appeal. A striking comment on this lack of appeal is that the percentage of divorces in the province is very much higher than in any of the other provinces in which the courts have jurisdiction in divorce and matrimonial causes.

I may add, honourable senators, that in another place the Hon. Minister of Justice, having examined this Bill, expressed the opinion that its enactment would tend to diminish rather than to increase divorce in the province.

I may state further that the Benchers of the Law Society of British Columbia have unanimously recommended to Parliament that this proposed legislation be passed. I trust honourable senators will see their way clear to give to British Columbia the same right of appeal in divorce and matrimonial causes as is enjoyed by the other provinces which exercise jurisdiction in such cases.

Hon. Mr. CASGRAIN: Would it not be ultra vires of this Parliament to pass this measure? Is not jurisdiction vested in the provincial Legislature? In my province the legislature may limit the right of appeal.

Hon. Mr. FARRIS: The consensus of legal opinion is that jurisdiction is vested in the Dominion Parliament. But I discussed the matter with the Attorney-General of British Columbia, and he told me that, for greater assurance and so there may be no complications afterwards, if this Bill is enacted he will introduce a similar bill in the Legislature.

Hon. Mr. McMEANS: Is not the law of divorce in British Columbia based on the old English law of 1858?

Right Hon. Mr. MEIGHEN: Of 1857.

Hon. Mr. FARRIS: Parliament has amended the law, enlarging the grounds on which women may obtain divorce.

Hon. Mr. McMEANS: Since British Columbia came into Confederation it has had no right to enact divorce legislation. Its jurisdiction in divorce is based on the Imperial statute of 1858.

Hon. Mr. FARRIS: Yes.

Hon. Mr. McMEANS: I do not quite understand why the province needs this measure.

Hon. Mr. FARRIS: The Appellate Court of British Columbia and the Supreme Court of Canada have decided that in divorce cases there is no appeal to the provincial Court of Appeal.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I am in favour of the measure; in fact I cannot help wondering that some such measure has not been introduced before. I hope I shall not be taken as presuming to understand the law better than the honourable senator from Vancouver (Hon. Mr. Farris), for I am confident he knows it better than I do; but I shall try to give my appreciation of it, and I hope that if I am not correct he will add to my statement along still sounder lines.

I shall deal mainly with the suggestion that there is to be concurrent legislation passed in British Columbia. If I have the historical picture at all right in my mind, there is not the faintest reason for such legislation. In England, until 1857, as I understand the position, there was release from marriage a mensa et toro—from bed and board, as we term it here; but there was no release from the bond of marriage itself a vinculo matrimonii, enabling the releasee to marry again. In 1857 the Imperial Parliament passed the Divorce and Matrimonial Causes Act, under which a divorce, giving entire release, with the right to marry again, could be obtained throughout the entire jurisdiction to which that Act applied. Among the courts having jurisdiction in divorce and matrimonial causes was the Supreme Court of the then colony of British Columbia.

Under Confederation divorce is a matter of federal jurisdiction. We are exercising this jurisdiction all the time. The solemnization of marriage is under provincial jurisdiction, but marriage itself and divorce are subject to the federal authority. It is also a term of the British North America Act that the law of England applies in matters where there is federal jurisdiction, except as it may be modified by such jurisdiction. Inasmuch as the Parliament of Canada has not enacted legislation modifying the law of divorce, at

Hon. Mr. FARRIS.

all events to the extent of cancelling it, the jurisdiction residing in these provincial courts prior to Confederation still subsists; therefore it still subsists in the Supreme Court of British Columbia.

Now, I ask honourable senators to keep in mind that jurisdiction in marriage and divorce is federal. Prior to Confederation British Columbia had no court of appeal, but with the development of the province an appellate court was established with power to hear appeals in all cases. An appeal in a divorce case was taken before that court. The appellate judges held that as the power to hear appeals came from the provincial Legislature, it could not be taken to include appeals from judgments in divorce cases, because the provincial Legislature had no power to vest the court with such jurisdiction, and therefore that the only appeal was to the Privy Council, where it had subsisted right up to the hour of Confederation. It certainly is a most unhappy state of affairs that that should be the only appeal, because it really amounts to an appeal solely for the rich.

The very point which was decided by the Appeal Court of British Columbia went also, if my reading is correct, to the Supreme Court of Canada, and that court upheld the Court of Appeal of British Columbia, the effect of the decision being that the Court of Appeal of British Columbia had not jurisdiction in relation to divorce, for the reason given. Well, if it has not—and to my mind it manifestly never had, and could not have—what is the idea of concurrent legislation in British Columbia? Certainly no provincial legislature has jurisdiction in divorce and marriage. For the purposes of this measure, however, it is manifest that if British Columbia is to have the right of appeal in divorce actions, which it ought to have, it cannot have it until this Bill passes. I am entirely in support of the measure.

Hon. Mr. McMEANS: It has the Act of 1858, but has not the benefit of any amendments made to the English law since then.

Right Hon. Mr. MEIGHEN: No; up to 1867.

Hon. Mr. McMEANS: We have conferred on Ontario, as I understand it, jurisdiction under the English law as it stood in 1867 or at a later date; but in British Columbia the people are still living in the Dark Ages.

Hon. Mr. HAIG: Why is this legislation necessary for British Columbia if it is not necessary also for Manitoba, Saskatchewan and Alberta?

Right Hon. Mr. MEIGHEN: Was there a Court of Appeal in Manitoba at the time of Confederation?

Hon. Mr. HAIG: No. Manitoba became a province in 1870, and in Walker v. Walker it was held by the Privy Council that we had the law of England as it existed in 1870.

Right Hon. Mr. MEIGHEN: When was the Appeal Court of Manitoba established?

Hon. Mr. HAIG: About 1905.

Right Hon. Mr. MEIGHEN: It was called the Supreme Court then, but there was an appellate division.

Hon. Mr. HAIG: Not prior to 1870. At the time Manitoba became a province there was nothing but a Supreme Court.

Right Hon. Mr. MEIGHEN: I will not contradict my honourable friend, but I think there was.

Hon. Mr. CALDER: There must have been, I judge, in the old Northwest Territories. We had one court for a period of years, but there was an appeal.

Hon. Mr. HAIG: I was going to ask my honourable friend (Hon. Mr. Farris) if in British Columbia they did not have an appeal to a court en banque, as we had in Manitoba. I think I am right in saying that we had exactly the same law in Manitoba as they had in British Columbia.

Hon. Mr. CALDER: What difference would it make, as long as the law provided for an appeal, even if some of the judges sat on the original case? There was an Appeal Court just the same.

Hon. Mr. HAIG: There was no provision for appeal in divorce in Manitoba, because until about 1908, as I understand it, we had no right to grant divorce.

Right Hon. Mr. MEIGHEN: That is true; but there was a right of appeal to a court constituted by legislation, though it may have been a part of the Supreme Court. If that was the case before 1870, the powers the courts then had would subsist up to the present time.

Hon. Mr. HAIG: In British Columbia was there not an appeal before 1870 or 1871, to a part of the Supreme Court?

Hon. Mr. FARRIS: That, it seems to me, is rather immaterial. In the case of Claman v. Claman, LXVIII Supreme Court Reports, page 4, it was decided that the Court of Appeal of British Columbia had no jurisdiction; so

if the position is the same in Manitoba, I would suggest to my honourable friend that the decision of the court in Manitoba is wrong, because the decision I have cited is that of the Supreme Court of Canada.

Hon. Mr. HAIG: If this law should apply to the Prairie Provinces there is no reason why we should pass it in relation to British Columbia only, and deal later with measures for Manitoba, Saskatchewan and Alberta.

Right Hon. Mr. MEIGHEN: May I read from the statement of the sponsor of the Bill in another place?

In the three Prairie Provinces Privy Council decisions have established that the English divorce law of July 15, 1870, is in force, and decisions of the provincial appeal courts within the last few years have established their own right to hear appeals.

These are the remarks of the sponsor of the Bill, not my own. He says it is established that the right did rest in the Court of Appeal at the time of the law of July 15, 1870.

Hon. Mr. HAIG: The question of the right to grant divorce went to the Privy Council in Walker and Walker, but I doubt if there has ever been an appeal from our court on the right to hear divorce appeals. However, I do not object to the Bill.

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

### THIRD READING

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

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

## PLAN OF ORGANIZATION OF THE SENATE

### REPORT OF COMMITTEE

Hon. Mr. SHARPE moved concurrence in the second report of the Standing Committee on Internal Economy and Contingent Accounts.

Hon. Mr. GRIESBACH: Honourable senators, I am in receipt of a communication from the honourable senator from Bedford (Hon. Mr. Pope), in which he points out that he is particularly interested in the reports of this committee. He says:

Unfortunately the doctor forbids me to leave my hotel for the time being. Will you be good enough to request the Senate to stand these reports over and place them on the Order Paper for Wednesday of next week or some day thereafter?

I therefore move that this order be discharged and be placed on the Order Paper for Wednesday of next week.

Hon. Mr. SHARPE: Honourable members, these reports have been on the Order Paper since last Wednesday, and every honourable member has had an opportunity to go into them. I think they should be proceeded with at the present time.

Some Hon. SENATORS: Motion!

Hon. Mr. GRIESBACH: There is an amendment.

Some Hon. SENATORS: There is no seconder.

Hon. Mr. LACASSE: I second the amendment of the honourable senator from Edmonton (Hon. Mr. Griesbach).

The proposed amendment was negatived, on division, and the motion for concurrence in the report was agreed to.

## DIVORCE BILLS

### SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were read the second time:

Bill V, an Act for the relief of Clara Emily Taylor Elkin.

Bill W, an Act for the relief of Yetta Ginsburg.

Bill X, an Act for the relief of Marguerite Emily Coombe Low.

Bill Y, an Act for the relief of Mary May Rowell Thom.

Bill Z, an Act for the relief of Eva Josephine Millicent Good Ross.

## PRAIRIE FARM REHABILITATION BILL

### FIRST READING

A message was received from the House of Commons with Bill 18, an Act to amend The Prairie Farm Rehabilitation Act.

The Bill was read the first time.

Hon. Mr. DANDURAND: I feel disposed to suggest that this Bill be put down to be read a second time to-morrow, but it will be quite agreeable, if my right honourable friend so desires, to have second reading deferred to a later date.

Right Hon. Mr. MEIGHEN: So far as I am concerned, I certainly am prepared to have the second reading considered to-morrow, for I cannot see anything in the Bill to warrant further delay. It has the same characteristic as another Bill: it seeks the multiplica-

Hon. Mr. GRIESBACH:

tion of committees in place of one. The world will be just the same after this measure passes as before.

Hon. Mr. DANDURAND: Well, we may discuss that feature to-morrow.

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

## THE SENATE

Wednesday, March 3, 1937.

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

Prayers and routine proceedings.

## FREE FOREIGN TRADE ZONES BILL REPORT OF COMMITTEE

Hon. Mr. BLACK, Chairman of the Standing Committee on Banking and Commerce, presented the report of that committee on Bill A, an Act to enable the establishment, operation and maintenance of free foreign trade zones, and moved concurrence therein.

The motion was agreed to.

### THIRD READING

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

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

## PRIVATE BILL

### REPORT OF COMMITTEE

Hon. Mr. BLACK, Chairman of the Standing Committee on Banking and Commerce, presented the report of that committee on Bill U, an Act to incorporate Sons of Scotland Benevolent Association, and moved concurrence therein.

He said: Honourable senators, for the information of those who were not at the committee meeting I may say that the amendments do not change the general purport of the Bill.

The motion was agreed to.

## NAVAL AFFAIRS

### CORRECTION OF ANSWER TO INQUIRY

Hon. Mr. DANDURAND: Honourable senators, on Wednesday, the 24th of February, I gave a series of answers to an inquiry by the honourable gentleman from Alma (Hon. Mr. Ballantyne). I have now received from the Department of National Defence a cor-

rection of the answer that was given to the 8th question in that inquiry. That question read:

If the Aurora was sold or scrapped, to whom, and what price was paid?

The following answer should be substituted for the answer previously given:

The Aurora was sold at the request of the Government of the United Kingdom. Tenders for the sale were invited through the press by the Government salvage officer, and six firms offered quotations. The highest bid (\$40,400) was received from A. A. Laroque, Sorel, P.Q., to whom the ship was sold to be broken up. The proceeds of the sale were handed over to the Government of the United Kingdom.

#### DISCUSSION

Hon. C. C. BALLANTYNE rose in accordance with the following notice:

That he will call the attention of the Senate to the training of naval cadets and the closing of the Naval College and also to the sale of the training ship Aurora.

He said: Honourable senators, in rising to speak with regard to certain naval matters I desire to make it quite plain at once that I am not opposed to the increase for the defence of Canada, to the extent of some \$14,000,000, that was voted recently and passed in another place. I consider that was a step in the right direction.

I desire also to thank the honourable leader of the Government (Hon. Mr. Dandurand) for the prompt replies he was good enough to give me to my inquiry. I have noted the correction he has just presented to the House in regard to the sale of the Aurora. Later on in my remarks I shall make more detailed reference to the sale of that ship.

One of my reasons, honourable senators, for bringing before this Chamber the question of naval defence, in its broadest sense, is that it seemed to me this was not given the important consideration it ought to have received during the recent debates on national defence in another place. The total expenditure of \$34,089,888 for the defence of Canada is to be distributed as follows: Militia defence, \$17,850,428; Naval defence, the comparatively small amount of \$4,486,810; Air defence, \$11,752,650.

Another reason for my speaking on this question to-day is the experience that my right honourable leader (Right Hon. Mr. Meighen) and myself had as members of the Union Government during the last year of the War, 1918. Later on I shall refer also to that experience more in detail. I cannot agree altogether with the opinions expressed by

those occupying public positions in this country. Great stress was laid upon the fact that this vote was intended solely to meet possible internal trouble and for home defence. Again and again the Right Hon. Prime Minister and the Hon. Minister of National Defence were asked if Canada was in any way committed in regard to defence outside her own borders. They promptly replied, "Not to the extent of one dollar." I for one do not anticipate any internal trouble, but I am impressed by the rapid change that has occurred in the political atmosphere this session as compared with the preceding year. Last session brotherly love, peace and goodwill prevailed to such an extent that clause 98 of the Criminal Code was repealed. That clause had been incorporated in the Code, and very properly so, to control Communistic activities which were considered to be contrary to peace, order and good government. To-day those who are stressing the possibility of internal trouble are surrounded by Communists as were the gallant 600 by Russians, for apparently they see Communists in front of them, Communists behind them, Communists to their left and Communists to their right. "Therefore," they say, "we are justified in voting for this increase in our defence estimates. We are fearful of internal troubles, and our first duty is to protect our homes, our families, and our institutions."

Hon. Mr. CASGRAIN: Look at the recent trouble in the city of Quebec.

Hon. Mr. BALLANTYNE: All I can say to my dear friend is that if any internal troubles occur in this country our provincial and city police and our militia forces are perfectly capable of preserving order. We do not need to mechanize the militia, nor do we need a fleet of bombing planes to take care of any domestic trouble that might arise. Those who express such concern for the preservation of domestic order have overlooked the vulnerable points—our sea coasts and sea routes.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. BALLANTYNE: I have no objection whatsoever to the mechanization of our militia, and I am wholly in favour of increasing our Air Force; but I say the Government has erred in not paying the attention that it should to the Canadian Navy, and not providing ships of a type capable of really protecting our coasts and our sea-borne commerce against enemy attacks.

Before I bring to the attention of this honourable Chamber the unfortunate and disheartening record of our Naval Service over a period of twenty-five years, I desire to refer to the stand of the Imperial Government and

Admiralty. They have always regarded the creation of overseas dominion naval units as perfectly useless and involving unnecessary expense. Only a few days ago the Civil Lord, Sir Samuel Hoare, speaking at Bradford, expressed the opinion that overseas dominion naval units were very inefficient and costly, and that the ends of economy and the safety of the Empire would be better served by one Imperial navy.

The self-governing dominions, including Canada, held a contrary view. In 1910, when the Laurier Government was in power, legislation was passed and placed upon the Statute Book creating the Canadian Naval Service. The Government opened a naval college—very wisely indeed, I think—and also purchased from the Imperial authorities two fairly large cruisers, the Niobe and the Rainbow, which had been in existence for some time. The Niobe was placed in commission on the Atlantic coast, at Halifax, and the Rainbow on the Pacific coast, at Vancouver. These two ships performed a necessary service on the two oceans while they were in commission. Around 1916 and 1917, when the submarine menace became very dangerous, the British Government decided to arm merchant vessels, and we received instructions to dismantle the Niobe and the Rainbow, as their guns were required to be placed on merchant ships. Accordingly, the Niobe and the Rainbow were dismantled and became merely depot ships, one stationed at Halifax and the other at Esquimalt.

Now we come to the end of the year 1911, when the Laurier Government was defeated and the Borden Government came into power. In 1912, Sir Robert Borden, the then Prime Minister, attended the Imperial Conference. After he had been informed of the serious possibility of war in the very near future he returned to Canada and, as members of this Chamber very well know, brought before Parliament an emergency Bill to present to the British Government three dreadnoughts, at a cost of \$35,000,000. The right honourable senator from Eganville (Right Hon. Mr. Graham) and the right honourable senator to my right (Right Hon. Mr. Meighen) will recall that after a stormy debate that continued both night and day for a fortnight the Bill finally passed the House of Commons. It was later defeated by the Senate. I am very proud of the work of the Senate, but perhaps honourable members will permit me to say that at that time, in my opinion, it made a mistake. However, that settled the three dreadnoughts.

After that came the Great War, and we did not have a single cruiser or destroyer.

Hon. Mr. BALLANTYNE.

Thanks to the wonderful Intelligence Service of the Admiralty keeping our Government here constantly advised, we knew that German submarines were shortly to come across the Atlantic. Honourable senators will pardon me for referring again to a matter about which I spoke once before, but it fits very well into this debate and I think I should refer to it again. A cablegram came from the Admiralty reading:

Equip at once with kite balloons, seaplanes and flying men, stations at Dartmouth and North Sydney.

As we did not have any seaplanes or kite balloons or the necessary personnel, at the request of the Government I sent a cable to the Admiralty asking them to provide these things and stating that we would provide the ground works. Promptly a reply came back stating that they could do nothing. By this time or shortly afterwards the German submarines arrived. They sank a 7,000-ton ship just outside the entrance to Halifax harbour—fortunately with no loss of life; they fired on our fishing boats, and they disturbed our people and our shipping in every way possible. After consultation with the Prime Minister and my colleagues in the Government I was instructed to send the Deputy Minister of Naval Affairs to Washington in order to place the situation before the authorities there, the United States then being one of our allies, and they sent one of their cruisers to protect our coast, and 200 splendid flying men, as well as seaplanes and kite balloons. We provided the ground works. I cite this merely to show the defenceless position Canada was in with respect to attack from the sea.

Now, should England ever become involved in another war—as we all hope she will not—and find herself unable to come to our aid, as she was unable to do in 1918, all I can say is that I shall be very sorry indeed for Canada if she is attacked from the sea. True, we have four destroyers, but they are somewhat old. The longest range gun they have is 4-7. We have some mine-sweepers also, but we have no submarines, and a modern battleship could stand off seven miles and blow our four destroyers to pieces in from five to ten minutes. A battle cruiser or a light cruiser could do the same thing from a shorter range. I think it is quite plain that if the Mother Country should become involved in another world war we shall be in a very precarious position; therefore I feel justified in bringing this matter before the Chamber.

It has always appeared to me that not enough attention has been paid to our naval affairs. As I have already said, the Laurier Government notified the British Government

in 1910 that Canada would protect her own sea coasts. I remember very well reading in the press at that time about a ceremony which took place at Esquimalt, and at which the Deputy Minister, Mr. Desbarats, was present. The white ensign was lowered for the first time since Canada became a British possession, the merchant marine flag, with the Dominion coat of arms emblazoned thereon, was raised, and Canada said to the Mother Country, "It is our job now to defend our own coasts."

In 1926, when the Statute of Westminster was passed, Canada went still further. I for one, perhaps because of my ignorance, have never been tremendously impressed with that statute, but I notice it contains the statement that

—all the overseas Dominions hereafter undertake to protect their coast-lines and their sea routes.

That is a pretty big contract for Canada to undertake with four destroyers. With the four destroyers we have we are utterly unable to protect either our coast-lines or our sea routes; therefore the situation merely comes down to this, that in the future, as in the past, England **must** protect this part of the Empire.

This brings me to the visit of Lord Jellicoe in 1919, when he spent six weeks here. He was a very charming and able man. If honourable senators will allow me to digress for a moment, I would suggest that for \$7.50 they cannot purchase greater value than is to be found in the biography of Lord Jellicoe by Admiral Bacon. It contains the details of the Battle of Jutland, as well as charts and maps prepared by the late Admiral himself. It certainly convinced me, as I am sure it would convince honourable members, that Lord Jellicoe was the greatest admiral the Empire has ever had, and that the Grand Fleet was handled with great skill during the Battle of Jutland. By reading the story of that battle one will learn that it was not a victory for the Germans at all; quite the contrary. In the morning the Grand Fleet was ready for action, but there was no German fleet in sight; therefore the result could have been nothing but a British victory.

Now let me return to what I was saying. In 1919 Lord Jellicoe made certain recommendations to the Canadian Government. He proposed, as a minimum, that Canada should have three cruisers, a flotilla of destroyers and a flotilla of submarines. Flotillas vary in size, but I presume that what he had in mind was that we should have, in addition to the three cruisers, four destroyers and four submarines. If we had

that establishment, and our Naval College were opened again so that Canadians could secure proper naval training, we should be able to protect our sea routes to a certain extent, because a cruiser could convoy ships, and our destroyers would be able to accompany them a certain distance, weather permitting. They would also be useful in driving away enemy submarines. But apparently the Government has not seen fit to adopt these recommendations. Therefore I am alarmed at our present inadequate naval defence, and disappointed that those who are qualified to speak on the defence of Canada have lately made no reference to naval defence.

In 1921 my right honourable friend (Right Hon. Mr. Meighen) and I were on board a ship that was not just as seaworthy as we thought it was, and, probably owing to the fact that Captain Duff was leading the Opposition fleet, we went down to defeat and the King Government came into power. One of the first things it did was to close the Naval College, tie up the Aurora at Halifax, and dismiss her officers, all of whom were Canadian born with the exception of six senior officers whom it had been necessary to get from England. That cruiser was launched in 1915, and if bought to-day would cost \$5,000,000. She had four-inch and six-inch guns, as well as anti-aircraft guns, and carried torpedoes. Her personnel, including all ratings, totalled something like 318. The British Government gave Canada as a gift not only the Aurora, but also two very good destroyers, the Patriot and the Patricia. Honourable senators have heard me say—and I am proud to say it again—that on my two visits to England attending Imperial Conferences, every time I discussed naval questions with the Sea Lords and the Civil Lord they were most generous in their praise of our Canadian naval officers; they said that for efficiency and alertness they would not want anything better.

Therefore it is to be very deeply regretted that our Naval College is closed. Lads enter a naval college usually around twelve years of age. After they have completed the course of training there and passed their examinations, which are highly technical and very difficult, they are attached to warships as midshipmen, and from time to time they are promoted. Two of the questions I asked in my inquiry were:

How many Canadian cadets had Canada in the Imperial Navy for training in the years 1919 and 1920?

How many Canadian cadets were recalled from the Imperial Navy in 1920 and 1921 for service in the Canadian Navy?

A clever person in the Naval Branch replied to each of these questions, "None." I thought the reply was ambiguous; so I telephoned the department and drew attention to the question. I was informed that the explanation of that reply was that, technically speaking, there are no "cadets," and that I should have used the term "ranking officers." The department readily admitted that the reply was wrong, and it was good enough to send me the information I asked for.

The answer that was given to another one of my questions causes me considerable concern. Question No. 6 in the list that I placed on the Order Paper read:

How many Canadians now in the Imperial naval colleges, for training?

The answer given was this:

In training colleges, including training ship Frobisher, 33.

I telephoned the department and asked, "Are you referring to the Naval College at Dartmouth?" "Oh, no." "Do you mean any of the real naval colleges in England which we so well know?" "No." "Well, what have you in mind when you refer to training colleges?" "Oh, colleges where we have 33 Canadians." As far as I can understand, and from what little I know of the kind of institutions referred to, they are splendid colleges which give young lads a good general education along with a certain amount of naval training. But, as the honourable senator from De Lanaudière (Hon. Mr. Casgrain) knows even better than I do, in training naval officers you need more than a good ordinary education. Cadets are required to pursue a complicated course in technical subjects, including astronomy, navigation, languages, and many other difficult matters. Cadets who are trained in naval colleges and then are sent on to continue their training in the Navy become officers with a technical background second to none. But I doubt very much the value of sending Canadians to these so-called "training colleges," which in the reply are not even called naval colleges.

Therefore I would urge my honourable friend the leader of the Government (Hon. Mr. Dandurand) to say to his colleagues of the Council when he sits down with them again, "Inasmuch as it is our intention to continue the Naval Service, it is imperative that the Naval College should be reopened." I trust that he will also impress upon his colleagues this point of view: if unfortunately we are ever attacked it will not likely be from the air, for the only nation that could attack us in that way would be our friends to the south, and they will not do it.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. BALLANTYNE.

Hon. Mr. BALLANTYNE: I do not think we have very much to fear from bombing planes that would have to travel a long distance. Therefore it boils down to this, that if any European nations have their eye upon Canada, our rich country, and send ships of war to attack us, we shall have to depend upon the Imperial Navy or else strengthen our own Canadian Navy as I have outlined.

Very shortly there is going to be an Imperial Conference. Probably my honourable friend opposite (Hon. Mr. Dandurand) will be attending it; certainly the Prime Minister, the Minister of Defence and other Ministers will be there. The question of defence will be on the agenda and is bound to come up. Canada, being the senior Dominion in the Empire, is always called upon to speak first. I can imagine the Prime Minister saying, in effect: "Under the Statute of Westminster we are supposed to defend our coast-lines and our sea routes, but we are unable to do so. Now, I want to know, and the Government of Canada wants to know, whether the Imperial Navy will protect us in the event that we are ever in real danger. In 1918 the Imperial Navy was not able to do so. But we are proud to note the tremendous appropriation that has been made by Great Britain for defence, amounting to \$7,500,000,000 for the strengthening of the navy, the army and the air force. We, as members of the Empire, would sleep easier in our beds at night if we knew the Imperial Government was committed to protect us against any aggressor who might come along." We have heard a lot about commitments, honourable senators. These commitments, though, are not on the part of Canada; they are on the part of the Imperial Government. And I am urging now that our Government ask the Imperial Government to commit itself and assure Canada, as part of the Empire, that we shall be protected in case a world war breaks out.

Now, honourable senators, I wanted to refer to what I consider an astounding statement, which was made a short time ago in England by the Chancellor of the Exchequer, Right Hon. Neville Chamberlain. In the course of his budget speech he said that Great Britain alone would bear the burden of \$7,500,000,000 for defence, added to its already heavy taxation, and that not only had he not asked the Dominions to contribute anything, but he had no intention of asking them. Those were generous and noble words. The response of our country and of our Government should be, that if ever the Empire and Canada are in serious danger we will do our utmost not only to protect Canada, but also to render help to Great Britain, which has always protected us

in the past, and, we hope, will continue to protect us in the future.

We are living in a very troubled world. In a certain old land civil strife has been going on for nigh a year; beautiful cities have been destroyed, churches and convents ruined and even priests killed. In another land, which is under the heel of a dictator, citizens cannot express their opinions freely, the press is curbed and the practice of religion is restrained. If a citizen of that country has accumulated a small fortune and is caught in an attempt to send it to some other land, his head will be cut off. In another nation every man is to have thirty-seven years of his life conscripted for military service. From this terrible situation Britain alone stands out solid and firm, as she always has done. Her huge expenditure of \$7,500,000,000 is not for war. She dislikes war. She is assuming that additional burden for peace, for maintaining the liberty of her hundreds of millions of subjects, including Canadians. Surely that is something we should admire and praise. I sincerely trust that so far as my children are concerned, and their children and their children's children, they will always remain under the British flag.

Some hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: Honourable senators, I move the adjournment of the debate.

Hon. J. P. B. CASGRAIN: Would the honourable gentleman have any objection to my going on now?

Hon. Mr. DUFF: No; go on.

Hon. Mr. CASGRAIN: Honourable senators, I have listened carefully to my honourable friend across the way (Hon. Mr. Ballantyne). I noticed that one of the first things he referred to was the removal of section 98. Well, if I remember rightly, the right honourable gentleman who sits by his side (Right Hon. Mr. Meighen) said that what was substituted in the Code for section 98 was even stronger than that section 98 itself. And I must say I agree absolutely with that.

There is no doubt that, as the honourable gentleman stated, we have Bolshevism to the left of us, to the right of us, in front and even behind.

Hon. Mr. BALLANTYNE: No, I did not say that.

Hon. Mr. CASGRAIN: My honourable friend said something like that.

Hon. Mr. BALLANTYNE: I said that others had said so.

Hon. Mr. CASGRAIN: Well, I say so. We have it, and it is awful. Even children notice certain things. What do we see in the city of Quebec? I am not talking about provincial politics. The present Government of that province is supported by 76 out of 90 members of the Legislature, but there has been a lot of trouble and the papers say that 10,000 people wanted to pull down that Government. My daughter said, "Well, father, if that does not smell like Moscow, I don't know what does." That crowd of 10,000 persons could not have collected haphazard; it was the result of organized effort. These Bolsheviks are all over the place. I have spoken about their activities before, and I suppose some day I shall get a dagger in my back.

Right Hon. Mr. MEIGHEN: It will be in front.

Hon. Mr. CASGRAIN: But there is no use being afraid; if the attack is to come it will come. The state of the country is simply terrible. The honourable senator from Alma (Hon. Mr. Ballantyne) stated that the provincial police would be able to look after any internal trouble. Well, I ask him, what could that body have done against that crowd of 10,000 persons in the city of Quebec last Sunday afternoon? Many of the men in that crowd carried blackjacks. My daughter also said to me: "Well, you know, father, they have selected Duplessis. Why don't they keep him?"

Hon. Mr. COTE: They will.

Hon. Mr. CASGRAIN: "They returned him to power only a few months ago; now they want to get rid of him. It shows nobody can please them." The first thing we know they will be like France, changing their governments as we change our shirts. There is no sense in such political instability, and we do not want it in this country.

I listened very attentively to my honourable friend from Alma, expecting him to tell us something about the Aurora; but he disappointed me. He did tell us, however, that we should have a Canadian navy to defend our sea routes. Surely he realizes that our sea routes extend over the seven seas. Undoubtedly it would take a much larger navy than we can hope to maintain in order to protect our merchant marine. It would be ridiculous to compare any naval service that we may establish with the British Navy. Many times I have spoken of the British Navy. In one speech I even went back to twenty-seven years ago, when Sir Wilfrid Laurier brought down his Naval Bill. I felt very proud when reading my remarks recently to find that I could make such a good speech.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: I must have spent a good deal of industry on its preparation. At the time, I remember, the editor of *Le Devoir* said, "He must have spent nights and nights before an atlas to find all the coaling stations that he mentioned." In the course of that speech I also gave lists of the names of the French Canadians and of the moneys they contributed to prosecute the war. I asked my good friends from Ontario to produce their lists. They had none to produce. It was we in Quebec who were defending the Empire. I then repeated a saying of Sir Etienne Pascal Taché (whose bust may be seen in the Parliamentary Library) that the last gun fired in defence of the British Empire would be fired by a French Canadian. I think it will be. But as to providing a navy sufficiently strong to defend our commerce on the seven seas, that is not practicable, and we do not want it.

My honourable friend from Montarville (Hon. Mr. Beaubien) will remember a statement by Sir Robert Horne at a meeting some years ago of the Interparliamentary Union in Washington. An Irish delegate—I have forgotten his name—proposed that if England were at any time to engage in war the Dominions should not necessarily be at war also. Sir Robert answered: "That would be a very convenient thing; of course, it would mean less territory to defend. But what about the belligerent? He would not be prevented from attacking any Dominion simply because that Dominion happened to say that it was not at war. If the enemy decided to do so, he could try to take possession of that Dominion's territory, whether the people living there considered themselves to be at war or not." Some honourable gentlemen may not know how at one time during the Great War it was touch and go, and if our good friends to the south had not landed some 10,000 men every day on the shores of France, I do not know whether the Germans would have lost heart. But they knew very well—I see the honourable senator from Edmonton (Hon. Mr. Griesbach) opposite; I think he will support my statement—they knew very well that the United States could send over millions of soldiers. Then the Germans asked for an armistice. It is a pity they did; but Marshal Foch and his people felt there had been enough slaughter, and, I suppose, it would have cost about three-quarters of a million lives to reach Berlin; so he granted the enemy's request. We know what has happened since to the Treaty of Versailles, which our representatives signed. I can see yet in my mind's eye the signatures of the honourable gentlemen who

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signed for Canada. Germany has broken that treaty time and again. What have we done about it? I do not know that we have ever done anything. Still, we were a party to that treaty, and we should respect our signatures.

We have heard something about the German fleet. When considering its effectiveness as an offensive weapon we should bear in mind that Germany has not a single acre on God's earth where she can establish a coaling station, and I hope she never will have. If the British Empire gave Germany a few acres, at once the Germans would build a coaling station on the scale of the station they had at Tientsin. There the Germans built a model city to impress the Chinese with their great power and wealth. Japan, thank God, took possession of and still retains that station. Owing to this lack of coaling stations Germany is not a sea power. The cruising radius of her navy is limited by the fuel capacity of the ships. In other words, the German fleet must always reserve sufficient coal in their bunkers to enable them to get back to Germany. So we are safe from any attack by the German fleet.

Honourable members are aware that Germany is asking for the return of the colonies which she held before the War. I hope she will never succeed. Several of Germany's colonial possessions were taken over by Great Britain. Well, Imperialist as I am, yet I would go back on Great Britain if she returned any of those colonies to the Reich. We know the British motto: What we have we hold. We all remember the well-known picture of the Union Jack and a great bulldog with a vicious look, standing with his forelegs eleven or twelve inches apart, as much as to say, "Come and take it if you can." I repeat, I hope Great Britain will never surrender any of the former German colonies.

England has been, and still is, the leading world power because of her great navy, which ensures her supremacy of the seas. In her effort to bring about disarmament she delayed, for years and years, the construction and replacement of ships in the navy. But the English-speaking people are very clever in financial matters, and in consequence of this delay, covering nearly twenty years, the saving in interest alone on the expenditure that would have been made in that time will now supply the money to build the ships that are needed to-day. Now England has begun a rearmament programme on a vast scale, and her statesmen can say to Mr. Hitler: "Come on! We are ready to spend \$7,500,000,000, and double that amount if necessary." But no such sum will be spent, simply because Germany cannot call the bluff. Germany has not even sufficient butter and

other fatty substances and cannot feed her people. How are they going to fight? The great Napoleon always said that an army fought on its stomach.

Now let me say a word about Singapore. It is the greatest naval station the world has ever seen. It is on an island of about fifteen miles in length by ten miles in width. The channel between the island and the mainland is approximately a mile and a quarter wide. On that island everything that human ingenuity can devise has been utilized to create a fortress of immense strength. It has been compared with the Maginot Line of France. A floating dock has been constructed capable of taking a ship of over 40,000 tons, and there is also a graving dock to accommodate the biggest ships afloat or that may be built for many years to come. Formerly when a British ship on the China station needed repairs it had to go from the Pacific ocean up to Malta. As honourable senators are aware, Malta is a small island in the Mediterranean. Just now that is not a very safe place, for in the Mediterranean there are islands, channels and straits through which the sea route to India passes. During the trouble in Ethiopia there was a great concentration of British naval strength in the Mediterranean, and some persons were disappointed when the fleet was recalled. But the British Admiralty was perfectly right in the course it took. The Sea Lords knew that Italy had a number of small torpedo boats, each carrying a crew of only two men. The Italian Government had called for sixty-six volunteers to man those boats: one hundred and twenty responded to the call. Each couple of men were in what was virtually a huge torpedo, capable of a speed of sixty miles an hour. The Italians were prepared, if necessary, to use these small, speedy, deadly craft to ram the British warships. Honourable senators can imagine what might have happened. Undoubtedly many of Great Britain's capital ships would have been destroyed or disabled.

During the Great War we had a convincing instance of the destructiveness of the modern submarine. A submarine left Germany and eventually reached the Spanish coast. It will be remembered that at that time Spain was friendly to the Germans. An oil tanker was stationed conveniently off shore and the submarine replenished its tanks with gasoline. But that kind of gasoline turned out to be unsuited for the submarine's engines. Her captain then set his course for the eastern part of the Adriatic, travelling on the surface in the night-time in order to get the fullest mileage from his original fuel supply, and under water during the day. As honour-

able senators are probably aware, it takes more power to drive a submarine when submerged. In the Adriatic he got a supply of proper gasoline and took his boat to Gallipoli. What happened there? Three of the biggest and best ships of the British Navy were sunk. The crew of the ship attacked could not detect the position of the submarine from the direction from which the torpedo came, because the submarine after discharging the torpedo dove under the battleship—her commander was taking a tremendous risk—and remained concealed on the other side. Then in a day or two he repeated his manoeuvre. One of those three British warships torpedoed was the *Majestic*; I have forgotten the names of the other two. Fortunately no lives were lost, as the battleships were struck not far from shore and before they sank there was time to man the boats.

Perhaps I am straying a little from the subject-matter under discussion, but when I begin to talk of this great Empire I find so many things of interest to discuss that it is hard for me to restrain myself. The British Empire did not amount to very much before I came into it.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: I was born in 1856. What population did the British Isles have then? What population had Australia, New Zealand, and South Africa in those days? As to India, there England had only the right to trade; the British Government did not take official possession until the Indian Mutiny in 1858. How anybody, especially one of my blood, can be blamed for being an Imperialist, I am at a loss to understand. Only yesterday the St. Jean Baptiste Society chose to send me a letter requesting me to ask the Right Hon. Mackenzie King not to proceed with the estimates for national defence. I replied: "I always thought the St. Jean Baptiste Society was not a political institution. The credits for national defence were voted in another place, thanks to the great ability of the present Hon. Minister of National Defence, and it is too late now to talk about the matter. Furthermore, your society should know that the Senate has no right to amend a money bill. If you are going to persist in this political activity, please erase my name from the membership list of your society."

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CASGRAIN: As I stated earlier in my remarks, I have been waiting to hear about the *Aurora*. Perhaps the honourable gentleman from Alma will deal with that

before I take my seat. I should like him to enlighten the House as to what is the matter with the Aurora.

Hon. Mr. BALLANTYNE: I thought I had made it abundantly clear that the Aurora was only six years old when she was scrapped. I described her armament, and I said it was a catastrophe to take that fine cruiser out of commission.

Hon. Mr. CASGRAIN: Who got the ship?

Hon. Mr. BALLANTYNE: Surely my honourable friend heard me.

Hon. Mr. CASGRAIN: Where is the Aurora now?

Hon. Mr. BALLANTYNE: The remains of the Aurora are somewhere around Sorel. A very shrewd man bought her and the two submarines for \$40,000. When my honourable friend takes into account the copper, brass, armour plate and everything else on the cruiser and the submarines, he can easily estimate the profit to the purchaser.

Hon. Mr. CASGRAIN: My honourable friend did not say that before. I was waiting for it.

Hon. Mr. BALLANTYNE: When out of generosity England made us a gift of such a fine cruiser, why did we not keep her for the purpose for which she was accepted by the Government of that day? Why throw her on the scrap-heap?

Right Hon. ARTHUR MEIGHEN:  
Honourable senators—

The Hon. the SPEAKER: I understand there is a motion to adjourn the debate.

Right Hon. Mr. MEIGHEN: I am not rising to speak on the motion of the honourable member from Alma, for I know there is very heavy work before the Banking and Commerce Committee. If I do speak it will be later on. I desire, however, to make reference to the initial remark of my honourable friend from De Lanaudière (Hon. Mr. Casgrain), which was directed to me. He said I had stated last session that the alleged repeal of section 98 was not in effect a repeal of any stringent legislation, the law actually being stronger afterwards than it had been before. I did say so; and it is true.

Hon. Mr. CASGRAIN: That is all right.

Right Hon. Mr. MEIGHEN: But what I complain of is that this so-called weakening of the legislative arm against Communism was accompanied by an assurance that the Red menace did not exist. The repeal was effected

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under the panoply of contrition and recession, and accompanied by cries of apology and repentance.

Hon. Mr. DANDURAND: Without attempting to answer officially my honourable friend from Alma (Hon. Mr. Ballantyne), may I remind him, in answer to his last remark, that he will find in the report I tabled a moment ago that the Aurora was sold to the highest bidder at the request of the Government of the United Kingdom.

Right Hon. Mr. MEIGHEN: But that would be only after the Canadian Government said it had no further use for the cruiser.

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

## DIVORCE BILLS

### THIRD READINGS

On motion of Hon. Mr. McMeans, the following Bills were severally read the third time, and passed:

Bill V, an Act for the relief of Clara Emily Taylor Elkin.

Bill W, an Act for the relief of Yetta Ginsburg.

Bill X, an Act for the relief of Marguerite Emily Coombe Low.

Bill Y, an Act for the relief of Mary May Rowell Thom.

Bill Z, an Act for the relief of Eva Josephine Millicent Good Ross.

## PRAIRIE FARM REHABILITATION BILL

### MOTION FOR SECOND READING POSTPONED

On the Order:

Second reading of Bill 18, an Act to amend the Prairie Farm Rehabilitation Act.—Hon. Mr. Dandurand.

Hon. Mr. DANDURAND: Honourable senators, as there is considerable work before the Banking and Commerce Committee, and a number of representatives from outside the city are waiting to be heard, I move that this order be discharged and be placed on the Orders of the Day for to-morrow.

The motion was agreed to, and the order was discharged.

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

## THE SENATE

Thursday, March 4, 1937.

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

Prayers and routine proceedings.

### PRIVATE BILLS

#### REPORT OF COMMITTEE

Hon. F. B. BLACK: Honourable senators, the Standing Committee on Banking and Commerce, to whom was referred Bill H, an Act respecting Industrial Loan and Finance Corporation, have examined the said Bill and report the same without amendment.

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

Hon. Mr. BLACK: On Tuesday next. I say on Tuesday next because a number of members of the committee have requested that the third reading be not taken before then.

Hon. Mr. DANDURAND: I take occasion from the remarks of my honourable friend to state that I intend to move that when the Senate adjourns this evening it stand adjourned until Monday evening next at 8 o'clock.

The Hon. the SPEAKER: The third reading at the next sitting of the House?

Hon. Mr. BLACK: That will be all right. Then the third reading will be taken on—

Hon. Mr. DANDURAND: Monday night.

#### REPORT OF COMMITTEE—THIRD READING

Hon. F. B. BLACK: Honourable senators, the Standing Committee on Banking and Commerce, to whom was referred Bill G, an Act to incorporate Sterling Insurance Company of Canada, have examined the said Bill and report the same without amendment.

The Hon. the SPEAKER: When shall this Bill be read a third time? At the next sitting of the House?

Hon. Mr. MORAUD: Or now, if there is no objection.

Hon. Mr. BLACK: I have no objection to the third reading now.

Hon. Mr. MORAUD: Then, with leave of the Senate, I move, seconded by the honourable senator from Ottawa East (Hon. Mr. Coté), that the Bill be read a third time now.

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

#### REPORT OF COMMITTEE—THIRD READING

Hon. F. B. BLACK: Honourable senators, the Standing Committee on Banking and Commerce, to whom was referred Bill F, an Act to incorporate Gore District Mutual Fire Insurance Company, have examined the said Bill and report the same with some amendments. These amendments do not change the nature of the Bill.

The Hon. the SPEAKER: When shall this report be taken into consideration?

Hon. Mr. BLACK: Now, with leave of the Senate. I move concurrence in the report.

The motion was agreed to.

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

Hon. Mr. BLACK: On behalf of the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton), and with leave of the Senate, I move that this Bill be read a third time now.

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

#### REPORT OF COMMITTEE—THIRD READING

Hon. Mr. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill T, an Act to incorporate Toronto General Insurance Company, and moved concurrence therein.

He said: The committee have examined this Bill and now report the same with three amendments, all of which are merely corrections of clerical errors.

The motion was agreed to.

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

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

#### THIRD READINGS

Bill D, an Act to incorporate Federal Fire Insurance Company of Canada.—Hon. Mr. Little.

Bill E, an Act to incorporate Wellington Fire Insurance Company.—Hon. Mr. Little.

Bill U, an Act to Incorporate the Sons of Scotland Benevolent Association, as amended.—Right Hon. Mr. Graham.

#### PRAIRIE FARM REHABILITATION BILL MOTION FOR SECOND READING POSTPONED

On the Order:

Second reading of Bill 18, an Act to amend the Prairie Farm Rehabilitation Act.—Hon. Mr. Dandurand.

Hon. Mr. DANDURAND: Honourable senators, inasmuch as the Banking and Commerce Committee and the Railway Committee have important work to do this afternoon, I move that this order be discharged and be placed on the Orders of the Day for the next sitting of the House.

I may take advantage of this opportunity to notify senators that as soon as the House rises the Committee on Banking and Commerce will sit, but for a few moments only, and that then we shall resume our work in the Committee on Railways, Telegraphs and Harbours.

The motion was agreed to, and the order was discharged.

### DIVORCE BILLS

#### FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill A2, an Act for the relief of Eva Schiller Lightstone.

Bill B2, an Act for the relief of Ruth Jessica Kimpton Shiells.

Bill C2, an Act for the relief of Grace Ellen Doris Newman.

The Senate adjourned until Monday, March 8, at 8 p.m.

## THE SENATE

Monday, March 8, 1937.

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

Prayers and routine proceedings.

### PRIVATE BILL—CENTRAL FINANCE CORPORATION

#### REPORT OF COMMITTEE

Hon. F. B. BLACK: Honourable senators, the Standing Committee on Banking and Commerce, to whom was referred Bill C, an Act respecting Central Finance Corporation and to change its name to "Household Finance Corporation," have considered the said Bill and now beg leave to report the same without amendment.

I think it is only fair to say that the members of the committee were not quite unanimous in recommending the Bill.

The Senate will remember that last year the Banking and Commerce Committee gave a great deal of time and labour in an endeavour to produce a satisfactory model bill which

Hon. Mr. BLACK.

should cover all small loan companies operating under Dominion charter. The resulting bill proposed a drastic reduction of rates to a uniform level, and regulatory measures to prevent extortion. That bill, however, did not become law. It was the hope, I think, of all members of this House that the Government would this year bring in legislation along the lines recommended by the Senate last year; but this has not been done. On Thursday last the committee reported to the House Bill H, an Act respecting Industrial Loan and Finance Corporation, recommending the bill without amendment. That bill indicated a slight reduction in rates by the company from the rates previously charged, and authorized a flat rate of 2 per cent a month, payable monthly as accrued, not in advance.

Bill C, an Act respecting Central Finance Corporation, now before this House, proposes a slight reduction in the rates charged up to date. It allows a charge of 1½ per cent a month on loans secured by endorsed notes, and 2¼ per cent a month on loans secured by chattel mortgage. I may say, for purposes of comparison, that whereas the Industrial Loan and Finance Corporation makes virtually all its loans on endorsed notes, the Central Finance Corporation's loans are practically all made on chattel mortgages and therefore the reduction of the rates it charges on loans made on endorsed notes will not mean much unless its business in that line increases materially.

My own view is that the rates charged by these small loan companies are all too high. It is quite true that such companies fill a need in our country, particularly in industrial towns and cities—a need which is not met by other lending institutions. It is also true that such companies cannot function unless they are able to charge a rate of interest higher than the normal. Yet I think I am voicing the opinion of the committee in stating that they should not be allowed to charge more than 2 per cent a month, this to cover everything, including all costs and charges. This Bill C permits the company to charge up to 2¼ per cent a month. I think that in their minds the members of the committee justified the recommendation of this Bill on the ground that in the legislation amending the Loan Companies Act in 1934 a maximum rate of 2½ per cent a month was fixed. There are only three companies operating under Dominion charter—the two above-named and the Discount and Loan Corporation. To the committee it did not seem reasonable that one company should be allowed to operate on a 2½ per cent rate while another was restricted to a 2 per cent rate.

I desire to express the great need of general legislation covering all small loan companies incorporated under federal charter, and to urge the Government to introduce legislation along that line at the earliest possible date, which certainly should not be later than the next session of Parliament.

Hon. Mr. MURDOCK: Honourable senators, I should like to ask what would be the result if this Bill were not passed. Would it not be to leave this company working under its present Act and thus able to continue charging higher rates than those proposed in this Bill?

Hon. Mr. BLACK: The charter of this company, which is now applying for a change in its name, lapses in the month of March, the present month.

Hon. Mr. LITTLE: The licence lapses; not the charter.

Hon. Mr. BLACK: Whatever it may be. The company's counsel and other representatives before the committee expressed the fear that if the Bill were not passed at this session the company might not be able to operate. It is only fair to say that the Superintendent of Insurance, who represents the department, and, I suppose, in this particular case represents the Minister, seemed to indicate to the committee that there was not much ground for that fear.

Hon. Mr. DUFF: Honourable senators, in view of what the honourable Chairman of the Banking and Commerce Committee (Hon. Mr. Black) has said, and of the importance of this Bill, it seems to me that we should be given an opportunity of studying it carefully. I suggest, therefore, that its further consideration be postponed until a week from to-night.

Hon. Mr. LITTLE: Honourable senators, if the suggestion of the honourable gentleman from Lunenburg (Hon. Mr. Duff) is followed, we shall not be playing fair with the Central Finance Corporation. The charter under which it has been operating for the past eight years authorizes an interest rate of two and one-half per cent. Now, however, the Department of Justice has expressed an opinion which makes it doubtful whether the company has a right to make such a charge, and the company's licence may not be renewed at the end of this month. I know honourable members are anxious to have a general bill brought down, based on a thorough investigation of loan companies' rates with a view to reducing them below the present level. Apparently it has not been possible so far to introduce such legislation this session. I should point out that although the charter authorizes the rate

of two and one-half per cent, the company has not been charging that rate, and under the proposed amendment it will operate on a rate of two and one-quarter per cent. Under these circumstances I do not think it is fair to delay the progress of the Bill. We are given to understand that the other House is hurrying through its business, and if my honourable friend's suggestion is adopted the Bill may not be dealt with by that House before prorogation. I would therefore ask the honourable senator from Lunenburg to withdraw his proposal.

Hon. Mr. DUFF: I do not quite agree with the remarks of my honourable friend from London (Hon. Mr. Little). There is no reason why Parliament should prorogue until it has dealt with the business of the country. We are only in the early weeks of March, and I have suggested that this Bill stand over for a week in order that honourable senators may have an opportunity of studying it more carefully. That suggestion is, I think, reasonable. To my mind the reduction in the rate of interest from two and one-half to two and one-quarter per cent is not sufficient. I think these loan companies are charging far too high interest on loans.

Hon. Mr. CASGRAIN: It is usury.

Hon. Mr. DUFF: My honourable friend beside me says it is usury. He is much more outspoken than I am; I am somewhat more diplomatic, and should not like to go quite so far. If necessary, we should stay here and consider the Bill very carefully, and I certainly think that under the circumstances I am justified in asking that its further consideration be deferred until honourable members have been given sufficient time to study the Bill and are in a position to decide what is in the best interest of our people. Therefore I repeat that we should delay action until, say, a week from to-night.

Hon. Mr. DANDURAND: I would suggest that we adjourn the discussion until Wednesday, when the merits of the Bill may be further discussed in committee. If then more light is needed we can adjourn further consideration to a later date. We may, however, come to an agreement as to what is the fair thing to do for the company, which has been operating for some years. To my very great surprise I have learned that the company has loaned millions of dollars to persons in the province of Ontario at the rate of interest authorized by its charter. Apparently there is need for institutions of this character. We have given second reading to another Bill, which is down for third reading to-morrow, and which limits the rate of interest to 20 per cent.

Hon. Mr. BLACK: Two per cent per month.

Hon. Mr. DANDURAND: That makes the interest 24 per cent a year. Yet the Superintendent of Insurance, who has supervision of the administration of loan company legislation, approved of the amendment contained in the other Bill, which will be before us for third reading to-morrow, and expressed his satisfaction that at last he had succeeded in getting the interest rate down to 2 per cent. This Bill allows interest on endorsed loans at a rate not exceeding 1½ per cent.

Hon. Mr. CASGRAIN: Per month.

Hon. Mr. DANDURAND: —instead of 2 per cent per month. On other loans the rate is not to exceed 2¼ per cent. The Superintendent of Insurance argued that the company could carry on business with a 2 per cent rate, as is authorized by the other Bill. The company stated that with the 2½ per cent rate it had earned only 4·7 per cent on its capital investment. Apparently the figures are correct, and certainly they do not show a very large return to the investors.

The only difference of opinion between the Department of Finance, as represented by the Superintendent of Insurance, and the company is as to the rate of 2¼ per cent on chattel mortgages. This rate includes a certain charge for examination of title, registration of the chattel mortgage and other expenses. The company says it needs the rate to cover these charges. Honourable members will have to decide whether the company has made out a case for this rate of 2¼ per cent, or whether it should be reduced to 2 per cent. It has been stated by the honourable Chairman of the Banking and Commerce Committee that the company has been charging up to 2½ per cent per month, that is to say, 30 per cent per annum, by including the chattel mortgage expenses. The company claims that if we refuse to pass this Bill it will still have the right, under its charter, to charge that 30 per cent rate. But the Department of Justice has advised the Superintendent of Insurance that in its opinion the charter authorizes the company to charge for chattel mortgage expenses, not a lump sum of \$10, but only its actual expenditure under this head. On the strength of this opinion the Superintendent of Insurance says to the company, "You will have to show me that you have spent \$10 in chattel mortgage expenditures." The company replies that it cannot do so, because its employees do the work. I cannot say off-hand whether it is prepared to charge a lesser sum than the \$10. If, however, the company does not comply with the requirement of the Department of Finance, then the department may refuse to

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renew the licence. The matter has been well sifted and is fairly easy to decide. The company says it cannot carry on at 2 per cent. True, it is prepared to accept a rate of 1½ per cent on endorsed notes, but it admits that up to the present time it has made no such loans—that virtually its entire business is confined to loans on chattel mortgages.

Hon. Mr. DUFF: I agree with the honourable leader of the House that 2½ per cent a month is altogether too high a rate of interest. Indeed, he has stated that the Superintendent of Insurance, a very capable officer of the Department of Finance, has expressed the opinion that the rates to be authorized by this Bill, or, for that matter, the rates charged by loan companies generally, are entirely too high. It seems to me, in view of this state of affairs, that we should give this Bill our most serious consideration. I submit to honourable members that it would be well for us to study the Bill very carefully.

My honourable friend from London (Hon. Mr. Little) says Parliament may prorogue within the next few weeks. But that possibility should not weigh with us in dealing with this measure. We are here to protect persons who have to borrow small amounts of money from loan companies, and I believe everyone realizes that loan companies are charging their clients too high rates. I have no personal interest in this Bill. My sole concern is that those who have to borrow from loan companies shall get their loans as cheaply as possible. I gather from my honourable friend's remark that he is not quite clear whether the Bill is right or wrong, and in the circumstances I feel that I am perfectly right in asking that we give it further consideration. We do not have to prorogue within one week or two weeks, or even within two months. For my part, I am willing to stay here until the business of the country is concluded properly. With all due deference to the honourable chairman of the committee and his colleagues, who have given much attention to the Bill, I ask as a matter of courtesy that its further consideration be deferred until a week from to-night.

The Hon. the SPEAKER: Honourable members, I would point out that this discussion is entirely out of order. The Banking and Commerce Committee has reported on this Bill without amendment. Section 41 of Forms of Proceeding of the Senate states:

If the report contains a bill without amendment it stands adopted without any motion, and the senator in charge of the Bill moves that it be read the third time on a future day.

That is when this discussion could take place.

When shall this Bill be read a third time?

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

Hon. Mr. DUFF: Mr. Speaker, I cannot agree with your ruling. Surely this Bill, after being reported by the standing committee, should be referred to Committee of the Whole before it is read a third time. If my suggestion that further consideration of the Bill be postponed for a week is not accepted, then I should like to ask that the Bill be referred to Committee of the Whole.

Hon. Mr. CALDER: Honourable members, I must say that I do not know what the rule is, but it seems to me that those of us who are not members of the Banking and Commerce Committee should have some opportunity of learning something about this Bill. As I understand it, the report of the committee has simply been presented; it has not yet been adopted. If it is the rule of the House that once the report is adopted it cannot go to Committee of the Whole, I am afraid that those of us who are not members of the Banking and Commerce Committee are not going to learn very much about the Bill.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. DANDURAND: I think we can find an easy solution. Like my honourable friend (Hon. Mr. Calder), I have not looked at the rule. This is a private Bill returned to us from the committee without any amendment. According to His Honour the Speaker, the next step is for someone to move the third reading of the Bill—

Hon. Mr. DUFF: Oh, no.

Hon. Mr. DANDURAND: I am giving my interpretation of the ruling of the Chair—but I think it would be in order to move that the Bill be not now read a third time, but be referred to Committee of the Whole.

Hon. Mr. DUFF: No. I think my honourable friend is not quite right in stating the rules of this House. My understanding of the rules of this House and those of the other Chamber is that a bill, when it is reported from a committee, must go to Committee of the Whole for consideration clause by clause.

Some Hon. SENATORS: No, no.

Hon. Mr. DUFF: It does not go to the third reading.

Hon. Mr. CALDER: Our rule is different from that of the House of Commons.

Hon. Mr. DUFF: I would move that this report be not now received, but that it be considered this day one week.

The Hon. the SPEAKER: I would call the attention of the honourable member (Hon. Mr. Duff) to Rule 128, which says:

Unless the Senate otherwise orders, a private bill reported from a standing or special committee is not committed to a Committee of the Whole—

and to Rule 129:

No private bill shall be read a third time the same day on which it is reported from a committee.

When shall this Bill be read a third time?

Right Hon. Mr. GRAHAM: Next sitting.

The Hon. the SPEAKER: It has been moved by Hon. Senator Little, seconded by Hon. Senator Murdock, that this Bill be placed on the Order Paper for third reading at the next sitting of the House. Is it your pleasure to adopt the motion?

Hon. Mr. HAIG: I would move in amendment that this Bill be not now read the third time, but that it be referred to Committee of the Whole.

Hon. Mr. MURDOCK: There is no motion for the third reading.

Hon. Mr. HAIG: There is a motion to place it on the Order Paper for to-morrow. I am not prepared to accept that motion. If there is a motion to put it on the Order Paper I can move in amendment that some other action be taken. If His Honour the Speaker rules that I am out of order in that, I am prepared to move that the Bill be not placed on the Order Paper for to-morrow, but that it be placed on the Order Paper for one week from to-night.

The Hon. the SPEAKER: You have heard the motion, honourable members, and the amendment thereto, that this Bill be not placed on the Order Paper for third reading at the next sitting of the House, but that it be placed on the Order Paper for third reading on Monday next. Is it your pleasure to adopt the amendment?

Hon. Mr. CALDER: Before the amendment is voted on I should like to say a word or two. I am sure that many members of the House are in the same position as myself. I am surprised that any company charges interest at the rate of 2½ per cent a month. I want to know why it is done.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. CALDER: Besides, I want to know how many companies are operating in Canada under such a law. Is this a common practice? Are there many of these companies? Are there many purely provincial

companies doing the same thing? There is a great deal of information that I should like to have in connection with this Bill.

If the amendment is carried we do not get much further along. It seems to me that the better course would be to let the motion pass. Then, if there is a desire on the part of members of this House to examine the Bill and see the reason for it, we can go into Committee of the Whole.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. CALDER: While I am on my feet I may say that there is one other point I should like honourable members to consider. If there were only a few of these companies operating under federal charter—

Hon. Mr. DANDURAND: I understand that there are two before us now and two others operating under federal charter. Is that correct?

Hon. Mr. LITTLE: There are three.

Hon. Mr. BLACK: The memorandum which I read stated that there were three companies operating under Dominion charter. Two of these companies are before this House now with applications to be allowed to amend their charters, and there is a third company operating under Dominion charter which would come under any amendment of the Loan Companies Act of 1934, fixing the rate at not more than 2½ per cent a month.

Although this discussion may be out of order, perhaps I may take this opportunity to give a little more information. There are in the province of Ontario a number of loan companies operating under provincial charters; there are, I think, several such companies in the province of Quebec; there are two or three—last year there were three—in the Maritime Provinces. As all these are operating under provincial charter, there is no way in which the federal branch here can secure information regarding the charges they make. The Superintendent of Insurance, whom I interviewed, and to whom I wrote, in order to get this information, replied: "I have no means of getting at the rates charged by provincial companies, but they are atrocious. I cannot give you definite figures as to their charges, because they do not come under my jurisdiction, but in some instances the rates have amounted to 100 per cent or more." It is because of this fact that the department is encouraging companies, as far as it possibly can, to secure Dominion charters.

I think it was clearly demonstrated before the committee last year that the companies

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operating under Dominion charters are, generally speaking, moderately safe and sound, and that while the rates may appear to be high, the net result to the companies, after the cost of operation has been deducted, is not excessive. I think these companies meet a need in the community which no other lending group in the country is able to meet. People who need money do not want to go to loan sharks who will charge them 10, 15 or 20 per cent a month, as has been done in some of our provinces. They prefer to go to these companies, whose charges are fixed. An inspection of these companies by the Department of Insurance, similar to the inspection of insurance companies, provides a real safeguard.

I think that, as has been suggested by the honourable senator from Lunenburg (Hon. Mr. Duff) and the honourable senator from Saltcoats (Hon. Mr. Calder), this Bill should go to Committee of the Whole. Honourable members will not be able to get nearly as much information in that committee as they would in the Banking and Commerce Committee, for you cannot bring witnesses or interested parties before Committee of the Whole; but I think all the information required can be found in the printed report of the evidence submitted to the Banking and Commerce Committee last year, and in the evidence submitted this year, which, if not printed, is, I think, available in the form of a typewritten stenographic report. I repeat that I do not think we need waste time in trying to get information about loan companies that operate under provincial jurisdiction, for I have it in writing from the department that such information cannot be got, even though in many cases the rates charged are atrocious.

Hon. JAMES MURDOCK: Personally I am just as much opposed as any honourable senator in this House to the outrageous rates that have been charged by some of these loan companies. But that is not the question. A year ago the whole matter of loan companies was before us, and there was considerable discussion of it both in the Senate and in the committee. At that time the hope was expressed that the Government would bring down a standard bill to which all loan companies doing business under federal charter would have to conform so far as charges were concerned. That bill did not materialize, however. The whole question came before us again this year, and on the second reading of this Bill there was ample opportunity to consider fully the principle involved. In my judgment the principle behind the charges made by some of these loan companies is

wrong, but I think I am right in saying that already we have passed certain bills under which it is proposed to do practically what is contemplated by the present Bill. This being so, are we now going to say to the promoters of this Bill, "We will not let you do business any longer,"—for that is what our action would mean after the 31st of March—"but we will leave the poor person who wants to borrow money to the mercy of some loan company operating under provincial charter—a company over which we have no jurisdiction, and which will charge 10, 15 or 20 per cent"? I do not think we wish to play favourites to such an extent as that.

Personally I think the rate of interest charged by all these companies is too high; but I think we have to leave it to the Government to bring down a standard measure which will fix the rate of interest to be charged. That is the only reason why I seconded the motion made to-night, for in principle I am opposed to the way charges have been made in years gone by. But I think it would be a great mistake to do what it seems some of my honourable friends want to do, which is to throw this Bill aside and not put it through at all.

Hon. Mr. DUFF: No; you are all wrong.

Hon. Mr. MURDOCK: It is suggested that we wait a week and then have a discussion in Committee of the Whole. The Banking and Commerce Committee, the same committee which considered other bills of a similar nature this year and last, has thoroughly gone into this one and now reports to us that the company concerned proposes to reduce its rates. That is surely a step in the right direction, one that we wish to have taken, and that is why I am in favour of doing something to put this Bill through. I want to see this company empowered to lend money at lower rates so that persons who need to borrow will not be at the mercy of a provincially incorporated company whose rates are much higher.

Hon. Mr. CALDER: For two or three years there has been talk of general legislation to cover all these companies. Besides this Bill now before us there is another one, which is down on the Order Paper for third reading to-morrow. Is it worth while considering whether or not provision should be made to give the companies concerned power to carry on business for a certain time?

Hon. Mr. DANDURAND: Their licence is for only a year.

Hon. Mr. CALDER: It is from year to year?

Hon. Mr. DANDURAND: Yes.

Hon. Mr. CALDER: In that case there is no difficulty at all. If the Bill goes before Committee of the Whole we shall get to understand it and be able to deal with it.

Hon. Mr. HAIG: Honourable members, I want to ask a question of the honourable leader of the House. How can we accomplish what the honourable senator from Saltcoats (Hon. Mr. Calder) has suggested, the reference of this Bill to Committee of the Whole House? That is what I want to accomplish. I have moved that the motion for third reading be held over for one week, and I hoped by that procedure the House as a whole would be given a chance to consider the Bill. That is my only desire. Can the honourable leader direct me as to the right course to pursue?

Right Hon. Mr. GRAHAM: Will my honourable friend allow me? So far we are in line with the rules, but we are showing signs of getting off the track. There has been a motion that this Bill be placed on the Order Paper for third reading to-morrow. When that motion for third reading is reached it will be permissible for any honourable member to move in amendment that the Bill be not now read a third time, but be referred to Committee of the Whole.

Hon. Mr. CALDER: A motion has no effect unless it is carried.

Right Hon. Mr. GRAHAM: The fact that a motion for third reading is on the Order Paper does not mean it has to be carried. On a motion for third reading we can amend a bill; we can do almost anything we like with it.

Hon. Mr. CASGRAIN: In one recent case we rescinded the third reading of a bill.

Right Hon. Mr. GRAHAM: When the motion for third reading comes up, anyone may move in amendment that the Bill be referred to Committee of the Whole.

Hon. Mr. CALDER: To get it into committee, a majority of members of the House must vote for the amendment, of course.

Right Hon. Mr. GRAHAM: Yes.

Hon. Mr. DANDURAND: In these circumstances I would suggest to my honourable friends that they allow the Bill to be put down for third reading to-morrow. Then an amendment may be made to refer the Bill to Committee of the Whole on another date. If we postpone the motion for third reading for a whole week we shall lose all that time. Of course I realize that to conclude the session by Easter, as a certain Toronto paper has suggested, is absolutely impracticable. We shall be here until the 15th of April, if not the 15th of May.

Hon. Mr. DUFF: Honourable senators, I am quite willing to defer to the opinion of the honourable leader of the House (Hon. Mr. Dandurand) and also to that of the right honourable gentleman from Eganville (Right Hon. Mr. Graham), whose experience, not only in this Chamber, but in another place, has been longer than mine. Nevertheless, honourable senators, I want to express my view that it is most unusual to refer a bill back to Committee of the Whole after the motion for third reading has been made.

Hon. Mr. CALDER: It can be done in this House.

Hon. Mr. DUFF: I simply want to have the proper procedure followed, and in my opinion the proper procedure would be for the chairman of the committee reporting the Bill, or some other member, to move reference to Committee of the Whole House. After consideration in committee the Bill would be put down for third reading. But if the honourable leader of the Government and the right honourable gentleman from Eganville assure me that the Bill can be put down for third reading to-morrow and then referred to Committee of the Whole, I shall be willing to have this done. May I repeat, though, that I think the proper procedure, now that we have heard the report of the committee, and the chairman's remarks, is to have the Bill considered by Committee of the Whole to-night, or to-morrow, or next week.

Some Hon. SENATORS: Question!

Hon. Mr. CASGRAIN: Honourable senators, has the report been adopted by the House?

Hon. Mr. MURDOCK: The report does not have to be adopted.

Hon. Mr. BLONDIN: Honourable senators, this Bill, after having been read the first and the second times, was referred to a standing committee of the Senate. That committee now reports the Bill without amendment. So, under our rules, there is no motion for adoption of the report, for there is nothing to be adopted.

Hon. Mr. CASGRAIN: Did the committee not make a report?

Hon. Mr. CALDER: Yes.

Hon. Mr. BLONDIN: The Bill comes back to us just as we sent it to the committee. So after the report is presented His Honour the Speaker simply asks when the Bill shall be put down for third reading.

Hon. Mr. DANDURAND.

The Hon. the SPEAKER: Honourable members, it was moved by Hon. Senator Little, seconded by Hon. Senator Murdock, that Bill C, intitled an Act respecting Central Finance Corporation and to change its names to "Household Finance Corporation," be placed on the Order Paper for third reading at the next sitting of the House. It is moved in amendment by Hon. Senator Haig—

Hon. Mr. DANDURAND: There is no amendment.

Hon. Mr. HAIG: In view of the statement made by the honourable the leader of the House, I am quite willing to withdraw my amendment. I had understood that once a bill was placed on the Order Paper for third reading it could not be referred back to Committee of the Whole, but we have been assured by the honourable leader of the Government and others this evening that such a procedure is permissible.

Hon. Mr. DANDURAND: At a recent sitting—I do not know whether my honourable friend was present or not—a bill was given the third reading and His Honour the Speaker asked whether the bill should pass. At that stage a discussion arose, and the bill was sent to a standing committee.

Hon. Mr. HAIG: I withdraw my amendment.

Hon. Mr. GILLIS: When a committee's report is presented, is it not customary to outline the principal amendments that are proposed?

Hon. Mr. BALLANTYNE: There are no amendments proposed in this report.

The Hon. the SPEAKER: The amendment is withdrawn. Is it your pleasure, honourable senators, to adopt the motion?

The motion was agreed to.

## PUGET SOUND-FRASER RIVER SOCKEYE TREATY

### INQUIRY—DISCUSSION POSTPONED

On the notice by Hon. Mr. Taylor:

That he will call attention to the Puget Sound-Fraser River sockeye treaty, ratified by Canada in 1930, and will inquire:

1. Whether and at what date this treaty has been ratified by the United States Senate.
2. Whether ratification, if any, is subject to certain reservations.
3. Whether such reservations are to be submitted for consideration by this Parliament.

Hon. Mr. DANDURAND: The answer to the honourable gentleman's inquiry is as follows:

1. On June 16, 1936, the Senate of the United States gave its advice and consent for the ratification by the United States of the convention between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries in the Fraser River system, signed at Washington, May 26, 1930.

2. This resolution of the United States Senate was passed subject to the following understandings to be made a part of such ratification:

"(1) That the International Pacific Salmon Fisheries Commission shall have no power to authorize any type of fishing gear contrary to the laws of the State of Washington or the Dominion of Canada;

"(2) That the Commission shall not promulgate or enforce regulations until the scientific investigations provided for in the convention have been made, covering two cycles of sockeye salmon runs, or eight years; and

"(3) That the Commission shall set up an advisory committee composed of five persons from each country who shall be representatives of the various branches of the industry (purse seine, gill net, troll, sport fishing, and one other), which advisory committee shall be invited to all non-executive meetings of the Commission and shall be given full opportunity to examine and to be heard on all proposed orders, regulations or recommendations."

3. These understandings, which under existing practice and precedents constitute clarifications or interpretations upon administrative aspects, appear to be not inconsistent with the principles and purpose of the convention. Accordingly the question of their submission to Parliament, which confirmed the convention in 1930, does not arise.

Hon. Mr. TAYLOR: Honourable members, I should like to postpone any remarks that I may wish to make upon this subject until I have had an opportunity of reading the answers which have just been given. Therefore I would move that the debate be adjourned until Wednesday next.

Hon. Mr. DANDURAND: The term "debate" is perhaps hardly correct, for there has been no debate so far. The honourable gentleman's inquiry has just been answered, and if he is not prepared to go ahead with any discussion now I would suggest that he simply ask to have his question stand on the Order Paper.

Hon. Mr. TAYLOR: That is quite satisfactory to me, honourable senators. I think, though, that the remark I made was in order.

I gave notice some time ago that I should call attention to the Puget Sound-Fraser River sockeye treaty. I realize that we are in the habit of proceeding the wrong way about; that we discuss questions and receive answers to them afterwards. My desire was to proceed a little more in order by first having my inquiry answered and then discussing the conditions disclosed by the answer. It makes no difference to me how the notice is placed on the Order Paper so long as I have an opportunity of discussing the question when I wish to discuss it.

Hon. Mr. DANDURAND: The procedure has often struck me, too, as not being strictly logical. An honourable member calls attention of the Senate to a certain matter and asks a question. He waits till the discussion is finished before he receives his answer, whereas if he had received his answer first he might have found it unnecessary to have any discussion at all. I quite realize there is much to be said in favour of the procedure suggested by my honourable friend, that the answer should be given first. I have answered my honourable friend's inquiry, and the only point now is in what form the matter may appear on the Order Paper. It is suggested that the question stand.

The Hon. the SPEAKER: Until Wednesday.

## PRAIRIE FARM REHABILITATION BILL

### SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 18, an Act to amend the Prairie Farm Rehabilitation Act.

He said: Honourable senators will recall that in the session of 1935 Parliament enacted a measure to provide for the rehabilitation of drought and soil drifting areas in the provinces of Manitoba, Saskatchewan and Alberta. This Bill seeks to modify four sections of that statute.

Section 3 of the Act of 1935 provided for the setting up of an advisory committee to be composed of representatives of important organizations. Section 1 of this Bill repeals that clause and provides by subsection 1:

The Governor in Council may establish one or more advisory committees to be known as Prairie Farm Rehabilitation Committees, the members of which shall hold office during pleasure.

When the honourable Minister of Agriculture presented the Bill in the other House he stated that he intended to retain that large advisory committee to advise him on matters of general policy. It is composed of:

(a) one representative of the Manitoba grain growing farmers from the drought and soil drifting areas;

(b) one representative of the Saskatchewan grain growing farmers from the drought and soil drifting areas;

(c) one representative of the Alberta grain growing farmers from the drought and soil drifting areas;

(d) one representative of Saskatchewan live stock farmers from the drought areas;

(e) one representative of Alberta range farmers from the drought areas;

(f) one representative of mortgage companies of Canada;

(g) one representative of the Canadian Bankers' Association;

(h) one representative each from the Canadian Pacific Railway Company and the Canadian National Railways;

(i) two representatives from the Dominion Department of Agriculture; and

(j) one representative of the Government in each of the provinces of Manitoba, Saskatchewan and Alberta.

The local advisory committees will be composed of persons familiar with the local areas affected. They will act without remuneration. The Minister thinks that the members of those local committees will be able to help him in solving the very important problems confronting the drought areas.

Section 2 provides:

Section four of the said Act is repealed and the following substituted therefor:

"4. The advisory committees shall consider and advise the Minister as to the best methods to be adopted to secure the rehabilitation of the drought and soil drifting areas in the provinces of Manitoba, Saskatchewan and Alberta, and to develop and promote within these areas systems of farm practice, tree culture, water supply, land utilization and land settlement that will afford greater economic security and to make such representations thereon to the Minister as the advisory committees may deem expedient."

The purpose is to give more scope to the committees in making recommendations.

Section 3 is a consequential amendment.

Section 4 repeals section 8 of the Act and substitutes therefor:

"8. For the purposes of this Act the Governor in Council may from time to time authorize the expenditure in each of the fiscal years 1937-38 to 1939-40, inclusive, of sums not exceeding the amount appropriated by Parliament in each year for such purposes."

Clause 8 of the Act authorized an expenditure of \$750,000 for the first year and \$1,000,000 annually for the next four years. During the first two years that the Act has been in force only \$850,000 has been expended. The Department of Agriculture proceeded slowly at the outset, while the work was in the experimental stage. If this Bill passes the expenditure will be limited to the sums voted annually by Parliament.

Hon. Mr. DANDURAND.

It is needless to say that these advisory committees will benefit by the experience of the neighbouring American states. The committees may recommend tree culture and water supply, land utilization and land settlement. The afflicted section of Western Canada covers some 20 municipalities in Manitoba, 150 in Saskatchewan, and 100 in Alberta.

Having made this explanation, I move the second reading of the Bill.

Hon. Mr. GILLIS: How many advisory committees are likely to be appointed under section 3 as amended? Under the old section the advisory committee was composed of representative men without pay. There may be an unlimited number of advisory committees under the section as amended. I presume those committees will be paid.

Hon. Mr. DANDURAND: No.

Hon. Mr. GILLIS: None of them?

Hon. Mr. DANDURAND: No.

Hon. Mr. MURDOCK: Except the chairman. Under this Bill the chairman is to be appointed by the Minister; under the Act he was appointed by the Governor in Council. In both cases, I think, the chairman is paid.

Hon. Mr. GILLIS: I know the chairman is paid. Under section 3 of the Act no members of the committee were paid, except probably the chairman.

Hon. Mr. DANDURAND: The honourable Minister of Agriculture stated to the other House that the advisory committees were not to be paid.

Hon. Mr. GILLIS: Except the chairman.

Hon. Mr. DANDURAND: I did not notice that exception.

Hon. Mr. BALLANTYNE: Section 1 of the Bill reads:

Section three of The Prairie Farm Rehabilitation Act, chapter twenty-three of the statutes of 1935, is repealed and the following substituted therefor:

"3. (1) The Governor in Council may establish one or more advisory committees to be known as Prairie Farm Rehabilitation Committees, the members of which shall hold office during pleasure.

Subsection 2 is important:

One of the members of each advisory committee shall be appointed chairman thereof by the Minister.

Would the honourable leader kindly tell us how many committees are to be appointed, and whether all the chairmen are to be remunerated?

Hon. Mr. DANDURAND: Section 3 of the Act reads:

The Governor in Council may establish a committee to be known as the Prairie Farm Rehabilitation Advisory Committee, hereinafter called "the Committee," the members of which shall hold office during pleasure.

(2) One of the members of the Committee shall be appointed Chairman by the Governor in Council.

The section as amended reads:

(1) The Governor in Council may establish one or more advisory committees, to be known as Prairie Farm Rehabilitation Committees, the members of which shall hold office during pleasure.

(2) One of the members of each advisory committee shall be appointed chairman thereof by the Minister.

—instead of by the Governor in Council. My honourable friend wants to know how many advisory committees will be appointed?

Hon. Mr. BALLANTYNE: And whether the chairman of each committee will be paid.

Hon. Mr. DANDURAND: I cannot answer the latter question of my honourable friend. All I know is that the present advisory committee is to be retained. I will secure the information and give it to my honourable friend on the motion for third reading of the Bill.

Hon. Mr. GILLIS: All right.

Hon. W. M. ASELTINE: Honourable senators, I do not like the provisions of this Bill. Conservation of the soil is very important to us in Western Canada, where we have had drought in many districts for the past five or six years, and I should not care to see the committee mentioned in section 3 of the Bill done away with.

Hon. Mr. DANDURAND: It will not be done away with.

Hon. Mr. ASELTINE: It seems to me one of the purposes of section 3 is to appoint a new committee in place of the old one. I am afraid if the Act is amended according to this Bill we may have 160 committees in Saskatchewan, or one in each of the rural municipalities which constitute the drought area. With so many committees the Act would be much more expensive to administer.

Another objectionable feature of the Bill is that there are to be no more definite appropriations in any year as under the Act. I am afraid that the Government, not appreciating the seriousness of the drought which has afflicted Western Canada, may not appropriate sufficient funds to carry on the rehabilitation work.

I should like to point out that the United States Government is undertaking a very ex-

tensive program. In the Regina Daily Star of March 1 I find the following dispatch from Washington:

Congressional leaders estimated to-day the United States Administration's program to bring parity and security to agriculture may require upwards of \$1,000,000,000 a year.

The major part would be needed, members of the House of Representatives Agriculture Committee said, for these items:

Soil conservation, \$500,000,000.

Crop insurance, \$100,000,000 to \$150,000,000.

Congress already has voted \$50,000,000 for emergency seed and feed loans and has received bills calling for \$5,000,000 for eradication of grasshopper and insect plagues.

I would impress on the Government the fact that in the Western Provinces we have, as stated by the Hon. Minister of Agriculture the other day, a drought area almost as large as that in the United States. I do not like to see the appropriations cut down; on the contrary, I should prefer to see them very much increased. For that reason, I repeat, I am sorry that section 4 of the Act is so amended that in future there will be no definite appropriation each year.

While on my feet I may mention that soil drifting is disastrous to any agricultural country. Under the section to be substituted we find:

The advisory committee shall consider and advise the Minister as to the best methods to be adopted to secure the rehabilitation of the drought and soil drifting areas in the provinces of Manitoba, Saskatchewan and Alberta.

Perhaps honourable members do not know that if the drifting takes away the top two inches of soil, the loss is equivalent to that resulting from continuous cropping year after year for twenty years. In numerous parts of the West as well as of the United States soil drifting has been going on for many years, and much more than two inches of the top soil has disappeared. In other parts it has piled up over fences and woods to such an extent that country which formerly was level is now of a rolling nature.

Mesopotamia, the birthplace of man, was at one time the most fertile country in the world, but to-day as an agricultural country it is virtually non-existent by reason of soil drifting. The same sort of change has taken place in the Sahara desert and along the Nile, and it is occurring in the Panhandle of the United States, and in parts of Saskatchewan, Alberta and Manitoba.

I should like to point out to honourable members of this Chamber that in the province of Alberta very drastic legislation has been passed to control soil drifting. This legislation is called "an Act to encourage methods of cultivation to control soil drifting." It provides that certain methods of

cultivation shall be adopted by the farmers in that province, and any farmer who does not follow those methods is guilty of an offence under the Act and liable to a fine. Furthermore, he can be sued by his neighbour for injury resulting from failure to follow the approved methods. The object of the Act is to control, if possible, the drifting of soil. Perhaps what I am about to say will be of advantage to the advisory committee when it is set up. If I am not in order in speaking on the question of soil drifting, I should like the honourable leader of the Government to advise me to that effect.

The Act provides that the occupier of any land which is being summer-fallowed shall be deemed to have discharged the duty imposed upon him by the Act if he cultivates in the manner provided for therein. One of the chief causes of soil drifting in the United States and in Western Canada is the habit that farmers have of summer-fallowing great areas, sometimes as much as 1,200 acres, at one time. The wind, which usually comes from the west, whips across this land, and the soil drifts and finally destroys the crop not only on that big piece of land, but also on the neighbouring land. For that reason the Alberta Government passed this Act providing for summer-fallowing and cropping the land in alternate strips not exceeding 20 rods in width and approximately at right angles to the prevailing direction of wind liable to cause soil drifting. The Act outlines other methods, but deals principally with the "stripping" of the land.

I noticed that the Hon. the Minister of Agriculture in his speech a few days ago did not include in the drought area the Rose-town district, in which I reside. I may tell honourable members of this Chamber that we are so near to the drought area that we are becoming very anxious indeed. As a matter of fact, in the years 1930 and 1931 we lost our entire crop by reason of soil drifting. I was one of the sufferers at that time, several thousand acres of land being affected. I did not know what to do, and no one else seemed to know. We appealed to the provincial Department of Agriculture and to the federal department, but they did not seem to know what to do. Soil drifting at that time was more or less a new thing, but we could see quite clearly that if it continued for a few years our top soil would be exhausted. In some cases we lost more than two inches of top soil, but as our land was of a heavy gumbo nature the loss was not as great as it was south of the main line of the Canadian Pacific Railway, where

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the top soil is only three or four inches in depth.

About that time I heard of a method which had been adopted by the Dutch farmers of southern Alberta to prevent soil drifting, and along with several other farmers I made a trip to the Lethbridge, Monarch and Macleod areas for the purpose of investigating this method. It was very interesting indeed. After spending a week in the area we came to the conclusion that soil drifting could be controlled by strip farming. Honourable members may not know how serious this question is in southern Alberta, but they will have some idea of it when I say that even the trees in that section grow with a slant away from the wind, and that if one's hat blows off one does not run after it, but goes and buys a new one. We found that where farmers had not adopted strip farming their farms were ruined, while those of their neighbours who had adopted it were growing good crops.

The method is a simple one, but I may call it to the attention of the Government, for I think it has been largely overlooked. In the Goose Lake country, where I reside, we have adopted the method very largely, and have encouraged its adoption in other areas, where the land is not as heavy as ours, and good results have been obtained. In our area the prevailing winds in the spring are from the west, and it is quite usual, after the crop is in the ground and up about an inch, to have a dry spell until the June rains begin. The wind whips across the summer-fallowed fields and not only destroys the crops, but blows away the soil.

We found that the Dutch farmers were dividing their fields into smaller fields. On a quarter-section of 160 acres there would be along the west side of the field a strip of from 8 to 10 rods wide on which there was no crop; next to that would be another strip 8 or 10 rods which was put in crop; the next strip was summer-fallowed and grew no crop, and so on. The result was that the force of the wind was expended on the portions which were not in crop, and the rest of the field did not drift. When the crop was high enough to cover the ground and prevent soil drift the intervening strips were summer-fallowed, and the next year they were put into crop. This not only prevented the blowing away, but it also conserved the moisture, and the strips which were sown each spring were much better than they otherwise would have been.

I do not want to take up very much time. I just want to draw the attention of the Government to the fact that strip farming in parts of the West has been a real success; much more of a success than the planting of

trees, the damming of water and other methods adopted to stop the drifting of the soil.

I suppose that under this Bill much money will be spent in tree planting. It is useless to plant trees or grow hedges in your fields until you have stopped the drifting of the soil; and the only way to do that is by strip farming and the proper cultivation of your strips. If you work the land up too fine with a disc harrow it will blow even if you have the strips; in fact, after months of dry weather, I have seen soil blow inside a high board fence. Before the Government spends large sums of money on planting trees or hedges it should stop the drifting of the soil, by some such method as I have advocated; then the expenditure on the planting and growing of trees and hedges and the building of dams will not be a total loss.

I wish to repeat that I do not like this Bill. I do not think the advisory committee established under section 3 of the Act of 1935 should be done away with, and I think the Bill should mention a definite sum that will be spent each year. But even if the Bill is passed in its present form I am sure the Minister of Agriculture will have in mind the fact that a great deal of money is going to be required in order to reclaim certain portions of Western Canada. I think he is convinced that those portions are worth saving. For ten years in succession the Western Provinces produced a billion dollars a year of new wealth and were largely responsible for the prosperity of Canada, particularly that of Eastern Canada. Therefore I would ask the Government to make sure that a sufficient sum is appropriated each year to save the great Western country.

Hon. Mr. DANDURAND: Honourable senators, I desire to answer the questions which have been put to me. I have taken the trouble, as is my duty, to follow all the explanations given by the Minister of Agriculture. I could have brought his statement to this Chamber in the form of a brief, but I shall content myself with suggesting to those who are interested in the matter that in the statement of the Minister of Agriculture they will find a complete picture of the desolation in the drought areas of the West. I believe that the Western Provinces, which are so cruelly afflicted, are to be congratulated on the fact that the Minister of Agriculture is a representative of the West who for a long time was at the head of the Government of Saskatchewan, and who knows at first hand most of the problems that confront him. He has felt that besides this large

advisory committee, a committee very well chosen, and one which he intends to maintain—for I must take his statement to the other House—he will gather together in certain areas groups of public-spirited men who, though not interested directly, will be interested in the rehabilitation of those areas which are suffering so severely. He believes, and I am sure no one will gainsay his hope, that by gathering together a certain number of men—he does not give the figures—he will get more information than he would from one or two representatives upon the large committee. That stands to reason. I wonder if representatives from the West would not hold with the suggestion that the more heads put together the greater the wisdom.

Hon. Mr. ASELTINE: What I am objecting to is the fact that it may cost a lot of money to do the work in the way proposed.

Hon. Mr. DANDURAND: I am informed that the chairmen of these committees may be remunerated. I do not see that in the statement of the Minister of Agriculture. I will make certain about it and will bring the information to this Chamber for the third reading. Even if my honourable friend is correct in his contention, from the ten or twelve men gathered together one could be selected whose special duty it would be to give most of his time to the solution of these problems. There will be so many millions spent to rehabilitate the drought section that any expenditure made in the way of remuneration would cut a very small figure.

My honourable friend says that he does not like to see the provision of the 1935 Act, which specifies the amount to be expended, done away with. Yet he tells us he has read the statement of the Minister of Agriculture. What did the Minister say? He said the sums mentioned in that Act would not be enough. The Americans are providing \$500,000,000. There is no amount at which we can stop, saying we shall not need more in order to do a perfect job. Realizing that the country has its financial limitations, I feel that to say we shall spend \$750,000 this year and \$1,000,000 next year would be to fix an insufficient sum. We may need to go forward and spend some millions of dollars for the purpose of carrying out a well studied and well planned scheme. I have yet to learn that my Western friends have any fear about the amount that the Minister of Agriculture may ask from the House of Commons for such a fine work as the rehabilitation of these sections. I feel that the reason the fixed amounts have been done away with is that

the Minister of Agriculture believes that he will need much more. It seems to me, therefore, that these amendments may produce good. They are brought forward by the one who will be responsible during the next few years for trying to do something to relieve the situation in southern Manitoba, Saskatchewan and Alberta, and I should not be disposed to place any obstacles in his way.

Hon. R. B. HORNER: Honourable members, I desire to make only a few remarks. The leader of the Government pointed out that we have administering this legislation a man who knows conditions in Western Canada. That is true, but I want to say that I fear very much that the people of Western Canada have lost confidence in the judgment of that gentleman so far as the handling of the affairs of the West is concerned. Last year the Government evidently did not realize there was any serious condition in Western Canada. Thinking we were going to grow a bumper crop and be unable to find any market for it, they dismissed a board that was selling wheat in an orderly manner and appointed another board to get rid of the supplies on hand. Now there is no moisture in our subsoil, our elevators are empty and wheat is some thirty cents higher than when the majority of the farmers were forced to sell their grain.

As to the committees which will be appointed, I have a very serious doubt of their ability to handle this whole question. It may be that the chairmen and perhaps other members of some of the committees will receive no salary and be paid only their expenses, but if they are allowed expenses at the same rate that a lawyer on the grain inquiry is receiving at the present time—\$20 a day—the average Western farmer will consider that a very large fee.

Hon. Mr. DANDURAND: Of course, the point my honourable friend has raised is outside the limits of the Bill. I am afraid we should be carried still farther away from the Bill if I were to discuss with him the handling of wheat in the West. We shall have some other opportunity to take that up.

Hon. Mr. HORNER: The man who is sponsoring this legislation was one of the committee that advised the Wheat Board.

Hon. Mr. DANDURAND: I do not know about that. The whole Government, including myself, is responsible for the policy.

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

Hon. Mr. DANDURAND.

Hon. Mr. DANDURAND: Shall we have third reading now or to-morrow?

Hon. Mr. BALLANTYNE: To-morrow.

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

## THE SENATE

Tuesday, March 9, 1937.

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

Prayers and routine proceedings.

### PRINTING OF PARLIAMENT

#### REPORT OF JOINT COMMITTEE

Hon. Mr. WHITE presented the first report of the Joint Committee of both Houses on the Printing of Parliament, and moved concurrence therein.

Hon. Mr. MURDOCK: Honourable senators, would there be any objection to postponing consideration of this report until to-morrow, so that those of us who are not members of the committee may see just what documents the committee recommends should not be printed?

Hon. Mr. WHITE: To-morrow will be all right.

The motion stands.

### CRUISER AURORA

#### NOTICE OF INQUIRY

Hon. Mr. BALLANTYNE gave notice of the following inquiry:

1. What year and date after Cruiser "Aurora" was taken out of commission in 1922 was the Imperial Government, or Admiralty, notified?
2. What year and date was reply received?
3. How many years was the Cruiser "Aurora" after being taken out of commission in 1922 laid up at the port of Halifax?
4. During the time Cruiser "Aurora" was laid up in Halifax harbour was she partially stripped or dismantled? If so, in what way? And to whom was the material sold, and what was the price paid?
5. What year were public tenders called for sale of Cruiser "Aurora"? How many firms tendered, and what were their names, and amount of each tender?
6. Will the Government lay on the Table all correspondence between the Minister of National Defence and Canadian Government, together with replies from the British Government, or Admiralty, relating to the Cruiser "Aurora"?

Hon. Mr. DANDURAND: I think part of this inquiry was covered by a supplementary answer which I presented.

Hon. Mr. BALLANTYNE: I do not think so.

Hon. Mr. DANDURAND: In any event, I shall see that the whole inquiry is attended to.

ANTHRACITE IMPORTS FROM FRENCH  
INDO-CHINA  
INQUIRY

Hon. Mr. CANTLEY inquired of the Government:

1. How many cargoes of coal were imported by Canada in 1936 from French Indo-China?
2. At what Canadian ports were such cargoes landed?
3. What is the total tonnage of such coal imports?
4. What are the amounts respectively of daily wages in francs and their equivalent in currency of Canada paid where such coal is produced to the following classes of mining workers: (a) adjusters, (b) blacksmiths, (c) miners, (d) timbermen, (e) trammers, (f) men labourers, (g) women labourers, (h) child labourers?
5. How many of the above mentioned classes are Europeans? How many are natives of the country in which such coal is produced?
6. What are the proportions of the several classes of labour: (1) men, (2) women, (3) children?
7. What is the approximate distance in miles from Indo-China to the ports in Canada at which such coal was landed?
8. What is the average content of such coal in: (a) moisture, (b) volatile, (c) fixed carbon, (d) sulphur, (e) ash, (f) B.T.U.?

Hon. Mr. DANDURAND: I have received from the Deputy Minister of Trade and Commerce the following letter with respect to the first three questions:

With reference to the question in the name of Honourable Senator Cantley, notice of which appeared in Minutes of the Proceedings of the Senate of Canada, No. 15, page 2, with reference to the importation of coal into Canada from French Indo-China, I am attaching the answers to parts 1, 2 and 3, which is all the information available in this department.

These are the answers:

1. No record in Dominion Bureau of Statistics.
2. Montreal, P.Q.
3. 97,485 short tons.

As to the other questions I have received the following letter from the Deputy Minister of Mines and Resources:

I have your letter of the 25th ultimo directing attention to the question asked by the Honourable Senator Cantley, Minutes of the Senate No. 15, page 2, in regard to cargoes of coal imported by Canada in 1936 from French Indo-China, etc.

In reply I am enclosing herewith a statement prepared from the best information available in the Department of Mines and Resources

with regard to parts 4 to 8, inclusive, of this inquiry. It is understood that parts 1, 2 and 3 are being dealt with by the Department of Trade and Commerce.

The answers are as follows:

4. Average wages in 1935—

	Daily wages in Francs	Dollars Canadian @ 1 Franc = .066
(a) Adjusters.. . . . .	No information	
(b) Blacksmith.. . . . .	6.30	.42
(c) Miners.. . . . .	4.00	.26
(d) Timbermen.. . . . .	3.50	.23
(e) Trammers.. . . . .	2.30	.15
(f) Male labour.. . . . .	2.40	.16
(g) Female labour—Averages about 10 per cent less than male.		
(h) Child labour—No information available.		

Chinese labour is paid on the average 40 per cent more than the native labour.

5. At July 1, 1936

	Europeans	Asiatics
Anthracite fields.. . . . .	152	34,700
Bituminous fields.. . . . .	5	600
	<hr/>	<hr/>
	157	35,300

No information as to how many of the Asiatics are natives of French Indo-China. In 1933 approximately 10 per cent were Chinese and 90 per cent natives.

6. The latest information gives 7 per cent as the approximate amount of female and child labour. No recent data available.

7. Indo-Chinese ports to Montreal via Suez—11,500 miles. Indo-Chinese ports to Montreal via Cape Town—14,500 miles.

8. Average analysis of coal as landed—

(a) Moisture.. . . . .	2 per cent
(b) Volatile.. . . . .	5 per cent
(c) Fixed carbon.. . . . .	88 per cent
(d) Sulphur.. . . . .	0.7 per cent
(e) Ash.. . . . .	4.5 per cent
(f) B.T.U.. . . . .	13,500

CIVIL SERVICE COMMISSION

RETURN

Hon. Mr. GILLIS inquired of the Government:

1. What has been the cost of the Civil Service Commission for the years 1934, 1935, and 1936?

2. Over what classes of civil servants have they the right to make appointments?

3. How many appointments have been made during the said years, and what were the salaries in each case?

Hon. Mr. DANDURAND: I should like this inquiry to stand as a motion for a return, which I shall table forthwith.

The inquiry was passed as an order for a return.

PRIVATE BILL—CENTRAL FINANCE CORPORATION  
THIRD READING

Hon. Mr. LITTLE moved the third reading of Bill C, an Act respecting Central Finance Corporation and to change its name to Household Finance Corporation.

Hon. WILLIAM DUFF: Honourable senators, I move in amendment that Bill C be not now read a third time, but be referred to the Committee of the Whole House for the purpose of further consideration.

The Hon. the SPEAKER: You have heard the motion, honourable senators, and the amendment thereto. Is it your pleasure to adopt the amendment?

Hon. E. S. LITTLE: Honourable senators, it has been my understanding that after the second reading of a bill such as this the Senate may follow any one of three courses: the bill, if a simple one, may be given third reading immediately, or after due notice; second, if some slight explanations are required it may be referred to Committee of the Whole House; third, if it is thought desirable to call witnesses and to get information from the departments and so on, the bill may be referred—and this has been the practice—to one of the select committees of the House.

This Bill was read a second time some days ago and was referred to the Standing Committee on Banking and Commerce, by whom it was examined thoroughly. That committee consists of nearly one-half of the members of this House, and all members of the House are free to attend the meetings of the committee and to speak before it. Therefore, this Bill having been considered by that committee, I cannot see that anything is to be gained by referring it now to Committee of the Whole, and I should like to press for third reading.

Hon. WILLIAM DUFF: Honourable senators, it is quite true, as the honourable senator from London (Hon. Mr. Little) has said, that this Bill was read the first and second times and then referred to a standing committee of this House. If I understand the rules such procedure is quite proper and regular; but I say that after a bill has been examined and discussed in any standing committee and is reported to the House, if any

Hon. Mr. GILLIS.

honourable member desires to discuss it further, clause by clause, it is quite proper to refer it to Committee of the Whole. I understand it is only if no objection is raised that a bill reported from a select committee is read a third time and passed.

This a very important Bill. It deals with interest rates and other matters, and concerns the question whether borrowers shall go to this or that loan company to borrow money. In my opinion the borrowers should be protected as much as possible by the legislation we pass here, and, in view of the fact that the procedure I suggest is correct, I see no reason why this Bill should be forced on to third reading, or why anybody should object to its going before Committee of the Whole. I respectfully submit that my amendment is in order and deserves the consideration of this House; and, if my amendment should carry, I should like to see consideration in Committee of the Whole deferred until Friday next.

Hon. J. J. HUGHES: Honourable members, I want to explain the vote I intend to give on this matter. I am a member of the Banking and Commerce Committee, and I think this Bill should pass. At the same time, if it is in accordance with the rules of the House, I think the Bill should go to Committee of the Whole, so that those senators who are not members of the Banking and Commerce Committee may have a chance to hear it explained and to speak on it. It should not be rushed through. However, there should be no undue delay. The Bill was thoroughly examined in the Committee on Banking and Commerce, but to refer it to Committee of the Whole can do no harm and may do some good. Yet it is only fair that the Bill should be dealt with quickly, so that it may go to the other House. For these reasons, if a vote is taken on the motion to refer the Bill to committee, I intend to support the motion. I also intend to vote in favour of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, I shall not take any responsibility as to the course to be followed with respect to this Bill or the question whether the proposed amendment should be accepted or not. That, I think, is a matter for the honourable leader of the Government. He is responsible for the direction of measures in this House. I shall not take exception to whatever course may be chosen in this regard, but, while I know of nothing in our rules to prevent a bill reported by a standing committee from going to Committee of the Whole, I wish to say that the procedure is somewhat unusual and in my opinion rather

unnecessary. My reason is this. The select committee considered the Bill in detail very thoroughly, and although not quite half of the honourable members of the Senate are members of that committee, every senator has a right to be present at the committee's meetings and to hear all the evidence adduced.

Hon. Mr. HUGHES: But all senators do not get notice.

Right Hon. Mr. MEIGHEN: They do not get specific notice, it is true, but they all know when the committee is sitting, and they have a right to be present and to express themselves. The only disability of non-members in the committee is that they have no vote; but, as all honourable senators know, that does not matter much, because the main responsibility of the committee is not voting, but rather discussion and hard work on the principle and phraseology of the bill. However, if it is desired by the honourable leader and members generally that this Bill go to Committee of the Whole, I have no objection. I should point out, however, that if we follow this procedure in one case we may be called upon to follow it in all, and furthermore, that in Committee of the Whole we can never give a bill that intimate consideration which we are able to give it in a select committee.

While on my feet I want to say something on the general subject-matter of this Bill, and I am just as well able to do so on the motion for third reading—and so is every other honourable member—as when the Bill is in Committee of the Whole. Any discussion that can be of service now can take place on the motion for third reading, for the question to be considered is not whether the Bill should be phrased in this way or in that, but rather whether or not we want a bill of this kind.

I approach this subject just as the honourable senator from Lunenburg (Hon. Mr. Duff) has approached it, and as almost anybody would approach it. The honourable senator reads the measure and says we are now authorizing a company to charge the poorer class of borrowers  $2\frac{1}{2}$  per cent a month, a very high rate of interest, three or four times as high as the rate the banks are permitted to charge under our Bank Act. One naturally asks why these rates should be permitted. No honourable member of this House will vote to permit them unless he is convinced that to do so would be in the interest of the public of Canada, or, at all events, of the class of people alleged to be served by these loaning institutions. He will not vote to do this merely because the institutions want it. He knows that the rate

is high and imposes a fearful penalty upon those in trouble. Therefore every honourable member has to be convinced that it is better for the country to have these institutions than not to have them, and that if lower rates are imposed we cannot have them. Every honourable member must be convinced of both these things before he can justify a vote in favour of the Bill. Anyone who seeks to establish both these things undertakes a somewhat formidable and unpopular task; but, unpopular though it may be, I cannot see how we can avoid it. Those who have only scanned this measure and looked in the press of the country for information to enable them to decide upon its merits have not had the advantage of the lengthy study which the committee has made, and have not been faced with the very surprising facts presented to the committee. The study which we have made of this subject has convinced me that the country would be better with these institutions than without them, and that if we do not allow necessitous borrowers to bear the burdens which these institutions impose we leave them a prey to those who would impose vastly heavier burdens; we deny them relief on terms which, though onerous, are far less onerous than those to which they would otherwise have to submit.

It is perhaps unknown to certain honourable members of the House that the committee of last year dealt with measures similar to this for about three months, and that the same subject was one of our principal studies last session. We gave more time to it than to all other measures combined, and I fancy that many members of the committee changed or modified their views as a result of evidence and arguments then adduced. This session we reviewed it in a much briefer space of time, because we felt the work was mainly done.

Now, what were the reasons which led the committee to the opinion that it was better to permit these institutions to exist than to prevent them from continuing their operations? First of all, we were confronted with the result of an examination of the whole problem in the United States by what is called the Russell Sage Foundation. This is a foundation established for the purpose of public service, particularly to the least favoured elements of the community. I do not know what induced it to make the special investigations. No doubt legislatures, and perhaps the Senate and House of Representatives there, were confronted with bills similar to these. An investigation was made at all events, and it was a very thorough one, extending over a long period of

time. The Foundation reported there was a field of service here which had to be filled and that it could be filled only at certain rates—rates at least comparable with those fixed as the maxima in this Bill. While I have not the exact figures in my memory, I am safe in saying that the maxima declared by the Russell Sage Foundation to be essential were higher than those fixed here. That evidence was before us.

Then it was brought to our attention that notwithstanding the existence in Canada of quite an array of companies doing business of this class, there was a whole range of money lenders here, there and everywhere, getting far higher rates than companies were allowed to charge; that properly constituted companies were not taking care of the sphere of necessity which they were designed to take care of, because the limitations did not permit them to reach the most necessitous cases. The losses in connection with such cases would be so great that the companies kept away, and within a safer range of business.

It was also brought to our attention that in other countries, comparable to our own—in the United States of America, in England and in Australia—the same class of institution was encouraged and—this surprised me most—encouraged at rates which, though deemed by their legislatures to be necessary, were higher than any which have been permitted in our country for some time back. It was shown that in England the maximum permissible rate is not  $2\frac{1}{2}$  per cent a month, as provided for in this Bill, but 4 per cent a month. That seems shocking. It is. But I think we can assume that rate would not be permitted unless stern and unfortunate necessities had proved it to be imperative. In the United States the maximum rate varies in many states. Our information as adduced was that in the state where the maximum is the lowest, that maximum is  $2\frac{1}{2}$  per cent, and that in certain states the rate runs up as high as  $3\frac{1}{2}$  per cent. In Australian states where the maximum is lowest it is  $2\frac{1}{2}$  per cent, and in other parts of the Commonwealth it runs up to 100 per cent per annum. The only conclusion I ask honourable members to draw from evidence I have hurriedly collected and laid again before the House is that there must be a field which, in the wisdom of legislatures of these countries, has to be filled in some way or another.

How can that field be described? Well, it can best be described, perhaps, by an example. A man earning a fair wage, say, is living up to his income. He feels that he can do so, and he is able to take care of his ordinary neces-

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sities. But suddenly misfortune overtakes his family: some member has to undergo most expensive medical treatment, or there comes from an immediate relative a demand which the man is very desirous of filling—which in his conscience he cannot possibly resist. He cannot borrow from the banks. He has lived up to all that he has ever earned and is not of the class on which a bank can afford to take a chance, since the highest rate it could charge is 7 per cent per annum. He can get the money from only two sources: a small loan company, if one is available, and a money shark. Instances were recited to us to show that borrowers had been mulcted to an extent not of 2 per cent a month, but of 200 or 250 per cent, and, in one or two cases, away above that.

Hon. Mr. DUFF: Is there not a law against that?

Right Hon. Mr. MEIGHEN: Yes, there is a law. But when the law permitting legitimate business is too restrictive transgressors against the law become so numerous that enforcement officers are unable to prevail against them. The man who borrows will not reveal the source of his loan, because he is glad to get money at any cost. If we do not provide a legitimate source where people in these unfortunate circumstances can obtain money, they will become victims of law-breakers who will charge up to 200 per cent a year. Such were the facts brought before us. Perhaps I have said enough to show why the committee was convinced, undoubtedly with reluctance, that we could not set our faces against the existence of these small-loan institutions. And perhaps I have said enough to indicate that the committee, in recommending that these companies be permitted to exist, was not welcoming the charging of  $2\frac{1}{2}$  per cent a month.

Before leaving the subject, though, I draw attention to this further fact. We have only three federally incorporated companies, or at all events a very limited number.

Hon. Mr. DANDURAND: Three.

Right Hon. Mr. MEIGHEN: But there are a large number of provincial companies. In Toronto and other papers I see advertisements by these companies offering their services to the public. You can see such advertisements on the street car, too, as you ride home. These companies are not under our supervision at all, although it seems to me that if we passed a general law dealing with this thing they would have to come under it, because the law would have to do with interest, which is a federal responsibility. In my

judgment we should have a general law. We should fix a maximum rate which could be lived up to by these companies, and we should punish to the limit everyone, whether one of these companies or an outsider, who exceeds that maximum. I do not think we shall ever get into a position where we can bring under the supervision of the Department of Insurance those men who exact horrifying rates, and can punish them according to their fault, until we provide for some legitimate companies to fill the field.

It will be asked why it is necessary to have a rate as high as 2½ per cent a month. That is a figure arrived at after very long evidence and detailed statistics, as established by experience, not of one, but of many companies. Certain companies much smaller than this one and not as well equipped, and especially companies not having access to the vast reservoir of cheap capital now available in the United States, have told me they simply cannot do this business at 2½ per cent, and for that very reason they are against this measure. They fear it will lead to the establishment of a 2½ per cent rate, which would put them out of business and contribute to the success of this larger company. I am not at all intimating that this reason is at the bottom of any opposition here; I am simply stating what I have been told.

It is true there was one measure passed which limited the rate to 2 per cent, but it was shown that the class of business done and intended to be done by the company willing so to limit its rate was not the same as that being done by Household Finance Corporation, which is sponsoring this measure, or by other companies, which say they cannot exist if not permitted to charge more than 2½ per cent. The class of business done at the lower rate may be described as having to do with borrowers who are able to secure endorsers of known standing and are just beneath the stratum served by the banks, or perhaps in many cases even come into that stratum. They are above the stratum of those who have to mortgage their furniture—of those dealt with by Household Finance Corporation—and they can be served more cheaply because naturally and necessarily the expense of conducting business is on a lower scale. That is the class served by the company which was content to submit to a maximum of 2 per cent a month. The company serves more than that class, for it goes into the mortgage class also, but only to a very small proportion. The Household Finance Corporation is almost wholly a mortgage company. I have no reason to doubt its statement that though in the last four years it has loaned to 86,000 borrowers some \$15-

000,000, all but a small fraction of one per cent of which was, I think, upon chattel mortgages, it has never made a single seizure and never sued.

Hon. Mr. DUFF: I was going to ask my right honourable friend whether companies of this kind took securities before making loans.

Right Hon. Mr. MEIGHEN: Yes. I am referring now to the less desirable subdivision of this business. The more desirable part is the endorsed note business, where there is no security except the endorser. A company engaged mainly in that class can keep within a lower maximum than a company doing business of the other class. Among the companies doing the more desirable class of business is that one which is agreeable to a 2 per cent rate. Other companies say they cannot possibly exist on that rate, because they have to make detailed examinations of goods and they must go more fully into the borrower's character and methods of living. They claim it is necessary for them to do a certain amount of educational work for many a borrower, and apparently they do try to arrange his finances and methods of payment. All this costs money. These companies say, "We are willing to make loans on endorsed notes at not more than 1½ per cent"—and so the Bill provides—"but in the more perilous field we cannot operate under 2½ per cent." And other companies come to us and say: "We have to serve a wider constituency. We are unable to get access to United States capital and so have to borrow from banks. We object to this Bill because it imposes limitations under which we cannot exist."

I have endeavoured to give a brief history of the subject. In the face of this record, this study, the evidence placed before us, what can we do? If we turn these companies down there will still be the provincial companies, over which we have no control. The field is not occupied. The violator of the law will be able to go here, there and everywhere and no amount of scrutiny will be able to stop him, unless we provide sources to which borrowers may go. If we provide such sources, unincorporated lenders will become so few that we shall be able to control and punish them. A certain condition has existed from the birth of time and is ever going to exist, a condition which cannot be prevented by any economy devisable by man. Surely it is the duty of Parliament to face that situation as it is and provide for it in the most equitable manner possible. For my part, I am convinced it is along the lines of this measure we shall find the most equitable

manner. I do not know of any other way. And though this legislation may be unpopular with those who have not studied its history and examined all the circumstances, I think it is my duty to support it.

Hon. Mr. CASGRAIN: I am very glad the right honourable gentleman has said there is a new law under which, if you have two respectable endorsers—

Right Hon. Mr. MEIGHEN: Just one, I think.

Hon. Mr. CASGRAIN: You will notice the banks advertise loans so endorsed at 4 per cent per annum.

Hon. Mr. BALLANTYNE: No.

Hon. Mr. CASGRAIN: What is the bank rate?

Right Hon. Mr. MEIGHEN: They charge a rate of 6 per cent, I think, but it is payable monthly; so the effective rate is about 12 per cent. Even then it is lower than loan companies' rates. But the loan companies reach a class of borrowers whom the banks do not reach at all.

Hon. Mr. CASGRAIN: The interest would not amount to 8 per cent yearly.

Right Hon. Mr. MEIGHEN: I think it is nearly 12 per cent.

Hon. Mr. CASGRAIN: These loan companies are eager to do business. They employ agents to solicit persons in need of money. Suppose a man has a brain-storm—is infatuated with some lady—and wants to give her a diamond ring. That lady is not his wife.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: He gets the money from a loan company. Of course, he is not going to say anything about it at home.

An Hon. SENATOR: Why not?

Hon. Mr. CASGRAIN: But he has to provide for repayment of his loan. He has to pay a high rate of interest, and while he is clearing off the loan his wife on Saturday nights will probably demand, "Where are your wages?" We have lately seen persons occupying very high positions indulge in brain-storms. Once these loan companies get hold of a man he becomes as helpless as though he were between the jaws of a crocodile. I am not going to vote against the Bill, but I think it is well to draw the attention of this House and the country to the evil of usury, in the hope that effective measures may be

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taken to put a stop to it. My honourable friend here (Hon. Mr. Dandurand) is silent. He introduced several Bills against usury.

Hon. Mr. DANDURAND: Apparently my honourable friend to my left (Hon. Mr. Casgrain) has not attended the meetings of the Banking and Commerce Committee, for if he had his thoughts would be in another groove. About 1900 there was a clamour in the city of Montreal against loan sharks, and it is true that I did introduce in this House a Bill to limit the rate of interest to be charged by loan companies. I thought at that time that 7 or 8 per cent was an ample rate. When, however, I began to study the question I found that I had gradually to move the rate up to 20 per cent. We discussed the bill at length and ultimately sent it over to the House of Commons, where it was rejected.

With the conditions just depicted by the right honourable gentleman opposite (Right Hon. Mr. Meighen) I am myself familiar. There are hundreds of thousands of Canadians without credit, and therefore unable to borrow from the banks. They find themselves pressed against the wall by their creditors, and they will pay a very high rate of interest to secure a loan of \$20, \$50 or \$100. By passing this legislation we are helping to keep such persons away from the loan sharks.

I have often expressed my esteem and respect for our Civil Service, and particularly for the heads of the various departments. One of those whom I hold in very high esteem is the Superintendent of Insurance. He knows far better than we do the difficulties of coping with loan sharks. And he is as much interested as we are in trying to keep down the legal rate of interest. We have incorporated three companies which to-day can make loans at 2½ per cent per month. The Superintendent of Insurance thought that we should make an effort to keep the rate down to 20 per cent.

Right Hon. Mr. MEIGHEN: No; 24 per cent.

Hon. Mr. DANDURAND: That is right—24 per cent; instead of 30 per cent. This is what he said when speaking of interest:

It is obvious that the 2 per cent rate will mean a relief to borrowers on endorsed notes, as well as to borrowers on chattel mortgage. If looked at from the standpoint of the earnings of the company and the commission retained by the company, including the earnings on endorsed loan business, the rate earned by the company on that business is slightly less than 2 per cent, and on the chattel mortgage business substantially more than 2 per cent, the average being almost exactly 2 per cent.

There stands on to-day's Order Paper for third reading Bill H, respecting Industrial

Loan and Finance Corporation. That company desires to come under the rate of 2 per cent a month; that is, 24 per cent. The Bill has obtained the endorsement of the Department of Finance, as represented by the Superintendent of Insurance. He considers it a great step forward to have one of the three companies expecting to do business at 2 per cent a month. That company does the larger part of its business on endorsed notes, and outside the province of Quebec some business on chattel mortgages. I think we should accept the principle contained in that Bill, which will be before us for third reading this afternoon.

Now I come to the Bill before us. The Central Finance Corporation expects to reduce its rate of interest on chattel mortgages from  $2\frac{1}{2}$  per cent to  $2\frac{1}{4}$  per cent. The company says, "We will make loans on endorsed notes at  $1\frac{1}{2}$  per cent." The Superintendent of Insurance replies that the company may well be generous in that class of loans because virtually it does not do any such business; its principal business has to do with chattel mortgages.

In the Banking and Commerce Committee we had to decide if we would report this Bill with a  $2\frac{1}{4}$  per cent rate when the Department of Finance insisted upon 2 per cent—a rate which the Industrial Loan and Finance Corporation accepted. I was in a difficult position, for I did not want to take a stand which might not be that of the Minister of Finance, to whose control are assigned loan companies. The committee decided to report the Bill with the rate at  $2\frac{1}{4}$  per cent. I think that if we had provided for a flat rate of 2 per cent—as in Bill H, to which I have already referred—honourable members, after listening to the explanation by the right honourable gentleman, would vote for the third reading of this Bill.

We are now facing this question, as I said yesterday: Shall we send this Bill to Committee of the Whole in order to discuss the desirability of making a flat rate of 2 per cent? I should be disposed to support the Bill as it has been reported to us by a majority of the members of the Banking and Commerce Committee. I mention the lack of unanimity because the honourable chairman perhaps violated the rule in stating that there was disagreement in the committee. However, I think we should accept the report as that of the whole committee.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: I am disposed to abide by its decision and ask that the Bill be sent to the House of Commons in its present form. But I would draw the attention

of its sponsor to the resistance that he may have to meet from the Hon. Minister of Finance in the other House, and from the Superintendent of Insurance should the Bill be referred to a committee of the Commons. I am somewhat fearful of the result. I was strongly impressed with the view that there should not be two rates of interest, and that we should make an effort to have the promoters of the Bill accept a flat rate of 2 per cent. My reason for not objecting to reference of the Bill to Committee of the Whole is the disability under which I labour of having to represent here the Department of Finance, which, through its representative before us, the Superintendent of Insurance, sternly objected to a 30 per cent rate. As I have said, the main difference in the Banking and Commerce Committee was as to accepting the rate of  $2\frac{1}{4}$  per cent a month or enforcing a flat rate of 2 per cent.

Hon. Mr. DUFF: Is the interest at the rate of  $2\frac{1}{4}$  per cent a month collectible monthly?

An Hon. SENATOR: Yes.

Hon. Mr. DUFF: If it is not paid regularly is the interest compounded each month?

Right Hon. Mr. MEIGHEN: The effective rate is  $2\frac{1}{4}$  per cent a month; it is not 27 per cent a year payable monthly, which would run away above a 27 per cent effective rate. If a loan is not repaid as provided in the Bill, then the  $2\frac{1}{4}$  per cent would, I think, apply to the arrears until they were paid: they would be due from day to day.

Hon. Mr. DUFF: And interest would be charged on them?

Right Hon. Mr. MEIGHEN: Yes. The company cannot charge more than  $2\frac{1}{4}$  per cent on anything, but it can charge that much. The important point is, it is the effective rate; it is not just a nominal rate in the way of discount.

I think the House ought to understand, too, that after pretty thorough consideration by the Banking and Commerce Committee over several years, we have several companies now doing business on the  $2\frac{1}{2}$  per cent rate. The only reason this company is before us is that as a result of some new ruling by the Department of Justice in respect of a part of that rate, which takes the form of a charge for the chattel mortgage—it is all part of the rate, it is not additional—the company will be seriously prejudiced when it applies for a renewal of its licence; I think, this month. If the licence is not renewed the company will just have to go

out of business. The other loan companies under the authority of Parliament will continue doing business at the  $2\frac{1}{2}$  per cent rate, even though we refuse this company, which has been doing business for years, a right to continue at  $2\frac{1}{4}$  per cent.

Hon. Mr. DUFF: We are told that if this Bill does not pass, and the company does not get a renewal of its licence, it will be put out of business. I understand that one of the principal reasons for the Bill is the desire to change the present name of Household Finance Corporation or amalgamate it with the Central Finance Corporation, which would then obtain another licence.

Right Hon. Mr. MEIGHEN: It is just a change of name.

Hon. Mr. DUFF: But if this Bill does not pass, the Household Finance Corporation will still continue in business.

Right Hon. Mr. MEIGHEN: But it has to get a renewal of its licence.

Hon. Mr. DANDURAND: And if the company does not conform to the policy of the Department of Finance as settled by the Department of Justice, then the Finance Department may refuse to renew the licence.

Hon. Mr. DUFF: Is the Household Finance Corporation not operating under a charter from this Parliament?

Right Hon. Mr. MEIGHEN: But it has to have a licence, renewable every year.

Hon. Mr. DANDURAND: This is a Bill to allow the Central Finance Corporation to change its name to Household Finance Corporation.

Hon. Mr. DUFF: I do not know which is which. If this Bill does not pass, am I not correct in stating that the Central Finance Corporation can still do business under its original charter?

Hon. Mr. DANDURAND: No, it cannot. If the Finance Department decides that the company has not conformed to the law, then the department may refuse a licence to the Central Finance Corporation next April.

Hon. Mr. DUFF: Are the other companies which are charging  $2\frac{1}{2}$  per cent to be refused licences too?

Hon. Mr. DANDURAND: I do not know whether the  $2\frac{1}{2}$  per cent is collected as fees on chattel mortgages.

Hon. JAMES MURDOCK: Honourable senators, a moment ago a question was asked by the honourable senator from Lunenburg (Hon. Mr. Duff) as to the basis

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of interest charges under this Bill. The answer is to be found in section 4, which prescribes the charges which may be made on endorsed and other loans, and then proceeds:

No such charges or any part thereof shall be paid, deducted or received in advance or compounded and all such charges shall be computed and paid only on unpaid principal balances on the basis of the number of days such balances remain unpaid, and for the purpose of such computations a month shall be any period of thirty consecutive days.

I am against what is generally known as the loan shark business first, last and all the time, and I hope I have sense enough to take a step in the right direction when I get a chance to do so. That is why I think it would be unfortunate if this Bill were not given third reading.

Why is this Bill before us? Many unkind things have been said about the Senate in years gone by. I think not long ago I heard a rumble from another place about a general campaign of economy which would eliminate entirely the Senate of Canada.

Hon. Mr. DUFF: Terrible!

Hon. Mr. MURDOCK: There are many people who cannot see the promised day for Canada until that comes about.

But what have we been doing with this Bill? On the 10th day of February it received its first reading in this House. On the 15th day of February it received its second reading, and the principle of the Bill was discussed to some slight extent. The Minutes of Proceedings of the Senate of Canada do not suggest that the honourable senator from Lunenburg (Hon. Mr. Duff) or the honourable senator from Winnipeg were in their seats on that particular day.

Hon. Mr. McMEANS: The honourable gentleman refers to the other senator from Winnipeg.

Hon. Mr. MURDOCK: I refer to the honourable the junior senator from Winnipeg (Hon. Mr. Haig). On the 15th, after some discussion the Bill was sent forward to the Banking and Commerce Committee. The consideration given it by that committee, though not covering the whole field, was sufficient in view of the fact that last year the whole general question of loan companies had been gone into exhaustively. On the 15th of February the right honourable senator from Eganville (Right Hon. Mr. Graham) referred to the efforts made last year to have a model bill drafted in respect of the loan company business. Now, nothing having been done in that direction, we have before us the proposal that this Bill, which is up for

third reading, should be put over until Friday next and then be considered in Committee of the Whole. If the suggestion had been that the Bill go to Committee of the Whole to-day, so that we might hear what honourable members have to say about it, I am not sure but I would have said amen; but postponement to Friday next means that the Bill would be delayed until some time next week. In other words, the Senate of Canada would be taking considerably more than a month to get through the first, second and third readings of this Bill.

If the Bill does not pass what will be the result? I do not know. It is said that this company will probably be denied the right to continue to do business.

Hon. Mr. HAIG: Why?

Hon. Mr. MURDOCK: Because of the fact that the Government of Canada believes, as I understand, that the rate of 2½ per cent is too high, and consequently the Superintendent of Insurance will not issue a licence even though the company has a charter under the law.

Hon. Mr. HAIG: I suggest that that is not the reason.

Hon. Mr. MURDOCK: Well, it is not a dream. I think that if my honourable friend (Hon. Mr. Haig) had been in the Banking and Commerce Committee when those who were supposed to be experts in these matters were giving their evidence, he might have received that impression.

Hon. Mr. HAIG: I was there and heard everything.

Hon. Mr. MURDOCK: What I am particularly afraid of is this. I am told that there are in Ontario some seventy fly-by-night loan shark companies or associations which are not working under a charter of the Federal Government or of any provincial government. They are doing business on the strength of what someone has described as their hardness, and they are getting away with it. The way they work, I am told, is—to instance one particular company, which I shall call the Queer Self-help Financial Association—to have it whispered that that company is ready to lend money to a fellow named Jim Murdock, who is in hard luck and needs \$100. He goes to those people and asks them, "How are chances?" They say: "Oh, yes. You want \$100. You will have to join the association. Your membership will cost you \$10." Tom Jones or someone else who wants \$500 will be told that his membership in the association will cost him \$25. Then the business proceeds from there.

Hon. Mr. DUFF: Would the honourable gentleman join the association under those conditions?

Hon. Mr. MURDOCK: No. But unfortunately there are perhaps thousands of people in Canada who are so poor that they need financial assistance even more than the honourable senator from Lunenburg (Hon. Mr. Duff) or the honourable senator from Parkdale (Hon. Mr. Murdock), and who would reach out and grasp at something of that kind.

If a company that has been doing business for a number of years on the basis of 2½ per cent, which we think is too high, says that it is ready to reduce its rate to 2¼ per cent for certain loans, are we to say to it: "No. We cannot do anything for you. Your licence will probably not be renewed after the 31st of March. Then there will be a wider field for these loan shark companies—if there are such—that are taking advantage of the unfortunate?" I do not think so. Therefore I think we should not defer this matter any longer, but should give the Bill third reading.

Hon. R. B. HORNER: I entirely agree with the honourable senator from Lunenburg (Hon. Mr. Duff). Whatever may be the law or the wrongful practices in the province of Ontario, I refuse to sit idly by and say nothing when bills of this kind are going through this House. To my mind this is class legislation. You are taking away from him that hath not that which he seemeth to have, and are giving to a man who has money.

Another serious phase of this question is the fact that everything that goes to these companies which have sprung up and are loaning millions of dollars goes to the country to the south of us. This is reflected in the reduction in the rate of earnings of our banks. The banks are controlled by the Government, and if those who are lending money have a chance to invest in anything which will yield 25 per cent they will not deposit their money in the banks, and so it is prevented from flowing into legitimate channels. The banks would be willing and eager to lend money for legitimate purposes, but they are not doing the business they might do if it were not for these companies. They are refusing loans to men who are perfectly honest and who over a period of twenty years have the record of meeting their responsibilities. For this reason I am opposed to the Bill, and refuse to be a consenting party to any measure that would permit a higher rate of interest than 1½ per cent a month.

Hon. A. D. McRAE: As one of the members of the committee who were opposed to this Bill I may say now that I am going to vote

for it. Honourable members may be interested in knowing why. I was opposed to the passing of any more legislation with respect to such companies as this, in the hope that the Government would bring in a standard bill and the Senate would not be importuned every session in regard to a matter which few are able to understand unless they give a great deal of time to the study of interest schedules which have been prepared and are really actuarial problems. I was very much opposed to this Bill when it came before the committee. I changed my view only after the statement was made that this company would not be granted a licence unless it would consent to a rate of 2 per cent. As the honourable leader of the Government said, the rate was reduced from 2.45 to 2.25, as I remember it, or by approximately one-quarter of one per cent.

It seems to me that this company has been subject to a bit of coercion, for it was only after it had been carrying on business along the same lines for eight years that an opinion of the Department of Justice raised some question as to whether its methods were in compliance with its charter, and the Superintendent of Insurance threatened to refuse to renew its licence. This company has \$3,500,000 out in loans, and has a good many thousands of clients, yet if we do not pass this Bill the company will be out of business. Inasmuch as the rate has been reduced from 2.45 to 2.25 per cent, I think the only thing we can do is to pass the Bill and give the company a right, such as has been given to many other companies, to continue its operations as they have been carried on during the past eight years.

I may say that I am opposed to this form of legislation, and I again call the attention of the leader of the Government to the urgent desirability of the Government bringing in a standard bill next session, so that we may be relieved of the necessity of dealing with this contentious business every year.

It is true that the public has no grasp whatever of the situation so far as these companies are concerned. It was suggested in the committee—I think by the companies themselves—that there should be a royal commission to investigate the matter and give it publicity. I am not in favour of royal commissions as a rule, but in this instance I think a royal commission would be educative and do much to help the Government to sponsor a reasonable bill, which would not be approved by public opinion as it stands to-day.

For the reasons I have given, I am going to support the Bill, and I think every honourable member will have to do likewise or be

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placed in the position of putting this company out of business while other companies are being licensed which charge as much as this company, or even more.

Hon. F. B. BLACK: Honourable senators, last night I said all I wanted to say on this matter, but there has come to me as chairman of the committee a letter which I think may be enlightening to members of the House. It is from a company which is lending money in considerable quantities in the province of Ontario and is working, I am told, under provincial charter. The company is fearful that this Bill may become a model bill for all companies operating under Dominion charter. The letter says, in effect: "We desire to call your attention to the evidence which we submitted to your committee last year, which was to the effect that we could not do business at less than 3 per cent a month on loans up to \$100, 2½ per cent a month on loans from \$100 to \$300, and 2 per cent a month on loans of \$300 and upwards." According to my memory those charges are almost exactly the same as the charges in the scale of the Russell Sage Foundation. From this you will see that the rate of interest charged under this Bill is very much less than the average would be—

Right Hon. Mr. MEIGHEN: It is not the average; it is the maximum rate. The average is sure to be lower.

Hon. Mr. BLACK: These rates of 3, 2½ and 2 per cent will cost very much more to the average borrower.

Right Hon. Mr. MEIGHEN: Oh, yes, very much more.

Hon. Mr. BLACK: It is in the minds of some of these Dominion companies that the rate in the Bill is too low. I am not in favour of higher rates at all; I am simply stating that there is a fear also in the minds of some provincially chartered companies that this Bill will set too low a rate of interest.

Hon. J. A. CALDER: Honourable members, yesterday I had some doubt in my mind as to the advisability of this legislation. That doubt has disappeared. The statements of the two leaders and others who have spoken to-day have cleared the atmosphere for me completely. I am sure that every honourable member of the House who has listened to the discussion so far must be convinced of the necessity for this legislation. If this legislation does not pass, the people who find it necessary to borrow in this way will be in a much worse position than they otherwise would. That is the whole thing in a nutshell. We simply must pass this legislation, and from the discussion that has taken place

I can see no necessity for our reviewing the Bill in Committee of the Whole. The principles involved have been threshed out from A to Z for two sessions, and there is practical unanimity on the part of those who heard all the evidence and listened to all the discussion.

There is only one phase of this whole situation with regard to which I still feel a lack of knowledge, and that is as to the manner in which these sharks that are talked about operate. I do not know what happens. My right honourable leader (Right Hon. Mr. Meighen) has referred to the two classes of borrowers: those who borrow with the security of an endorser on their note—in whose case the lender can sue the endorser and, if he has any money, recover from him—and those who borrow with the security of a chattel mortgage on a physical asset that is worth something. That is quite understandable. But what security has this shark? I am not at all in favour of sharks, but I should imagine that if a man cannot get an endorser and has no chattels the shark who lends his money will lose everything.

Hon. Mr. DUFF: I think the companies are the sharks.

Hon. Mr. CALDER: I should think that must be the reason for the terrible rates of interest that are charged. However, I do not know anything about that. We are not concerned at the moment with the shark except for the fact that he will get hold of people who otherwise would do business with a company of the class of the one before us. I think the safest course to follow is to provide a way of avoiding the shark.

Hon. Mr. DANDURAND: I may say that I made considerable inquiry into this matter. That was some time ago, but the habits of the people have not changed. I heard of loan sharks in Montreal who were lending at a flat rate of 4 per cent a month before 1900. That is what caused me to suggest we should have a bill against usury. But they have kept on charging the same rate. If a note is not paid at maturity they protest the note and certain notarial fees are added to the loan. If the amount due is not collectible otherwise, they will sue, and then the borrower is responsible for law costs. Aside from these additional costs, I was scandalized at the rate of 4 per cent a month and felt it should be stopped. I received letters by the bushel, giving particulars of certain cases. Some persons owed two or three times the amount they had actually borrowed. But when I started to study the subject I found it did not seem possible for

these small loan companies to operate unless allowed to charge at least 20 per cent per annum as a regular rate. I was not surprised at evidence given before the Committee on Banking and Commerce that there are always thousands of people who require a small sum of money in a hurry, perhaps within twenty-four hours, and who will pay almost any rate to get it. Many of these people do not like to borrow from a friend, nor do they like to get a friend to endorse a note for them. They would rather give a chattel mortgage on furniture or other goods and in this way keep their loan as secret as possible. Not by any means all these people find themselves in financial straits solely because of conditions brought about by the depression of the last seven years.

In the light of the facts, I felt, with the Superintendent of Insurance, that 2 per cent a month, 24 per cent a year, was not a scandalous rate. One company which we had before us was able to make a return of only slightly over 4 per cent on its invested capital; so evidently there are not very high profits to be made in the business.

Hon. Mr. MURDOCK: The honourable senator from Saltcoats (Hon. Mr. Calder) asked, as I understood him, what protection the loan shark had. He has the protection afforded him by salaried employees who dare not face a garnishee for fear of losing their jobs.

Some Hon. SENATORS: Question!

Hon. JOHN T. HAIG: Honourable members, perhaps I may be allowed a word or two before the motion is passed. Why cannot this company get a licence? Because it charges a \$10 fee for taking a chattel mortgage. The company keeps that money itself, instead of paying it to a solicitor, as it should do, and the Superintendent of Insurance will not allow that.

I listened to the right honourable leader on the other side (Right Hon. Mr. Meighen) as he gave a perfect summary of the evidence that was presented before the committee last year. But here is what troubles me. If I get on a street car in the city of Winnipeg or the city of Toronto, I see advertisements reading somewhat like this: "Consult such-and-such a company and have your financial difficulties removed." If I take up the Winnipeg Free Press or the Winnipeg Tribune I find similar advertisements. These companies also send around circulars, in which they say: "Why owe money to the butcher and the baker? Consult us and we will consolidate your debts." Now, if the business is no more profitable than has

been intimated, why are these companies doing so much advertising? We hear it said that there is something wrong with our financial institutions when the Parliament of Canada will authorize a company to charge 24 per cent per annum for loans. People ask why that is, and quite properly. It is the duty of the Government to solve this small loans problem. We put it before the Government last year, but it has done nothing; it has not moved an inch.

Hon. Mr. DANDURAND: Not this session.

Hon. Mr. HAIG: Nor since last session. We have a statute which says that for a loan under \$500 not more than 12 per cent per annum can be charged, but that statute is made a farce by the very amendments we are putting through this House.

My right honourable leader (Right Hon. Mr. Meighen) says that after listening to evidence he has concluded the companies are making a proper charge. But the fact is that people are ruined because of the very borrowings they make. Here is one example. A woman in Winnipeg borrowed \$275, to be paid back in twelve monthly instalments. The amount she paid each month was \$29; so in all she paid \$348. That one case is typical of them all. I am willing to vote for this Bill, but let me say that if we sit here dumbly and vote for measures of this kind we shall never cure the existing situation.

Hon. Mr. LITTLE: No, but we are improving it.

Hon. Mr. HAIG: I do not think so.

Hon. Mr. CALDER: What is the solution?

Hon. Mr. HAIG: To prohibit the charging of such high interest rates by anybody. If you were to go to the city of Winnipeg to-day you would find that 99 per cent of the borrowers of small loans are not in the condition outlined by my right honourable friend the leader on the other side (Right Hon. Mr. Meighen). Some of those borrowers have large medical bills to meet, or have to find money because somebody is in trouble, but by and large the borrowers are simply people who have got into debt through extravagance. Any practising lawyer in a city like Winnipeg could tell you that what I am saying is true. Let me give you one example of which I know. A man working on a bridge gang for the Canadian National was being paid \$125 a month, in addition to his board while away from home. His wife got him into financial difficulties, until he owed \$500. My honourable friend from Parkdale (Hon. Mr. Murdock) says that borrowers are afraid of being garnisheed. Well, anybody in Manitoba can pro-

Hon. Mr. HAIG.

tect himself from being garnisheed by applying to the District Court. That is what this man did. His \$125 a month was turned over to a committee, which allowed him and his family so much each month for living expenses and applied the remainder to payment of the debt. The result was that the debt was paid off in two years. How did that man's family get into debt? Well, they bought a radio and other things that are not strictly necessities. Such things are all right if you can afford them, but this man could not. There are thousands like him, thousands who find themselves in debt through similar causes. And we sit in this House and permit the passage of bills authorizing money lenders to charge a minimum of 27 per cent a year.

My right honourable leader said the rate was justified by evidence given before the committee. That evidence was given by whom? By the lenders. Why not go out to Manitoba, for instance, and see what the borrowers there think of the rate. The companies say that if they are restricted to 2 per cent a month they can lend in Ottawa, Montreal, Toronto, and such places, but they cannot go to outlying parts. Well, the outlying parts got along all right before these companies came among them, and they will get along all right after the companies leave.

I am not going to press my objection, because we have accomplished the object we wanted, which was a full discussion in this House. It is not right to say that if we do not pass this Bill the company concerned will have to go out of business. All that the company has to do is to comply with the law, which it is not doing now. The Superintendent of Insurance says the company is not allowed to take this \$10 fee and put it into its own treasury, as it has been doing. If the company charges the fee it must pay it out to a lawyer. But the necessary documents are drawn by a clerk, I suppose. I venture to say that such a clerk is not paid more than \$125 or \$150 a month for that work, although perhaps he earns \$1,000 a month. The surplus over his salary goes to profits. That is what the Superintendent of Insurance is objecting to, and I think rightly so.

Hon. Mr. LAIRD: The clerk may be a lawyer.

Hon. Mr. HAIG: In any event he is supposed to get the money himself; it must not go into the company's treasury as profit.

Hon. Mr. LITTLE: Will the honourable gentleman allow me to correct him? He says the charge for a chattel mortgage is \$10. The charge runs, as I understand the evidence given before the committee, from \$2 to \$10.

Hon. Mr. HAIG: That is for registration.

Hon. Mr. LITTLE: No; the total charges.

Hon. Mr. HAIG: Evidence given before the committee last year by a good many witnesses was that the average charge was \$10, including disbursements for registration, documents and searches. I do not want to press for a vote, for, as I say, we have accomplished the object we had in mind for this sitting. But I submit an obligation rests squarely on the shoulders of Parliament to see that this whole question is investigated with a view to preventing loan sharks from defying the law which fixes 12 per cent as a maximum rate. Why does the leader of the Government in this House (Hon. Mr. Dandurand) say that law cannot be enforced? Of course it cannot be enforced if we do not want to enforce it. As long as senators will sit here and vote to permit companies to charge 2½ per cent a month we shall have loan sharks in this country. I do not believe the House of Commons will vote for this Bill, and I hope it will not. And I think that if we were responsible to the people we would not vote for it.

Some Hon. SENATORS: Question!

Hon. HENRY A. MULLINS: Honourable senators, I have listened with some interest to the discussion on this Bill. A few years ago a similar bill was brought into the House of Commons, and I am glad to say it was killed there. I believe this Bill will meet a similar fate. After having travelled through the West and heard what the people think of these high rates, I find it hard to believe that this honourable body would support a bill such as we have now before us. Why encourage people to give chattel mortgages on their furniture and become subject to the high rates these small loan companies charge? I came across some poor persons in Winnipeg who needed some money and were intending to get it from one of these companies. I said to them: "Don't do that. Come on down to the Bank of Commerce." I went down with them to the bank, where they got the money for 6 per cent. Almost any reliable man can get a friend to endorse his note. Why should we make it easy for people to make themselves liable for rates running from 24 to 35 per cent?

Let me repeat, honourable senators, that I believe this measure will be killed in the House of Commons. I should be sorry to have it known in the West that this honourable body is supporting a measure which permits such high rates of interest as the present Bill permits, and I do not want to be a party to the passage of the Bill.

Some Hon. SENATORS: Question!

The Hon. the SPEAKER: The question before the Senate, honourable senators, is on the amendment to the motion for third reading of Bill C. The amendment is that the Bill be not now read a third time, but be referred to the Committee of the Whole House for further consideration.

Hon. WILLIAM DUFF: Honourable senators, after the great deal of illumination which we have got from the discussion here this afternoon I am more than ever convinced that not only this Bill but all similar bills are absolutely wrong. I say that Parliament—not the Government, but Parliament, which includes the people's representatives in the Senate as well as in the House of Commons—will not be doing its duty if it allows loan sharks or companies such as the one represented in this Bill to charge 27 or 30 per cent interest per annum. Not only do these companies charge extremely high rates, but they take security to the extent of double the value of the loan, or more. A man who borrows \$100 is required to put up security of \$200 or \$250, and if the interest is not paid promptly, or in any way at all the agreement is not kept, the poor borrower may have \$250 worth of furniture, or his automobile, or horse and buggy, as the case may be, seized. I say that we as members of the Parliament of Canada should not sit here and allow such a bill to pass. We should not permit any company to levy altogether unreasonable rates on a poor man who is in need of a small sum of money.

There is on the Statute Book a law providing that not more than 12 per cent per annum may be charged on small loans. I would go further than my honourable friend the junior senator from Winnipeg (Hon. Mr. Haig) and say that 12 per cent is too high a limit. One of the Canadian banks arranged a short time ago to make personal loans, and it has lent millions of dollars in this way. Small sums may also be borrowed from private individuals.

I am surprised to learn what high rates some companies are able to charge in Toronto, Montreal and Winnipeg. I happen to own a few mortgages—not big ones—on which the rates are around 5 per cent and, at the very highest, 6 per cent per annum. Down in the Maritime Provinces the most we can get on our money is 6 or 7 per cent; we would never think of charging 12 per cent, let alone 27 per cent, compounded.

It is time for us in the Senate to stop putting bills like this through and trying to justify our action by saying that but for the

companies which we authorize to charge a rate of 27 per cent compounded, loan sharks could take poor people by the throat and strangle them with rates of from 50 to 200 per cent.

I am opposed to the Bill. But, with consent of my seconder, I am willing to withdraw the amendment, although I think it is a fair one, for I consider we have attained our objective.

The amendment was withdrawn.

The Hon. the SPEAKER: Is it your pleasure, honourable senators, to adopt the motion for third reading of this Bill?

Some Hon. SENATORS: Carried.

Hon. Mr. DUFF: On division.

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

### PRAIRIE FARM REHABILITATION BILL

#### THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 18, an Act to amend The Prairie Farm Rehabilitation Act.

He said: Honourable senators, yesterday on the motion for second reading of this Bill I was asked if I could state the number of local committees that might be appointed under the Bill. I understand from the Hon. Minister of Agriculture that there will be very few.

I was also asked as to the remuneration of the chairmen of those committees. I am advised that the chairman of the principal committee appointed under the Act is an official of the department and receives no remuneration, and that other departmental officials will act as chairmen of any local committees that may be appointed under the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable senators, this Bill is one of those coming within the general class of Government measures presented to this House from the other House, designed to express in legislation the Government method of handling a problem. All bills are not of this kind. Though in such a case certain of us may disagree with the method the Government devises and may feel it is not the best, still I do not think it is the function of this House to oppose such a measure. It is within the proper purview of the Government, which should be given a chance to reach its goal by what it believes is the best route.

It will be clear that I do not propose the Bill should be defeated. I do not think this multiplication of committees is the right way

Hon. Mr. DUFF:

and I want to go on record to that effect. I have never faced a Government, nor been in one, that had such an avaricious love of committees, and multiplied committees, and sub-committees, and chairmen of committees, and expense allowances for committees, and very often salaries of committees, as has this Administration. I do not understand why one committee, composed of representatives of all sections and all interests studying what is essentially one problem, is not better and more efficient than a collection of committees scattered here and there, advising on a phase of the problem as it appears in a certain part of Saskatchewan, or of Manitoba, or of Alberta, or perhaps in another section in the North. It is really all the same problem. It is just a question of how best to legislate in the interests of, and to provide for, recovery of the drought-stricken areas of the Prairie West. In the general committee every local view is reflected, and the machinery is simpler. Surely it is better than to have a whole string and succession of committees with successive chairmen, all urging their particular views upon the Hon. Minister of Agriculture. I know objection has been raised in the other House on the way everything seems to filter through a former member of Parliament. I do not say there is not force in the objection; I am afraid there is; but it is not one that should be taken account of in this assembly. I merely enter my protest against this tendency to dissipate the energies of governmental administration among multiplied committees. I do not know what the purpose is. It looks to me to be political. But whether it is or not, the ultimate result is not as good as if the thing were simplified and centralized.

Hon. Mr. DANDURAND: I should like to tell my right honourable friend that the large committee provided for under the Act met, I think, but once or twice.

Right Hon. Mr. MEIGHEN: Once.

Hon. Mr. DANDURAND: It is composed of men of the highest standing to advise on general policy. The view of the Hon. Minister of Agriculture is that he may divide the work—as he expressed it—among local committees familiar with local conditions in what is an immense area, and perhaps entrust to a certain number of men the question of exploring the possibilities of certain districts that formerly were devoted to wheat culture. There will be other matters to deal with, such as community ranching, the application of strip farming, and examination of the work carried on in neighbouring States. The honourable Minister thought he could draw upon good men and true to help him in

solving some of the problems. The drought-stricken area, as I have said, is so vast that no clear-cut scheme may be available for general adoption.

My right honourable friend was not here yesterday, but he has repeated what I said then, namely, that the Hon. Minister of Agriculture is responsible for the work to be carried on during the next three years. He suggests his own way of doing it, and he will be answerable for the result. He has three years in which to show what progress he can make in this direction, and I wish him God-speed.

Right Hon. Mr. MEIGHEN: He has a "blank cheque" too.

Hon. Mr. DANDURAND: He has a limited cheque under the present Act. Under this Bill he will be limited by the annual vote of Parliament.

Right Hon. Mr. MEIGHEN: But the legislation is blank.

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

#### PRIVATE BILL—INDUSTRIAL LOAN AND FINANCE CORPORATION

##### THIRD READING

Hon. L. MORAUD moved the third reading of Bill H, an Act respecting Industrial Loan and Finance Corporation.

He said: Honourable senators, this Bill is an amendment to the original Act, and is in accordance with the recommendation which the Superintendent of Insurance made in 1936. In his report of that year he said:

In the discussion in Parliament on bills affecting small loan companies in 1934 the department suggested the substitution, for the section of the Bill fixing the charges, of a flat inclusive monthly rate of interest uniform for all loans whatever the amount, with the further provision that no interest should be deducted or received in advance or compounded, but should be charged on the unpaid principal balances.

While this suggestion was not adopted, there was enacted at the session of that year an amendment to the Loan Companies Act, which provided that any company deriving its powers from the Parliament of Canada which charged on any loan a rate of interest exceeding 2½ per cent per month on the monthly balance owing by the borrower, should be liable to have its charter forfeited or its powers terminated by action of the Governor in Council.

The Superintendent of Insurance also stated:

Revised bills should provide for an inclusive monthly rate, not deducted in advance, but charged on monthly balances of principal owing. The department believes that a monthly rate of 2 per cent will enable the companies to operate at a reasonable profit after a fair volume of loans has been made.

The only objective of this Bill is to amend the Act incorporating the Loan and Finance Corporation so that the company may charge only that maximum interest of 2 per cent a month, and instead of charging interest in advance may calculate the amount every month. Thus the borrower will know exactly what he owes the company.

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

#### DIVORCE BILLS

##### SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill A2, an Act for the relief of Eva Schiller Lightstone.

Bill B2, an Act for the relief of Ruth Jessica Kimpton Shiells.

Bill C2, an Act for the relief of Grace Ellen Doris Newman.

#### TRANSPORT BILL

Hon. Mr. DANDURAND: I desire to draw the attention of members to the fact that the Railway Committee will meet this afternoon immediately after the adjournment of this House.

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

#### THE SENATE

Wednesday, March 10, 1937.

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

Prayers and routine proceedings.

#### FARMERS' CREDITORS ARRANGEMENT ACT

##### INQUIRY

Hon. JOHN A. MACDONALD (Cardigan) inquired of the Government:

1. The name, address and official position of each person in connection with the Farmers' Creditors Arrangement Act in each province?
2. The date when such persons were appointed, when they resigned or were retired?
3. How such persons were, or are, being paid? Whether by the day, the week, the month or otherwise?
4. How many cases have been disposed of in each province per month since the inception of the Act, whether by amicable settlement through the receivers, or by the boards of review, and the total number of cases in each province?

5. What has been the cost of administration in each province per month; the average cost per case; the amount each person has received, whether salary, indemnity or travelling expenses, and the period of time for which he received such remuneration?

Hon. Mr. DANDURAND: I have received the following memorandum from Mr. Gordon, administrator of the Act:

To assemble the material necessary for preparation of answers to this inquiry the services of the entire staff of this office will be required for several days.

The following questions present no particular difficulty, other than the stenographic work involved in preparing long lists of personnel, several hundred of whom have been replaced from time to time:

1. The name, address and official position of each person in connection with the Farmers' Creditors Arrangement Act in each province.

2. The date when such persons were appointed, when they resigned or were retired.

3. How such persons were, or are, being paid. Whether by the day, the week, the month or otherwise.

During the early stages of operation, records were not maintained by months, although this material can be made available as a result of an extended review of old records. The information is readily available by fiscal year if the answer prepared in that manner would meet the requirements of the Honourable Senator Macdonald. This situation pertains to the following questions:

4. How many cases have been disposed of in each province per month since the inception of the Act, whether by amicable settlement through the receivers, or by the boards of review, and the total number of cases in each province?

5. What has been the cost of administration in each province per month; the average cost per case; the amount each person has received, whether salary, indemnity or travelling expenses, and the period of time for which he received such remuneration?

In view of the time which will be required to prepare the material, it would be appreciated if the inquiry might be dealt with as an order for a return.

And I have received this communication from Mr. Clark, the Deputy Minister of Finance:

I have discussed with Mr. Dunning the question appearing on the Routine Proceedings of the Senate for February 23, 1937, in the name of Senator Macdonald. I am enclosing a memorandum from Mr. Gordon, Administrator of the Farmers' Creditors Arrangement Act, showing the amount of work that would be required to answer all the questions.

Mr. Dunning is inclined to think that the expense of preparing such a return is too great to justify it, and he has asked me to take the matter up with you. Do you think it would be possible to get Senator Macdonald to either withdraw the question in view of the amount of work involved, or, alternatively, revise the question so that the amount of work necessary to prepare the answers can be reduced?

I would suggest to the honourable senator that he get into touch with Mr. Gordon to

Hon. Mr. MACDONALD.

see whether he can so restrict his inquiry that it may be answered before prorogation.

## THE MINING INDUSTRY PROPOSED RESOLUTION

Hon. ARTHUR SAUVÉ rose to move the following resolution.

That, our age being evidently what some authorities call "the age of metal," as minerals are more and more sought for and used in the industries which are created or developed by the discoveries of science, as well as the new needs of social and economic activities;

That, while recognizing what has been done by the governments of the country with a view to fulfilling these needs and avoiding abuses, this House is however of the opinion that it is urgent for Canada to utilize to a greater extent, first of all to her own benefit, the untold wealth of her subsoil throughout her vast territory, through the rational development of her mining industry by the best knowledge of our natural resources; by a fair protection of capital, honestly invested; by a control sufficient to protect herself as far as possible against:

1. Ill-advised investment of capital;
2. Dishonest brokerage;
3. Fallacious prospectuses and misleading publicity;
4. Trusts;
5. Invasion of our country by undesirable capital;
6. Danger of foreign covetousness, which is usually the cause of wars of conquest.

This House also thinks that Canada requires more than ever a mining policy directed so as to:

- (a) Protect our human capital against diseases which generally threaten the mining labourers;
- (b) Encourage to a greater extent technical and geological teaching and to give proper employment to her graduates;
- (c) Give work to her employable unemployed before all others;
- (d) Favour colonization while preventing further rural exodus;
- (e) Organize and protect local markets for the distribution of goods produced by Canadian farming and manufacturers;
- (f) Prohibit all immigration which might be inimical to her fundamental institutions and which might constitute, in her mining centres, seats of disorder and agencies of revolutionary propaganda.

He said: Honourable senators, I have under my hand certain authorities which I desire to quote. I am going to speak in French and, in order that I may not unduly tax the patience of the English-speaking members by reading of these quotations, I would ask that they be incorporated in the Hansard report of my address.

Hon. Mr. DANDURAND: I have under my hand certain authorities which I desire to quote. I am going to speak in French and, in order that I may not unduly tax the patience of the English-speaking members by reading of these quotations, I would ask that they be incorporated in the Hansard report of my address.

Hon. Mr. DANDURAND: I would suggest to my honourable friend that it would be preferable that he make his request at the conclusion of his remarks, for then we shall know the purport of these documents.

Hon. Mr. SAUVÉ: I agree.

(Translation)—Honourable senators, the object of my motion is to furnish my humble contribution to the task of making better known the resources of Canada and set forth our reasons for expecting from their co-operative development a prosperity judiciously distributed among all classes of society. I do not presume to bring any new knowledge to an assembly composed of men who, through practice and experience, are better informed than I am regarding the resources and needs of Canada. I address my observations rather to my fellow-citizens in general, at the same time respectfully asking the attention of my colleagues.

In referring to the deficiencies of the past, I shall bear in mind the customs, needs and circumstances of that period, as well as whatever commendable has been done, without excusing dishonest exploitation and guilty *laissez-faire*. I do not wish to be classed with the dilapidators of the past. There are two kinds of dilapidators: the plunderers of our material resources, and those—the most cruel of all—who attack our institutions, our traditions, our soul, our heart.

The cruel losses continually suffered by our country as a result of the constitutional misunderstanding concerning the interpretation of certain essential features of our treaties and of the British North America Act are constantly brought to our attention. But as we rise and sing the song of our beloved native land, do we sufficiently consider the great economic force which, from the depths of the Canadian soil, awaits our intelligence, our knowledge and our will to be brought to the surface and make our country powerful? Have we done all we could to understand it and use it to the advantage of "Canada before all"?

True, the discoveries of science have created new customs and new needs which we must take into consideration when passing judgment on the past as well as on the needs of the present and the future.

Science finds in Canada a wonderful field of operation, unfolding vast possibilities that should be transformed into realities by the Canadian people themselves rather than by foreigners.

Geological and engineering science, opening up to us horizons which direct our eyes and our intelligence to the very depths of our rocky subsoil, is marking out for our leaders and our governments a line of action which it is their duty to follow. Regarding the influence geology brings to bear upon the very details of our life, a French sociologist of high reputation, Mr. de Launay, writes that, owing to

the artificial means of communication that we are constantly endeavouring to establish, the whole earth is tending to break the chains of nature and to attain, both as regards raw materials and finished products, the equilibrium of the "communicating vessels."

In considering the general aspects of this question, I want to be consistent with my past, by respecting, within its due limits, the autonomy of local legislatures, but by wishing also for a beneficial and logical co-operation between the Dominion and the provinces.

I think we ought to realize the improvements sought by our governments with a view to promoting further the extension of the necessary knowledge to a sound development of our natural resources, and also in order to show a course affording a better safeguard for the people and the State against undue and dishonest exploitation. It is our duty to assist the provinces more than ever, through liberal subsidies. For instance, the provinces should be supplied with the most comprehensive maps which they may need, and also with aerial photographs of our mining districts. Last year, the Dominion Parliament spent more than one million dollars to assist provincial schemes, such as the building of roads, and so on. Even if that amount were trebled, it would be far below what the Dominion Government would reap from the development of our mines.

We are entering a new era, which the Hon. Minister of Mines rightly and enthusiastically called the "metal age." In the course of the next ten years we shall probably be able to call this period our "golden age," provided we make it a duty to start wisely, with enough control and knowledge—in a word, with the best possible preparation, which means a much better one than in the past.

However plentiful its wealth may be, a country that does not know or is not sufficiently well acquainted with its possibilities and is not concerned about them is in a rather bad position to defend and protect itself. It is doomed to defeat unless it draws its strength and welfare from the sound achievements of an intellectually and educationally well-balanced population.

Are we not one of those countries which, too often through electoral cares, back up or hesitate before the task of teaching the people their actual rights and duties and impressing upon their minds and spirit their status as citizens? That is another cause for our weakness and troubles. It is when shown the great possibilities of which they may avail themselves that the people will accept with fortitude and courage, their obligations, their chances and their sacrifices.

Such is the summary statement that I wished to make in support of the motion which has been submitted to this House. I do not think it was superfluous.

The Senate is the most reliable guardian not only of our Constitution, but also of our institutions founded on our basic wealth. The preservation of these institutions depends a great deal on our economic structure and the exact knowledge of our means of defence and advancement. And is it not through discussions of this nature that the Senate might further prove its usefulness and its desire to please, while awaiting the Government's legislation?

I should have rather liked to make this motion at the beginning of the session, when the Senate could devote almost all its time to discussions of this kind, but I was prevented from doing so.

We complain that we are suffering from the fact that our country is not known well enough abroad; but do we know it ourselves? Are there not too many foreigners who are better aware than we are of the underground foundations of our economic structure?

The learned director of the Botanical Institute, Brother Victorin, whose scientific and literary authority is ever growing throughout the world, was putting a question to his compatriots, in 1934, the substance of which is as follows: "On great occasions, we sing, 'O Canada, beloved Fatherland!' Nature's sanctuary and temple! What do we know of Quebec's geology? A few incomplete studies; no achievement of real importance."

Then, Hon. Mr. Crerar, in the introductory remarks to one of his splendid lectures which we all read with great interest, said:

Every Canadian should know and appreciate the nature of his country's resources; however, there are relatively but few people in Canada who are possessed of an exact knowledge of our actual and potential mineral wealth, particularly as regards gold and base metals.

Furthermore, Father Fontanel, S. J., the learned author of a splendid book, "L'Industrie Chimique et le Canada," also of "Canada Minier," and others, quoted without contradiction these words which were written to him one day by a great American manufacturer:

Generally speaking, in Canada your people, when they leave the universities, while skilled in theory, have no idea how things are going on in the world.

And Brother Victorin, that modest member of the famous order of Christian Brothers, which extends the benefits of its teachings to remote Egypt, stated recently:

Modern minds, let it be well understood, are upset by the unexpected confrontation of a rich spiritual heritage, coming from the

Hon. Mr. SAUVE.

earliest Christian ages, with the revelation of a new and bewildering prospect: Science.

The reverend brother tactfully criticized the fact that we were given a wrong geological notion of the earth's formation and that the least actions and movements of the small Hebrew people were too much emphasized.

Again, Father Fontanel points out, in his work "Canada Minier," the people's indifference towards the efforts of our governments to promote a better knowledge of our country. If, he says, we put aside the ruling authorities, the Government officials, the mining companies, and their friends the manufacturers, who process the products of the mines; that is, if we leave out a few professional scientists, and a few professors of geology and mineralogy who generally are but little interested in practical development, we may qualify the public feeling with this one word: indifference! Anyone can be convinced of it by recalling how many times he has heard the question of mines being discussed around him, or again by reading the books on natural sciences which are published in Canada, and in which the space devoted to the economic aspect of mineralogy is so small that you can hardly notice it; and furthermore by seeking the proportion of foreign capital in our industry. Needless to say, this indifference is regrettable, not only because mines, as we know, are an important source of revenue for our country; not only because they are a safe investment field for cautious investors; not only because they are able to supply employment to thousands of Canadian workers; not only because they will continue to develop in the future; but also, and more particularly, because this indifference more and more helps people from outside to take hold of the country's vitals. The Government not only tolerates, but also invites immigrants; many suggestive articles may be read in the Canadian Mining Journal about mines and immigration. However, our Canadian population keeps crossing over to the United States, just as if there were nothing to do in Canada.

Having noted this indifference, how can we account for it? It is due simply to one fact, which may be summarized in one word—ignorance. *Ignoti nulla cupido*. I have already referred to the lack of literature dealing with the economic aspect of the mines; on the other hand, I mentioned, at the outset of this study, several very valuable works, and there is no contradiction, since most of the work was done by officers of the Government. Well, nobody will be shocked when I say that the

Government's publications do not pay the interest on their cost. They are not even always in demand, and when they are received, they usually are left a prey to dust. If you think that I exaggerate, visit carefully our libraries, even those of our schools, and you will soon be enlightened. If you go through the handbooks of our primary schools, and even our universities, you will notice that mineralogy is studied only from a theoretical standpoint: classification, identification, physical properties of minerals, here and there a word to explain that such mineral exists in such or such a district. Evidently, it is not enough. It is true that a teacher may supplement it with a verbal course. But does he do it? Out of curiosity I inquired from a great many university and classical college graduates, and my impression is that, especially in our French-speaking schools, the mineral resources of Canada are not sufficiently shown.

Rev. Father Fontanel spoke about the awakening of the people. "May it develop and endure!" said he. Unfortunately this awakening resulted immediately in a wild and frantic race to the mining exchange and, consequently, a loss of millions in small savings. I wonder whether Rev. Father Fontanel's appreciation of the Government's efforts is not slightly beside the mark. Yes, there are many departmental publications, but without any great effort being made in that regard, or without any clear purpose from the educational and practical standpoint.

Instead of the people's savings being directed towards industries based on our natural resources, and soundly organized by competent men, and with all the necessary protection on the part of the Government, they were left at the mercy of unlimited speculation. For instance, if the province of Quebec had been led along these lines, French Canadians would not have to complain about being deprived of their heritage, betrayed, and forsaken for the benefit of foreign firms.

Hon. Mr. DANDURAND: Hear, hear.

Hon. Mr. SAUVE: They would be less inclined to criticize the Constitution and Confederation to justify their position, because that position would not be what they claim it is. They would have a certain influence among the ruling class, in matters of interest to the mind and of paramount import throughout the world.

Through sensible co-ordination of their efforts, and by organizing, without undue ambition or prejudice, their savings for well defined purposes of co-operative production, they would rule where they are now resenting their status of dependence.

Nowadays, economic activity ranks before all other factors and truly dominates the social world. Economists and historians have ascertained the fact that it brings its demands to bear upon political, civil and religious institutions, which have to reckon with it. It also controls international politics.

It is a fact that an insufficient knowledge of our Canadian homeland and of its possibilities has upset some quite commendable schemes in this country. It has led to wrong steps being taken. It has been a source of mistaken ideas, losses, indifference, pessimism and confusion, which make more and more difficult the task of those whose duty it is to govern.

Training in the study of statistics is still quite inadequate in this country. I am referring especially to my native province, with which I am better acquainted than with the others. Inadequate, if not practically non-existent. The Canada Year Book and the *Annuaire Statistique de Québec* are unknown even among the majority of intellectuals, teachers, young members of the professional classes, or young people who have taken up commercial and industrial careers. They all know the number of moving picture theatres and clubs in Montreal, but they cannot tell what Canada's production amounted to five years ago, or last year. They even know nothing about the production of their own province. The Department of Trade and Commerce publishes every year a fine pamphlet entitled "Canada," a small handbook which ought to be in the hands of all Canadians who wish to know their country well. Why should not this summary, as well as the two year books already mentioned, be found in every school, in every educational institution? I am especially referring to my own province, because I do not know whether they are available or not in other provinces.

Such a lack of knowledge has kept us too much unacquainted with the scientific aspect of our natural resources, while outside investors were carefully surveying them through their geologists, engineers and prospectors. If we leave out some rather exaggerated claims that appear in it, the pamphlet issued by Hon. Mr. Crerar, which is full of accurate data, should be distributed for educational purposes to all our schools. The object of the instruction should be, not to develop a taste for adventure and speculation, nor to train gamblers, much less to turn our men and women into dabblers on the stock exchange, but to make our country better loved and accurately known, to give confidence to her young people and to convince them they are justified in being proudly devoted to her and in expecting that in return

for initiative, work and concentration she will yield the greatest benefits.

It is a matter of regret that we have not been earnest enough in associating the study of our land with the examination of our distressing national and economic problems.

While it is true that, through Louis Hébert, the apothecary-herbalist from Paris who was the first man to settle at Stadacona (Quebec), French Canadians were the initiators of botany in America, it is also true, nevertheless, that we have been greatly outdistanced by the Americans, as well as by the British financial barons, in the development of our own resources. In that respect these people have enormously benefited through our unwarrantable tolerance and our unpardonable apathy. We should not blame those who, through their great endeavours and the heavy risks they were willing to take, have set an example for us.

At the time when it was decided to make Western Canada an immense granary for Europe, when it was also desired to build a railroad reaching beyond the Rocky Mountains—at that very time capitalists from other countries, financial and industrial geniuses who could accurately foresee the future, looked over our mining wealth, with the assistance of their geologists and engineers. Thus it was that about 1884 an engineer named Salter first discovered metal-bearing ores in the Sudbury district. The Canadian Copper Company carried out the first tests, the first experiments, and was the first to take fairly heavy investment risks. It was about the same time that Ritchie, then president of an American concern, the Orford Copper Company, came upon the scene, and with his refineries rendered such valuable services to science and production. Were not Johnson, Gangee, Thompson, Mond, and many others, pioneers in nickel mining in Canada? These great discoverers did not merely purchase land, promote companies and put shares on the market through authorized dealers. With a view to ascertaining the value of those minerals that had been discovered, they endeavoured to get at the truth with the help of geological science and engineering equipment. Through them our country was brought to the attention of the most prominent metallurgists in the world, such as Vivian, from Wales, and many others. As early as that time the possibilities of Canada were recognized by two of the three greatest producers in the world: the International, from the United States, and the Mond interests, from England, who were associated with the Rothschilds, lessees of the New Caledonia nickel mines.

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Men from England and the United States were those who, through their heavy investments, assumed the initial cost of those experiments in the refining and later the alloying of nickel which have opened up such bright prospects for the nickel industry.

To what extent has outside capital been responsible for the development of our mineral wealth? What proportion of the total investments does it represent? Three-quarters, it is claimed. The Government leader will, no doubt, tell us the correct figure. There are some who bitterly complain that Jews are also laying hold of our mining lands. If this be true, as it is asserted, we should not be content with bemoaning that fact. Those who are mostly to blame are not the Jews, but ourselves!

For one thing, the owners of the Canadian soil have failed to take the lead either in the study of that science through which may be gained a knowledge of our wealth, or in its practical application. Capital was lacking, some will say. Yes, but the State as well as individuals also showed a lack of resourcefulness. Confidence and co-operation were also lacking. We had not enough money to purchase mining lands, to develop them, and to keep them, as well as the wealth they contained, under our control. But we had money enough to speculate in mining shares and gamble on the stock exchange. However, there are noteworthy exceptions. An increasing number of Canadians are taking a direct interest in the development of our mines. So much the better. Let us hope that they will have enough foresight and prudence to achieve a success that will be profitable to themselves and to the country. In such projects the State and the individual cannot work independently. Let the State take the leadership and help them. Let it protect them.

No, our young people should not be downhearted. But it is imperative that they should be more firmly led along the straight path of honest business. Let us hasten to make the necessary readjustment through a more equitable distribution of our national wealth, through a relentless campaign against abuses, and dishonest and intolerable monopolizing. Bankruptcy? Hardships? In a sparsely populated country, with crops amounting to millions and millions of bushels of wheat, barley, oats, rye, buckwheat, etc.; millions of bushels of potatoes, vegetables and fruits of various kinds; with millions and millions of pounds of domestic butter and cheese; not to mention the wool from our thousands of sheep, and our furs? How can it be said that such

a country is unable to ensure the necessary welfare to two million homes?

With a population of less than eleven millions, with a national wealth estimated at no less than twenty-five billions of dollars; with a net production of about three billions; the fact that this is but an insignificant part of our extensive potential resources; the fact that in the 15 per cent of our territory suitable for cultivation we have more than 189 million acres of farm lands still undeveloped, apart from the Yukon Territory and the 9 million acres of the Northwest Territories; with forests producing yearly about \$200,000,000 worth of wealth, and fisheries whose annual output is worth \$50,000,000 and will no doubt increase in value under the progressive leadership planned in Quebec and elsewhere; with reasonable prospects of untold wealth in the country's subsoil, which, although as yet merely scratched in places, yields over \$300,000,000 a year, that is, \$1,000,000 for each working day, and an increase of more than 800 per cent in one-third of a century; with that population of scarcely eleven millions ranking, as it does, among the five greatest exporting countries; with human assets more wisely distributed and better protected, after having increased in value through a sound education—with all this, I ask with pride, should not Canada be optimistic rather than pessimistic?

Let us not forget that our forests cover an area of about 1,130,000 square miles, and that their development is the third among our primary industries. I venture to say that if their development had proceeded along better lines, with better forest classification and protection, they would yield not merely \$300,000,000 but \$400,000,000. Fortunately, with the help of aeroplanes and radio, with a better understanding of our national interest, our governments are now placing that industry upon a better and more profitable basis, as well as affording it a more efficient supervision and protection.

That industry already employs nearly 400,000 men. It would give work to 500,000 people if machinery had not displaced human labour to such an undue extent. Nowadays, it uses from 25,000 to 30,000 horses, instead of 100,000, owing to the introduction of motor vehicles and tractors.

If at the same time we consider the fresh-water area of Canada, estimated at more than 228,000 square miles, the largest in the world, and according to a report of federal departmental engineers, representing at least 44,000,000 horse-power, only 20 per cent of which is developed at the present time—I say that if we consider these splendid marvels of our huge hydro-electric resources, are we

not justified in being proud of our country and expecting therefrom an unbounded prosperity? These resources constitute also an element of utmost importance in the development of our mines.

Our national territory covers nearly the northern half of the American continent; it extends over an area of 3,684,723 square miles. The Dominion of Canada is as large as Europe and is thirty times as large as the British Isles. Our country represents more than 27 per cent of the total area of the British Empire.

Forward! Such is the advice given to the young men of Canada. Within ten years, under discerning guidance and management, our wealth will be at least \$30,000,000,000, and our yearly production will reach approximately \$5,000,000,000. Our rich mining empire is being established in the 85 per cent of our non-agricultural lands. The four metals most needed in the world are nickel, copper, zinc and lead. Canada already produces them in such quantities that, undoubtedly, certain nations, eager for conquest, have their eyes on these resources. Also, the Gaspé, Chibougamau and Ungava districts, in the province of Quebec, as well as the rich fields of the Abitibi, of Temiskaming, etc., would make the least ambitious countries pine away with envy. What about asbestos in the Eastern Townships, which makes Canada the leading producing nation in the world? This matter will probably call for more consideration in the future than we seem to have given up till now. What about our gold that is so abundant and so promising? Financiers and capitalists who wish to make investments covet these natural resources before the nation has had an opportunity to share in the profits derived therefrom.

Our mining industry dates back only ten years, so to speak. It is only since 1932 that its development has been really important. Nevertheless, the mining industry prevented us from falling into the gulf of depression. It kept bankruptcy away.

According to the Dominion Bureau of Statistics, our 11,652 mines and plants (oil and gas wells, sand and gravel pits included) paid \$88,000,000 in salaries and wages to 73,000 workers last year.

In 1930, before the dark days of depression, 31,000 workers, with a payroll amounting to \$49,000,000, were employed in our mines. This means that during the worst period of the depression, 1932-34, when defeatists were harassing governments, mining development was responsible for an increase in labour to the extent of 42,000 men, and in wages amounting to \$39,000,000.

In 1934, according to the same source of information, our mining and metallurgical industry purchased supplies and equipment amounting to \$76,000,000.

The Hon. Mr. Crerar states that in 1934, prior to his appointment as Minister of Mines, the mining industry's purchases of equipment and food products amounted to \$76,000,000, including \$25,000,000 for electric power, freight charges and insurance. It has been estimated that our mining centres each year provide our farmers with a direct market for 38,000,000 pounds of meat; 7,500,000 pounds of lard; 7,500,000 dozens of eggs; 5,500,000 gallons of milk; 11,000,000 pounds of butter; 7,500,000 pounds of cheese; 114,000,000 pounds of potatoes; 76,000,000 pounds of flour; 7,500,000 pounds of beans, exclusive of huge quantities of fruits, vegetables, sugar, etc.

In the same year our railways and aeroplanes carried 23,000,000 tons, as compared with 12,000,000 tons previously, amounting to approximately \$12,000,000. Freight, which was estimated at 676,000 tons in 1915, has jumped, twenty years later, to 1,041,000 tons. The Dominion Bureau of Statistics figures that mining products and foreign coal account for 35 per cent of the freight carried by Canadian railroads, or 24,000,000 tons, that is to say, 6,000,000 tons more than our agricultural and live stock products combined. It is estimated that in 1934, out of the total payroll in the mining industry, \$30,000,000 were spent to buy food products, \$10,000,000 for household goods, etc.

Our history commands us not only to acquire a thorough knowledge of our country, but also to make use of her possibilities, through national co-operation with a view to developing our natural resources.

Mining industry is still in its early stages, though it has been the subject of favourable comment for the past half-century. This industry is most promising and offers us a great national fortune. The Federal Department of Mines undertakes efficient propaganda in that regard, and I commend its action. True, there are countless treasures in the Canadian sub-soil. What profit will Canada derive therefrom? What will be her share?

To exhibit boastfully richly-veined ore, to praise it beyond all measure, to become foolishly enthusiastic, is always an indication of a catastrophe, and not of real progress.

In order to obtain a rational development of the country's natural resources, we must base the confidence of the Canadian people on the solid rock of scientific truth and on the judgment and conscience of technical men who are prepared to place their knowledge

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honestly at the disposal of the State. With all due respect to honest and bona fide brokers, this confidence will be based on prudence. It will have to resist firmly the cunning attacks of the unscrupulous stock seller, little Dan Cupid of the Stock Exchange, whose seemingly refined education and false expressions of patriotism—almost of love—result in the luring of victims who, heedless of the voice of judgment and that of the soul, throw themselves into the arms of sharpers.

The public must also base their confidence on an honest, far-seeing and rigid governmental supervision.

Indeed, we cannot ask governments, promoters or brokers to show the infallibility that is present nowhere in temporal matters. There is always considerable risk connected with the secret which is hidden 2,000 feet below the surface of the ground, especially as it lies there subject to unforeseen world conditions.

In his interesting message the president of the Montreal City and District Savings Bank, the honourable leader of the Government (Hon. Mr. Dandurand), recently warned the public against the danger of a new era of unrestrained speculation. "Purchasing power," he also said, rightly, "increases only through production and services, that is to say, work."

On the other hand, Mr. F. R. Phelan, president of Financial Service, Limited, speaking before the Rotary Club last December, also said that the public should beware of ill-advised investments in securities offered, not by honest and respectable brokers—there are still some—but by high-pressure salesmen and swindlers.

The whole world is still suffering as a result of purchases made on paper, which destroyed credit, as well as in the past having been the cause of so many fortunes being lost and so many people being ruined. Speaking in the Legislature of the province of Quebec, in 1929, I said the following: "Purchase on paper is at the root of the oncoming depression; it is the real enemy!" Abuses were being tolerated, allowed, encouraged, practised by governments, certain members of which were in a scandalous and criminal partnership with schemers of the worst type. It is alleged today that half of the nation's wealth is on paper in the form of stocks, bonds, notes and mortgage debts. It is said that it amounts to \$10,000,000,000. Governmental authorities in the United States have calculated that from the end of the War to the year 1933, \$25,000,000,000 had been lost by the American public through this system of buying paper

securities offered by pirates from the Stock Exchange and other promoters.

Amid these facts, figures, swindles, losses, and ruins, there stands a monument on whose pedestal may be read the commandments of wisdom. Let us find in them a lesson for the present and the future.

Governmental authorities are well advised in planning further to take firm and efficient action against unscrupulous brokers so as to protect the honest people, not only of the country, but also of the Stock Exchange.

I am informed that there still exists a combine which has the appearance of keen competition between Montreal and Toronto. The same stock would seem to command a different price on the Montreal and the Toronto exchanges. Why this difference? Why pay \$5 for a share in Montreal when it can sell at only \$4.75 and \$4.50 in Toronto? It seems that this trick deceives a large number of people.

Forgers, mining stocks swindlers and trusts are to-day the real enemies against whom public grievances are increasing, such grievances being also voiced against those who protect them in governments and parliaments.

Just as it is necessary and fair to afford protection to the honest broker, who is a trained adviser in commercial co-operation for the development of our public utilities, so at the same time it becomes urgent to take action against the thief who stands on the doorsteps of the Stock Exchange, in quest of victims.

It is also urgent to warn and protect the public against their worst agent—the man who distributes fallacious and misleading prospectuses. Do we realize the harm done by this publicity? People do not seem to ponder over the abuse, the result and the harm done by this fallacious, misleading and dishonest publicity. It has a cruel and subversive influence upon the education and conduct of the people. The community cannot rely only upon governments. What is the élite doing to remedy this condition? The élite of the press? The élite of society? A far too great number will protest weakly against the speculation mania. They will voice indolently their fear at the progress made by subversive ideas and revolutionary propaganda. They will say that it is the sum of intelligence and talent that finds its way into certain publications. But the real élite, those whom we should respectfully consider as the real social authority, what are they doing? They do not venture to answer the charges made against them, or answer the evolution propagandists who are forging their way towards revolution. They are afraid

to be caught in the net. They are afraid to attack. They are afraid to put a stop to the outbursts.

In that way we are deprived of the guidance which is so important. Thus the people are at the mercy of all kinds of vile speculators. That is why the destitute no longer kneel down. They stand up in order to strike any kind of blow, above or below the belt. They are desperate. Instead of slighting them, we should administer purgatives and tonics. Capitalistic combines are responsible—really responsible. I am not speaking of capital. They will be the first ones to fall if they continue to resist and to challenge! Now is the time to realize this fact.

The Hon. Mr. Gagnon, the new Minister of Mines in the Quebec Government, has just given a proof of his sense of duty and his patriotism in giving to his fellow-citizens this very wise warning: "Very rigid legislation," says the Minister, "will be passed at the next session in order to protect the public and the mine owners." In the meantime people should refrain from investing their money on the strength of mere rumors, and should remember that mines are divided into three classes: mines that are in operation and pay regular dividends; mines that are in operation and pay no dividends; and finally prospects, which themselves are divided into two groups—prospects on which extensive research work is being done, and those which are in the early stages of prospecting. In conclusion the Minister says that the same care should be exercised when buying mining stocks as when buying industrial stocks, and he expresses hope for a "prosperity free from any unjustified increase on the mining stock market."

Governments who protect public savings against mad and criminal speculation practise a wise and proper economy. Their task is not an easy one. They safeguard the people's money for investment in profitable undertakings and national enterprises.

Our new enthusiasm might still prove fatal if our governments had not already taken more fully than in the past and were not now taking the necessary steps to find out scientifically the value of the mines, so as to ensure rational development and an honest sale of stocks to the public.

Mr. Phelan, president of the Financial Service, also remarks, very sensibly:

It is, however, also important to remember that in advising people to guard against high-pressure salesmen, one must not lose sight of the fact that there are very many worthy enterprises, as in the case of various mines, where the speculative element is naturally

present, but where this does not necessarily mean that the enterprise is not worthy of attention as a speculative investment that may prove profitable. Most mines would never reach the production stage if those who originally invested the funds to develop the property did not take a great speculative risk.

Our Federal Government, with its new Companies' Act, is making it now necessary for corporations to give in their annual reports the fullest information necessary for a shareholder to understand the position of the company, and to give exhaustive details in any prospectus offering securities to the public.

Governments should be told that they should act as advisers worthy of public confidence. Mr. Phelan told the members of the Rotary Club what the governments and their associations are doing to guide us in the new era of production:

Both the Quebec and Ontario governments have been outstanding in the way in which they have endeavoured to guard the public's money which is going into investments. The Ontario Securities Commission and the Attorney General's Department in Quebec are owed a very deep debt of gratitude by the community for the thousands of dollars they have already saved the unwary investor. Their task was made more difficult by the fact that the activities of the Securities and Exchange Commission in the United States had driven many high-pressure operators out of that country and into Canada. Our provincial government departments, however, have succeeded in practically eliminating this menace by the application of measures which have the backing of all reputable financial houses.

To-day, no securities can be sold without registration with the provincial governments. If there is the slightest cause for complaint, the registration is refused. Brokers, security issuers and security salesmen themselves are all registered.

So far as the brokers are concerned, financial reports must be prepared and previous operations of the firm are carefully scrutinized. In some cases, when the only objection that can be made bears upon the financial stability of a firm, security must be given before the firm can be registered. Registration is valid for one year only, and must be renewed, and complete information must be furnished anew. Similar rules apply to the seller except that, as he generally works for a firm, he is not obliged to present a financial report, but his antecedents and his character are carefully scrutinized.

It is very important that such rigid rules should be constantly enforced and not merely be left in the statute. It is an essential factor in the protection of the public and in the development of our mining enterprises. There is another one:

The question of granting registration to security issuers presents special difficulties, because the departments have to be careful that their registration is not interpreted as a recommendation of the issue. This is particularly essential, because it is impossible to eliminate the element of commercial or speculative risk inherent in any enterprise. Purchasers of securities must always interpret the fact that

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an issue has been registered as meaning only that the enterprise has been studied and that no element of fraud has been found therein. In Quebec a large number of investigations have already been carried out, and in Ontario a similar situation might be cited, with the figures proportionately larger. To-day, promoters of doubtful character feel that these two provinces are good places to stay away from.

This situation not only is desirable, but should become a reality.

It is a lengthy quotation, but it is important on account of its wise advice:

Other agencies that might also be mentioned as doing excellent work in protecting the investing public are the Better Business Bureau in Montreal and Toronto, the banking institutions and trust companies through advice to their clients, and the daily and weekly newspapers of established reputation, which, while printing all essential facts about various investments, carefully eliminate any roseate claims made for stocks, which are based more on imagination than on fact.

I will add that unfortunately too many newspapers do the contrary.

I quote again from the statement of Mr. Phelan:

Publicity with a view to profit, to personal benefit, irrespective of the harm done to its reader when it misleads him or puts him in danger of being ruined, booms some stocks the main purpose of which is to allure the public. Do we realize the ever increasing influence that fallacious publicity has on the mentality and education of the people? It must be lessened by means of a campaign and a law to that effect.

While many losses sustained by the public through securities are due to having purchased fraudulent issues from high-pressure salesmen, it is my experience in the investment business that the bulk of the losses are really due to the purchaser's own greed or his stupidity and carelessness. The depression has taught most people the lesson that if they had exercised more care in the investment of their savings they would have had strong reserves to help ride through the business storm. It is a lesson, however, that needs to be kept constantly before one or it will be forgotten, particularly now that times are improving.

Indeed we have men who, although not infallible, are excellent advisers. I am not speaking of the people who, in spite of having been sentenced, continue to slip into some small brokerage offices. But there have been some innocent victims even among the latter. They have been convicted for crimes committed by their principals. These poor innocent people must be cured for all time to come. There should be no indulgence or *laissez-faire* detrimental to our population, whose fate, endangered as it is, disturbs our restless young men and reflects upon them. As far as that is concerned, our policy of "Canada first" has not yet given very satisfactory results. Still, it is a case where protection is essential.

Development of our mining industry will create new centres of colonization. We should take steps to provide for their needs. How can we do it? In trying to get the elements of a population imbued with Christian principles, respectful of our institutions and of order, and having the necessary ability and training for the work they will have to perform. "Mens sana in corpore sano." These mining and adjoining centres need strong and healthy men to work in the bowels of the earth or to clear the land. The House knows that very severe legislation and rules apply already to mine owners and their employees; or at least they are supposed to apply to them. There is legislation to that effect, but the manner in which it is applied is inefficient in many a case. Preventive methods are certainly less numerous than the laws which recommend or prescribe them. Death is taking an awful toll in this country. Our death rate is still very high. Nearly 6,000 people die each year from tuberculosis. Six of the most common diseases are responsible for only one-sixth of the number of people who die from tuberculosis. Medical and governmental authorities have long been concerned about tuberculosis among the miners. Tuberculosis microbes develop very rapidly in the mines. Steps should be taken to prevent their intrusion or to free the mines of them. As our Canadian mining industry is in its primary stage, our legislators should look carefully into that matter. Some people always advise against going too fast; but neither must we wait too long.

Development of the Canadian mining industry has made very good progress during the depression. It has saved us from bankruptcy. It has been a big help for the Canadian Government. Towns were built overnight. Sudbury, for instance, already supplies 86 per cent of the nickel used in the whole world. That district has a young population of 50,000, including about 40,000 miners, 4,000 business men or skilled labourers, and 6,000 farmers. About 50,000 acres have been cleared and 30,000 acres are under cultivation. There are also quite a number of cattle, in spite of the poor condition of the soil that can be cultivated—9,000 head of cattle, including 4,000 dairy cows. The reason is that our mining districts are generally suitable for agricultural purposes and provide a profitable local market for intensive farming or for products which can be grown in large quantities in small areas. In these districts milk, butter and cheese are high-priced products.

A peaceful population, respectful of our Creator, of our faith, of our institutions and of our laws—that is what we should aim to have.

Hon. Mr. CASGRAIN: Imperialist?

Hon. Mr. SAUVE: We shall see. I do not wish to tire the imagination of my honourable friend.

Our mining centres must not be allowed to become the seat of operations of enemies of our country and readily accessible to agents of revolution and to spies.

We are said to be at peace with the whole world. Are we quite sure of that? I do not know. Has not subterranean wealth—gold, lead, and so on—been at the root of all wars of conquest? It has recently been recalled that Rome and Carthage waged war for the possession of the silver lead of Carthage. Why did the Spanish conquistadores invade Mexico and Peru? To seek El Dorado. The English wanted to control the gold of the Transvaal, just as Germany wanted the iron of Lorraine and other sources of wealth.

When the United States saw gold in our Alaska, they claimed possession of that territory. Had England not given it to them, would they not have wished to take it just the same? "Remember the Maine." Did not the United States take Mexican California when they thought it contained an abundance of gold? During the last war, did not nickel matte, so extensively used in armament construction, stimulate in the United States an ambition which was rather disquieting for us and for England? So dubious was the United States' attitude that an inquiry was instituted and conducted by the Royal Ontario Nickel Commission.

The years 1915 to 1917 brought forth revelations. Abuses to the detriment of Canada were discovered. Germany was getting our nickel which had been shipped to the United States for refining. We remember German submarines coming to Baltimore to load up with nickel. Thanks to the attitude of Canada, the "International" decided to erect a large refinery on the north shore of Lake Erie, at Port Colborne. As was so well shown by Mr. Benoit Brouillette, professor at the Montreal School for Higher Commercial Studies, this attitude of the American financiers was so dangerous that English capitalists, aided by the Imperial Government, founded the British American Nickel Corporation in order to carry on electrolytic refining in Canada. Unsuccessful there, the company built a concentration plant at Nickelton and a refinery at Deschênes.

But it was English capital, aided by the Imperial Government, which, by the construction of refineries in Canada, diverted our nickel from the United States. This is an example that should teach us better to conserve and develop, ourselves, the land of our forefathers.

Let us know how to arm ourselves, at least on our own economic ground. A people that surrenders without thinking of defending itself, that admits itself defeated in advance in case of attack, is a people lacking in purpose, lacking in courage. A people arms itself powerfully in the economic field by an education that enlightens the mind, strengthens the will, stimulates courage, thus making for valour, for pride, for true patriotism. This education should be given not only to native sons of Canada, but also to the immigrants we really need. That does not mean a narrow Canadianism taking the form of a narrow and ferocious egoism directed against all foreign capital, whether monetary or human. Let us adopt a happy medium. Let us consider possibilities, advantages and dangers in the light of the history of peoples and an accurate knowledge of our needs. Every man who has a clear vision of Canada's vast horizons understands that this country cannot be guided by short-sighted nationalism or egoism. Vast horizons, broad vision! But that does not mean that our need of population should always be proportioned to the extent of our territory and of our natural resources. The safeguarding of our national institutions dominates all other Canadian interests.

The development of our mining industry, according to Hon. Mr. Crerar, will bring about the solution of our railway problem; also of our unemployment problem. Doubtless, if it is properly carried out.

There are in our cities thousands of workless men who could very well qualify for employment in our mines. It is by getting them thus employed that our governments could solve the dreadful problem of unemployment.

There are also in our cities thousands of former farmers and of farmers' sons who could be employed at colonization work in our mining areas. Though these areas are for the most part little suited to farming, the raising of certain crops would constitute a useful side-line.

Thus we have these two elements of population. They await governmental leadership and sound private enterprise to contribute their share to the development of the country. Most of them are good Canadians, faithful to our institutions and traditions—men who have faith in God and in their country. Let us choose them in preference to others.

Is it not true that the Canadian most wholeheartedly and spiritually devoted to the British Crown would suffer most from the establishment in Canada of a new element

which would destroy our Anglo-Canadian institutions, preferring to our constitutional monarchy the Socialist system and even its spoiled child, Communism?

The British emigrant who by leaving his country would be ridding it and the King of a Socialist or Communist enemy could not be welcomed to Canada, a country traditionally respectful of and loyal to the British Crown. Would England have the right thus to afflict its most important dominion? It is because of having ignored this truth that the most ardent Canadian defenders of the Crown are to-day attacked by people who have come here by the favour of an unjust and unwise immigration policy, the results of which have turned fearfully against its disappointed authors, after having afflicted Canada with a problem becoming more and more threatening and with a new enemy, the worst of all enemies. As the song goes: "Visa le blanc, tua le noir." The result of this policy has complicated our political and national problem. It has become the great threat against our institutions, against ourselves, and also against England.

Let us therefore prefer a policy which affords real protection to our Canadian homes and employment to the heads of these homes; a sound national education to their children; strength, confidence, ardour, disposition to undertake serious work, sound direction and careers for the youth of the country.

The nationalization of our resources in the minds and hearts of Canadians and their rulers is far preferable to Socialism or Communism.

Hon. Mr. CASGRAIN: Hear, hear.

Hon. Mr. SAUVE: As for the French Canadians, they had individually no organized capital available for large-scale production enterprises. That is true. Could not the Provincial Government have, by means of co-operative societies, organized the savings of the people, which constitute the capital destined for production? Does not the strength of the weak lie in co-operation well understood and well organized by means of properly managed co-operative societies, which would be rendered possible by sound educational methods and which would be at the same time a safeguard against infamous jealousy, unjustified suspicion and ugly prejudice? Such is the system that I advocated when I was at Quebec.

I apologize for having spoken at such great length, and I particularly thank the honourable members of the majority for having listened to me with such courtesy and patience.

Hon. Mr. SAUVE.

They have understood that the observations I have made may prove useful to many fellow-citizens and even to foreigners.

If I have spoken particularly for my own province, it is because I knew that its sisters had in this Chamber representatives more qualified than I am to interpret their interests. May the song of each one of them be a couplet of the Canadian soul, and may they all be the sincere expression of our Canadian pride, of our love of justice, of our respect for authority and of our enthusiastic hope for the future. In the exaltation of his ardent patriotism and with his vision of wide and far horizons, George Etienne Cartier exclaimed: "Let us take possession of the soil!" It is for us now to say: "Let us take possession of the subsoil!"

Hon. Mr. PAQUET: I move the adjournment of the debate.

Hon. Mr. SAUVE: Am I to understand that the quotations to which I referred, but which I did not read, will be placed on Hansard?

Hon. Mr. DANDURAND: Oh, yes. I did not know the extent of the documents the honourable gentleman wished to place on Hansard. I see that they are not numerous.

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

## DIVORCE BILLS

### THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the third time, and passed:

Bill A2, an Act for the relief of Eva Schiller Lightstone.

Bill B2, an Act for the relief of Ruth Jessica Kimpton Shiells.

Bill C2, an Act for the relief of Grace Ellen Doris Newman.

## PRINTING OF PARLIAMENT

### REPORT OF JOINT COMMITTEE

Hon. Mr. WHITE presented the first report of the Joint Committee of both Houses on the Printing of Parliament, and moved concurrence therein.

Hon. JAMES MURDOCK: Honourable senators, I have no desire whatever to suggest there should be unnecessary printing, but I should like to have a copy of several of the documents and papers set out in the report. I wonder if it would not be cheaper to print some of the documents than to typewrite ten or fifteen copies.

I notice in the list of documents No. 142, the report of the Royal Commission on Anthracite Coal. For some weeks I have had a printed copy of that report; as I have had also of No. 143, the report of the Conciliation Board on the railway wage dispute. Could the chairman of the committee inform the House whether any other of the items have already been printed?

Hon. Mr. WHITE: Honourable senators, the committee went over this list item by item yesterday, and the secretary was supposed to inform us what reports had already been printed. Possibly, as my honourable friend has said, one or two items in the list have already been printed and distributed, and their inclusion is no doubt due to an oversight. I might say that some discussion with regard to one or two items necessitated a division, but the majority ruled that none contained in the report should be printed.

Hon. Mr. MURDOCK: Take No. 38, list of shareholders of the Bank of Canada. I should like to have a copy of that list, but I am almost ashamed to ask for it to be typewritten, for I know the labour and cost involved. I am wondering whether a considerable number of members of the Senate and the House of Commons would also desire to have a copy. I am all for the saving of expense within reason, but I should like to get a copy of some of these papers if it would not involve too much trouble.

Hon. Mr. DANDURAND: I am under the impression that the Bank of Canada would supply my honourable friend with a printed list of its shareholders. Such a list has appeared in the press more than once.

Hon. Mr. WHITE: My honourable friend from Parkdale knows it would scarcely be worth while to print twelve or fifteen copies of any item. We might as well print several hundred while we are about it.

Hon. Mr. MURDOCK: I thought it would be less expensive to print several hundred than to typewrite ten or fifteen copies.

Hon. Mr. WHITE: If any honourable member of this or the other House wishes to see any document listed in the report, all he has to do is to ask for its production. The committee was desirous of curtailing expense as much as possible.

Hon. Mr. PARENT: The report of the Royal Commission on Anthracite Coal is a very important document. There are so many committees sitting concurrently just now that I may have missed this particular meeting.

If I had been present I should have insisted on the printing of Dr. Tory's report in the French language.

Hon. Mr. MURDOCK: It is printed.

Hon. Mr. PARENT: The report may be all in favour of those attacked, or it may be the other way, but it is an education in itself. I should like it to be understood that we ought also to have copies in the French language. Therefore I would ask that No. 142 be deleted from the report.

Hon. Mr. WHITE: My honourable friend from Parkdale says the report has been printed. If so, presumably it is available in both languages.

Hon. Mr. PARENT: I should think so.

The motion was agreed to.

## DIVORCE BILLS

### FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

D2, an Act for the relief of Gretna Golden Laird Rankin.

E2, an Act for the relief of Frank Horace Wood.

F2, an Act for the relief of Edith Mary Bowers-Hill O'Hagan.

G2, an Act for the relief of Isobel Jean Herbert Fleming Johnson.

H2, an Act for the relief of Emilie Letsch Rutishauser.

I2, an Act for the relief of Miriam Silverman.

J2, an Act for the relief of Alice Mary Hickman Ings.

## TRANSPORT BILL

Hon. Mr. DANDURAND: I desire to draw the attention of members to the fact that the Railway Committee will meet after the adjournment of this House.

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

## THE SENATE

Thursday, March 11, 1937.

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

Prayers and routine proceedings.

Hon. Mr. PARENT.

## PUGET SOUND-FRASER RIVER SOCKEYE TREATY INQUIRY DROPPED

On the inquiry by Hon. Mr. Taylor:

That he will call attention to the Puget Sound-Fraser River sockeye treaty, ratified by Canada in 1930, and will inquire:

1. Whether and at what date this treaty has been ratified by the United States Senate.

2. Whether ratification, if any, is subject to certain reservations.

3. Whether such reservations are to be submitted for consideration by this Parliament.

Hon. Mr. TAYLOR: Dropped.

## TRANSPORT BILL REPORT OF COMMITTEE

Right Hon. GEORGE P. GRAHAM presented the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill B, an Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships, aircraft and motor vehicles.

He said: The committee have, in obedience to the order of reference of February 3, 1937, examined this Bill and now beg leave to report the same with amendments.

The Hon. the SPEAKER: When shall these amendments be taken into consideration?

Right Hon. Mr. GRAHAM: I would suggest that they be taken into consideration on Tuesday next.

Hon. Mr. BLACK: Is the Bill as amended to be reprinted before Tuesday?

Hon. Mr. DANDURAND: I think it was understood that it would be reprinted as amended, but I will see that it is.

Right Hon. Mr. GRAHAM: The committee gave instructions to have the Bill printed in its amended form.

## DIVORCE BILLS

### SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill D2, an Act for the relief of Gretna Golden Laird Rankin.

Bill E2, an Act for the relief of Frank Horace Wood.

Bill F2, an Act for the relief of Edith Mary Bowers-Hill O'Hagan.

Bill G2, an Act for the relief of Isobel Jean Herbert Fleming Johnson.

Bill H2, an Act for the relief of Emilie Letsch Rutishauser.

Bill I2, an Act for the relief of Miriam Silverman.

Bill J2, an Act for the relief of Alice Mary Hickman Ings.

BUSINESS OF THE SENATE—  
ADJOURNMENT

Hon. RAOUL DANDURAND: Honourable senators, we have an important Bill before us, but we cannot take it up to-morrow. The Railway Committee has made many amendments, and the Bill will have to be reprinted. We expect to have it in its amended form next week, when we hope to dispose of the measure. I have made inquiries and find that no legislation is likely to reach us from the Commons next week. I shall move that when the Senate adjourns this afternoon it stand adjourned until Tuesday evening at 8 o'clock. I am quite clear in my mind that by Thursday evening next we shall be able to adjourn for Holy Week, and honourable members of the Senate will be able to attend to their Easter duties at home.

Hon. Mr. DUFF: Before the motion to adjourn is put, may I say that this afternoon I was quite agreeable to the postponement of my remarks on the motion of the honourable senator from Alma (Hon. Mr. Ballantyne), but I should like to have the adjourned motion placed first on the Order Paper for Tuesday next, so that I can get along with what I have to say. I have waited patiently for a whole week, and do not want to be delayed again next week.

Hon. Mr. BALLANTYNE: Go ahead now.

Hon. Mr. DANDURAND: I think I can assure my honourable friend that there will be a field day on naval matters. I hope the discussion will be limited to the naval matters raised by the honourable senator from Alma (Hon. Mr. Ballantyne) and will not extend to maritime rights.

Hon. Mr. BLACK: I suppose that if we want to discuss the Transport Bill at length we shall not have to adjourn on Thursday next.

Hon. Mr. DANDURAND: I hope that by sitting occasionally in the evening we may succeed in disposing of both matters.

Hon. Mr. GRIESBACH: May I ask the leader of the House if he proposes to accept the suggestion of the honourable senator from Lunenburg (Hon. Mr. Duff) to place the order for the adjourned debate on naval matters first on the Order Paper?

Hon. Mr. DUFF: That ought to be done.

Right Hon. Mr. MEIGHEN: Put it on first.

Hon. Mr. DANDURAND: That would imply that we are to spend Tuesday evening on naval matters. All right. I agree to that, so that on Wednesday we may be able to discuss the Transport Bill.

I move that when the Senate adjourns this evening it do stand adjourned until Tuesday evening next at 8 o'clock.

The motion was agreed to.

The Senate adjourned until Tuesday, March 16, at 8 p.m.

THE SENATE

Tuesday, March 16, 1937.

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

Prayers and routine proceedings.

DEPARTMENT OF AGRICULTURE  
INQUIRY

Hon. Mr. McMEANS inquired of the Government:

1. What has been the cost of operating the Agricultural Department during the years 1934, 1935, and 1936?

2. How many model or experimental farms are there now established in Canada, and in what provinces are these established?

3. What is the cost of maintaining each of these model or experimental farms?

4. Is the department aware that in several of the provinces there are already duplicate model or experimental farms, carried on by the provincial governments?

Hon. Mr. DANDURAND: The answers to this inquiry are somewhat lengthy. I will pass over a copy to my honourable friend and ask permission to have them placed on Hansard.

1. 1933-34 . . . . .	\$6,995,768 43
1934-35 . . . . .	7,106,534 99
1935-36 . . . . .	9,637,810 72

2. There are no model or demonstrational farms operated by the Department of Agriculture such as are maintained by one or two of the provinces.

There are 28 Dominion experimental farms and stations, 1 fox research station, 1 experimental horse farm, 1 range experiment station, 1 animal hybridizing station, 6 experimental substations, 6 minor substations, and 229 illustration stations now established in Canada. The locations of these are shown in the answer to question 3.

3.	1933-34	1934-35	1935-36
Experimental station, Charlottetown, P.E.I...	\$ 35,302 35	\$ 35,923 33	\$ 38,419 72
Experimental fox ranch, Summerside, P.E.I...	11,548 40	13,243 07	15,751 45
Experimental station, Kentville, N.S. . . . .	49,889 03	55,910 52	62,389 05
Experimental farm, Nappan, N.S. . . . .	40,651 49	41,720 61	44,837 26
Experimental station, Fredericton, N.B. . . . .	46,838 08	44,728 33	49,137 70
Experimental station, Ste Anne de la Pocatiere, Que., including experimental horse farm, St. Joachim, Que. . . . .	41,876 98	41,532 70	45,804 44
Experimental station, Cap Rouge, Que. . . . .	31,796 37	32,325 04	33,786 39
Experimental station, Lennoxville, Que. . . . .	41,253 12	39,588 58	42,287 59
Experimental station, Farnham, Que. . . . .	14,164 47	14,141 63	14,852 44
Experimental station, L'Assomption, Que. . . . .	27,023 71	27,334 34	30,893 34
Experimental substation, Ste. Clothilde, Que. . . . .	....	....	3,528 10
Experimental substation, Normandin, Que. . . . .	....	....	15,586 50
Minor experimental substation, Harrington Harbour, Que. . . . .	322 52	306 45	317 64
Experimental station, Kapuskasing, Ont. . . . .	40,505 84	41,089 34	43,262 99
Experimental station, Harrow, Ont., includ- ing experimental substation, Delhi, Ont. . . . .	48,477 78	46,550 09	50,611 11
Central Experimental Farm, Ottawa. . . . .	414,740 37	455,316 42	502,169 18
Experimental station, Morden, Man. . . . .	40,882 02	39,993 32	46,018 87
Experimental farm, Brandon, Man. . . . .	38,121 55	39,923 02	43,294 08
Experimental farm, Indian Head, Sask., in- cluding experimental substation, Regina, Sask. . . . .	47,597 81	47,038 32	56,257 71
Forest nursery station, Indian Head. . . . .	29,497 59	28,102 74	29,151 89
Forest nursery station, Sutherland, Sask. . . . .	17,324 79	17,939 55	18,896 07
Experimental station, Rosthern, Sask. . . . .	14,586 34	16,074 73	21,398 11
Experimental station, Scott, Sask. . . . .	37,832 89	36,805 02	39,240 23
Experimental station, Melfort, Sask. . . . .	....	8,840 91	46,562 67
Experimental station, Swift Current, Sask. . . . .	42,833 93	40,192 15	41,267 31
Experimental station, Lethbridge, Alta. . . . .	50,867 34	48,643 45	53,549 86
Experimental station, Lacombe, Alta. . . . .	41,098 22	41,306 47	42,344 52
Experimental substation, Beaverlodge, Alta. . . . .	16,637 69	16,437 74	16,755 64
Experimental substation, Fort Vermilion, Alta. Experimental station, Manyberries, Alta. . . . .	1,910 36	1,991 45	4,203 84
Experimental station, Manyberries, Alta. . . . .	19,199 36	22,907 48	32,141 26
Cattle enclosure, Wainwright, Alta. . . . .	5,066 37	3,656 44	4,050 47
Experimental station, Windermere, B.C. . . . .	13,644 09	14,353 00	13,850 49
Experimental station, Summerland, B.C., in- cluding experimental substation, Kelowna, B.C. . . . .	47,819 45	51,527 50	56,690 89
Experimental farm, Agassiz, B.C. . . . .	37,693 06	37,785 94	38,903 94
Experimental station, Saanichton, B.C. . . . .	28,644 17	28,559 37	32,246 42
Minor experimental substations at Fort Smith, Fort Resolution, Fort Providence, Fort Good Hope, N.W.T., Carcross, Y.T. . . . .	1,000 00	1,000 00	1,000 00
Illustration stations. . . . .	76,114 24	76,113 00	60,349 07

4. No. There are model farms in the provinces in connection with the universities.

At the agricultural colleges there are farms on which experimental work is done, although naturally the work on such farms is also model or demonstrational.

On Dominion experimental farms, projects are conducted in the closest touch with the agricultural colleges' experimental work, and

because of their wide distribution they cover a much wider range of soil and climatic conditions demanding experimental and research work.

The illustration stations, operated under the Dominion experimental system, still further test out methods of soil treatment and crop production under a still wider range of soil and climatic conditions.

STEAMSHIP SERVICE BETWEEN  
CANADA AND AUSTRALIA OR  
NEW ZEALAND

INQUIRY

On the inquiry by Hon. Mr. Barnard:

1. Is the Government of Canada a party to or cognizant of negotiations said in the public press to be proceeding between the Government of Great Britain, Australia and New Zealand, with a view to extending and improving the steamship service between the Pacific Coast of Canada and Australia and New Zealand?

2. What progress has been made in connection with such negotiations, and what is the nature of any proposals that may have been made in connection therewith?

Hon. Mr. DANDURAND: I do not see the honourable gentleman from Victoria (Hon. Mr. Barnard) in his seat. I shall, however, give the answers to his inquiry, and he will be able to read them in Hansard to-morrow. I shall also pass over to his desk a copy of these answers.

1. The Imperial Shipping Committee, acting under their general terms of reference as amended by the Imperial Conference of 1930, have conducted an investigation of a fact-finding nature into certain matters specially referred to them in June, 1936, by the Governments of the United Kingdom, Canada, Australia and New Zealand, concerning the possibilities of a passenger and cargo service between Western Canada and Australia-New Zealand. The High Commissioner for Canada in London is a member of the committee on behalf of the Government of Canada and acted accordingly in this special investigation.

2. The report of the Imperial Shipping Committee, as submitted by the chairman on behalf of the committee to each of the above mentioned governments, was published on December 7, 1936. It sets forth the committee's findings of fact and views as to alternative possibilities regarding the matters specially referred to them.

A copy of the report is being laid on the Table.

Communications have been proceeding between the governments to whom the report was submitted, but no conclusions as to policy have been reached. In these circumstances, the subject being still under discussion, it is not open to the Government to state the nature of proposals that may have been made by any of the governments concerned.

Right Hon. Mr. MEIGHEN: Secret diplomacy.

Hon. Mr. DANDURAND: A certain part of it is, probably, and will be until a conclusion is reached.

Right Hon. Mr. GRAHAM: The countries are all in the one Empire, though.

CRUISER AURORA

INQUIRY

Hon. Mr. BALLANTYNE inquired of the Government:

1. What year and date after Cruiser Aurora was taken out of commission in 1922, was the Imperial Government, or Admiralty, notified?

2. What year and date was reply received?

3. How many years was the Cruiser Aurora, after being taken out of commission in 1922, laid up at the port of Halifax?

4. During the time the Cruiser Aurora was laid up in Halifax harbour: (a) was she partially stripped or dismantled; (b) if so, in what way; (c) and to whom was material sold, and what was the price paid?

5. (a) What year were public tenders called for sale of Cruiser Aurora? (b) How many firms tendered, and what were their names, and amount of each tender?

6. Will the Government lay on the Table all correspondence between the Minister of National Defence and Canadian Government, together with replies from the British Government, or Admiralty, relating to the Cruiser Aurora?

Hon. Mr. DANDURAND: I have the following answers for the honourable gentleman:

1 and 2. June 21, 1922, the Admiralty was notified that the Aurora would be paid off on June 30, 1922. No reply was received from the Admiralty, so far as the records of the department show.

3. Five years.

4. (a) Yes.

(b) By removal of armament and stores.

(c) Armament and stores were taken over by the Canadian Naval Service without charge.

5. (a) 1927.

(b) Quotations were received from six firms, as follows:

A. A. Larocque, Sorel, P.Q.	\$40,400
Boston Iron & Metal Co., Baltimore, Md.	38,665
C. A. Beard & Sons, Ltd., London, England	38,000
A. Garson & Co., Saint John, N.B.	37,000
Turner, Davidson & Co., Ltd., London, England	35,000
Union Shipbuilding Co., Baltimore, Md.	28,600

6. Yes. On an Order of the Senate, the Government will table correspondence with the British Government or the Admiralty, relating to the disposal of the Cruiser Aurora.

FARMERS' CREDITORS  
ARRANGEMENT ACT

ANSWER TO INQUIRY

Hon. Mr. DANDURAND: I desire to lay on the Table a return in answer to the inquiry of the honourable senator from Cardigan (Hon. Mr. Macdonald) relating to the Farmers' Creditors Arrangement Act.

Hon. Mr. HUGHES: Honourable senators, this is an important matter, and I ask permission of the House to say just a few words with regard to it. This return, which is in answer to a number of questions asked by the honourable senator from Cardigan (Hon. Mr. Macdonald), who is ill, brings out some startling things with respect to the cost of administering the Act.

Hon. Mr. DANDURAND: I should like to suggest to my honourable friend that he bring this matter before the Senate in the regular way. I am not informed as to what the strictures of my honourable friend will be, and I may be unable to answer them. A return has been laid upon the Table. I do not believe that such a procedure permits of any discussion. My honourable friend can bring this matter to the attention of the Senate in the regular way, upon a day to be named; then we shall be informed of the matter which is to come before us.

Right Hon. Mr. MEIGHEN: Is not the situation this? It is true that something has been laid upon the Table, but it has been done in pursuance of a notice of the honourable senator from Prince (Hon. Mr. MacArthur).

Hon. Mr. DANDURAND: No, no.

Hon. Mr. HUGHES: It was in response to a question asked by the honourable senator from Cardigan (Hon. Mr. Macdonald).

Right Hon. Mr. MEIGHEN: The name does not matter. Without any doubt, the Farmers' Creditors Arrangement Act comes within the notice given by the honourable senator from Prince (Hon. Mr. MacArthur), which has been called.

Hon. Mr. HARDY: There was another inquiry.

Hon. Mr. HUGHES: What I was going to say requires no answer. What I was about to ask for is for the information of the Senate, and I wish to get the matter before as many members as possible, so that they may be prepared to discuss it when the time comes. If there are only one or two copies of the return available, honourable senators will not have an opportunity of seeing the information that has been laid upon the Table. If

Hon. Mr. DANDURAND,

the inquiry were answered in the usual way the information would be published in the Debates of the Senate. All I wish to do is to make certain that this information will come before the House. We are near the end of the session. I am satisfied that honourable senators would like to have the information. The discussion that would ensue would be valuable, I think, to this House, to Parliament, to the Government and to the country. All I ask is that a sufficient number of copies of the information be made available to honourable senators who may wish to see it.

Right Hon. Mr. MEIGHEN: Honourable members, I am quite certain that I was right. It may be that the return laid on the Table pertains to some questions asked by the honourable senator from Cardigan (Hon. Mr. Macdonald), but I distinctly heard the notice of the honourable senator from Prince (Hon. Mr. MacArthur) called from the Chair.

Hon. Mr. DANDURAND: It was allowed to stand.

Right Hon. Mr. MEIGHEN: I know that someone said "stand," but I do not think the Chair decided that it should stand. This notice deals with the subject of the Farmers' Creditors Arrangement Act, and the fact that the honourable senator who sponsors it is not here does not preclude some other member from speaking on the subject.

Hon. Mr. DANDURAND: Something else intervened.

Right Hon. Mr. MEIGHEN: I do not see how it could.

Hon. Mr. DANDURAND: I rose and presented several reports.

Right Hon. Mr. MEIGHEN: But we have to follow the order of procedure, and the last notice before the Orders of the Day is No. 4. There cannot be anything between that notice and the Orders of the Day; so if anybody is in order it is the honourable member from King's (Hon. Mr. Hughes). I know the subject-matter he refers to, and in support of what he said I want to add that I have information from the Island—although I live a long way from there—as to really shocking expenses in the administration of the Act in the Island, and almost unbelievable appointments; one, for example, of a man whose record at the Bar is certainly challenged. I have this information from a source that one simply cannot doubt, and if the honourable gentleman would place the return in the Report of the Debates of the House he would be doing a service.

Hon. Mr. DANDURAND: I would draw attention to this situation. There is on the Order Paper an inquiry by the honourable senator from Prince (Hon. Mr. MacArthur).

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: It was called.

Right Hon. Mr. MEIGHEN: It is not an inquiry.

Hon. Mr. DANDURAND: A notice that he will call attention to the administration of the Farmers' Creditors Arrangement Act and will inquire what action the Government intends to take. The honourable senator from Prince (Hon. Mr. MacArthur) was not here to put his question; so, even though His Honour the Speaker did not say "stand"—and I am not sure whether he did or not—the Senate would proceed to the Orders of the Day, and I should have an opportunity to present the returns I had in my hand.

I think my honourable friend from King's (Hon. Mr. Hughes) could well await the bringing up of the question of the honourable senator from Prince (Hon. Mr. MacArthur). He would then have an opportunity of laying the matter, as it concerns Prince Edward Island, before the Senate in a regular way.

Hon. Mr. HUGHES: I wish only to repeat what I have said. I want to get before the members of the Senate the information contained in the return laid on the Table, so that when this subject comes up for discussion we shall be able to discuss it intelligently. The honourable senator from Prince (Hon. Mr. MacArthur) told me that he could not be present this evening and asked me to request that his notice stand until he would be here. He also informed me that he would not be able to discuss it until after the Easter holidays. In the meantime it would be well that honourable senators who are interested in this matter, which in my opinion is more important than appears on the surface, should have an opportunity of getting the information. That is all I want. The copy of the return laid on the Table will not give them that opportunity.

Hon. Mr. DANDURAND: This is the first time such a request has been made to the Senate, and all I can say is that whenever the honourable senator from Prince (Hon. Mr. MacArthur) is ready to proceed he will have at his disposal all the information contained in the return.

Hon. Mr. HUGHES: Can we secure a sufficient number of copies to afford honourable members of the Senate who may be interested an opportunity of securing the information? Can we do that?

Hon. Mr. MURDOCK: Honourable senators, I move that this return be printed separately for the information of honourable members of the Senate.

Hon. Mr. HUGHES: I second that motion.

Hon. Mr. McMEANS: I should like to ask the honourable gentleman (Hon. Mr. Hughes) whether he confines his remarks about the Farmers' Creditors Arrangement Act to Prince Edward Island, or whether he includes the other provinces?

Hon. Mr. HUGHES: I think there should be a general discussion. The expenditure already amounts to \$1,500,000, and it is growing at an accelerated pace.

Right Hon. Mr. MEIGHEN: It always does.

Hon. Mr. HUGHES: For Prince Edward Island alone it is over \$50,000. This document is worth reading.

The Hon. the SPEAKER: Notice No. 4, in the name of the honourable senator from Prince (Hon. Mr. MacArthur) was called, and, he not being in his place, I said "stand." The honourable the leader of the House (Hon. Mr. Dandurand) then presented a supplementary report in answer to the inquiry of the honourable senator from Cardigan (Hon. Mr. Macdonald). The honourable member from King's (Hon. Mr. Hughes) desires a copy of this supplementary report. I will order a number of copies printed for the use of honourable senators, and the honourable senator from King's will be able to procure one.

## NAVAL AFFAIRS

### DISCUSSION CONTINUED

The Senate resumed from March 3 the adjourned debate on the question proposed by Hon. Mr. Ballantyne:

That he will call the attention of the Senate to the training of naval cadets and the closing of the Naval College, and also to the sale of the training ship Aurora.

Hon. W. A. GRIESBACH: Honourable members, this item stands in the name of the honourable gentleman from Lunenburg (Hon. Mr. Duff), who has very kindly yielded his place to me. I am grateful to him for this, and express the hope that when he has

recovered his quarter-deck voice he will address the House on this interesting question.

We are all indebted to the honourable gentleman from Alma (Hon. Mr. Ballantyne), who raised this question and afforded us an opportunity of discussing the matter. In the course of his remarks he spoke with the authority of one who had been the Minister in charge of a great department when these events took place, and I am sure we were all impressed by the strength of the argument he put forward.

I propose to take advantage of the opportunity afforded me to raise the general question of the defence of our country, and to consider the obligations resting upon us and the manner in which they have been discharged.

Our obligations, apart from those imposed upon us by the natural duty of defending our country, are to be found in the reports of the Imperial Conferences which have been held from time to time. I read now, from page 1149 of the House of Commons Hansard of this year, an epitome of the Imperial Conference resolutions touching upon that question, as given by the Prime Minister in the other House:

The primary responsibility of each portion of the Empire was for its own local defence. This was based upon a finding of the Chiefs of Staff Subcommittee of the Committee of Imperial Defence in 1923 as follows:

His Majesty's Government in the United Kingdom is mainly responsible for the security of communications between the several parts of the Commonwealth.

And further on:

Each of the several dominions is responsible for protecting its territory and coastal trade against aggression, until support comes from the outside.

Later on in the discussion I intend to deal particularly with those words, "until support comes from the outside."

The accepted plan for the defence of sea-borne trade—the plan accepted in all countries which have sea-borne trade—is the defence of the focus of trade. It is realized that it is not possible to protect sea-borne trade out upon the ocean: belligerent ships do not look for their adversary's trade there. They seek to stop that trade where it concentrates to enter a harbour or port. That concentration is what is called the focus of trade. On the Atlantic coast we have three foci of trade: at the entrance to the harbour of Saint John, at the entrance to the harbour of Halifax, and in the Gulf of St. Lawrence. What we undertook to do in our Imperial Conference agreements was to protect the foci of trade at these three points. I hope I have made

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that clear. We never undertook to go out into the Atlantic ocean, somewhere between the North and South Poles, and endeavour to give protection to our commerce in that area. We did not do that because it is not possible for us to give such protection and because, as a matter of actual practice, enemy ships would not be scattered about there. The place where trade is to be protected is the focus of that trade, where it concentrates from all parts of the world for the purpose of entering a given harbour or port. That is what we undertook to protect with regard to the Atlantic coast—and the Pacific coast as well, but I am speaking now particularly of the Atlantic coast.

Now, what have we to fear at those foci of trade? We have to fear armed merchantmen or enemy cruisers carrying six-inch guns. I say that because it is ships of that size and type which would come across the Atlantic, escaping from any blockade. An armed merchantman or light cruiser could lie off any one of these harbours, or the entrance to the Gulf, perhaps over the horizon, and destroy our incoming and outgoing trade.

The best answer we could possibly give to a cruiser with six-inch guns would be two cruisers with six-inch guns. Or we might supplement them by a submarine patrol and by bombing planes which could cruise out twenty or thirty miles from our coast-line and drive such an enemy ship off the foci of trade. But what have we done to carry out our engagements with respect to that defence? We now have, or shortly shall have, four destroyers—the smallest type of armed ship that there is. Two of them will be stationed on the Atlantic and two on the Pacific; so in our discussion of the Atlantic seaboard we must realize that we shall have only two destroyers there. We have no submarines and at the moment no bombing planes, though under the estimates recently passed there is some provision for bombing planes—how many I do not know. These small ships, destroyers, do not keep to sea very well, and one of them will be constantly in harbour for refueling and revictualling and to give the crew a rest. That leaves one destroyer to protect the three harbours: Saint John, New Brunswick; Halifax, Nova Scotia; and the whole of the Gulf of St. Lawrence.

Right Hon. Mr. MEIGHEN: What is the third harbour?

Hon. Mr. GRIESBACH: Well, the whole of the Gulf of St. Lawrence, with all the harbours that are in it. If you look at a map you will notice how trade routes converge; and you will notice a converging of trade routes in the mouth of the St. Lawrence for shipping going up the river to Quebec, Three

Rivers, Montreal and other ports. For the protection of those two harbours and the entrance to the Gulf we shall have only one destroyer, for normally one will be in harbour when the other is at sea.

If you look at a map you will find that the distance between the focus of trade for the harbour of Saint John and the focus of trade for the St. Lawrence river is a good 700 miles. Apart from the difficulty of one destroyer trying to cover that territory at all, there is the fact that it will be armed, as all destroyers are, with 4-7-inch guns. That is a very good gun, but it is not a match for a six-inch gun. In the event of a war the result would be that if an armed merchantman carrying six-inch guns, or a cruiser so armed, took up its position anywhere on our coast-line for the purpose of menacing any one of the foci of trade that I have mentioned, our lone destroyer would be blown up out of the water. Apart altogether from the question of sending our young men out to confront a situation of that kind is the fact that their efforts would be wholly in vain. After blowing up our one destroyer an enemy ship could proceed unhampered to sink incoming and outgoing vessels.

At the Imperial Conferences of 1923 and 1926 we specifically agreed to protect our trade and the foci of trade centering on these points. Underlying the agreement was the idea that in time of war British ships could come safely to these harbours and into the Gulf of St. Lawrence, load their cargoes and take them to England, probably under convoy. As a result of our failure to afford any protection at all worthy of the name for our Atlantic harbours, if our trade is to get to Great Britain at all in time of war the duty of protecting our harbours and coast-line and of convoying our exports to Great Britain will fall upon the British Navy. That is to say, it will have to perform a duty which we have solemnly agreed to do ourselves. In 1934 I discussed this very question, and in the same session I discussed the question of maintenance of our neutrality, particularly on the Pacific coast. In passing I will just mention that not only are we bound to protect our harbours and coast-line, but by our obligations to the comity of nations we are bound to maintain neutrality in the event of a war in which we are not participating. We are unable to maintain our neutrality, I submit.

Let me deal particularly for a few moments with the Gulf of St. Lawrence and the St. Lawrence river. The river provides a waterway into the very heart of this continent, a waterway which is navigable for ocean ships up to Montreal. Honourable senators are familiar with the geography. The opening of

the Gulf extends from the south tip of Newfoundland to the northern coast of Nova Scotia. That is practically open sea there, but still it is the beginning of the Gulf. Now, in the event of war an enemy airplane carrier might arrive in the Gulf with a load of planes. There are some eight airplane carriers in the British Navy, probably the same number in the American Navy, and a certain number in the navies of other great powers. These ships, according to their size, carry from 50 to 150 planes specially designed for bombing, fighting, scouting and so on. The ships have special equipment for catapulting the planes and for receiving them back on board. If at the outbreak of a war our naval defence were the same as it is now, it would be possible for an enemy airplane carrier to come up the St. Lawrence river and anchor off the city of Quebec. It could make the trip up from the Gulf in about a day and a half. Anchored there in absolute safety, it could destroy the city of Quebec and release bombing planes for the destruction of other cities. If you look at a map you will see that the distance from Quebec to Toronto by air is only about 500 miles, and from Quebec to Montreal it is 200 miles or less. Planes released from an airplane carrier in the neighbourhood of Quebec city could bomb Three Rivers, Montreal and Ottawa successfully, because we have nothing to stop them. We have not a single anti-aircraft gun in Canada, nor protection of any kind against enemy planes. In a matter of a couple of hours after the planes had left the ship—during which time the city of Quebec itself would have been subjected to heavy shell fire—they could bomb the three cities I have mentioned and get back to their ship, which could immediately pull up anchor and would reach open sea again within another day and a half. There is nothing to prevent that. In the Gulf of St. Lawrence we have no provision for mines; we have no batteries in position; we have absolutely nothing to prevent an airplane carrier from coming up the St. Lawrence and using Quebec harbour as a base. Ordinarily in time of war an airplane carrier would not put to sea without an adequate escort of battleships and cruisers, but in making an attack on us no such escort would be necessary, because we have no means of protecting ourselves at all—no mines, no batteries in position, no wireless stations, no anti-aircraft guns, and no trained crews, even if we did have such guns—in short, absolutely no means of defence against this form of attack. Operations against us would not be even an adventure for the crew of an airplane carrier.

I should like to deal briefly with the volume of our trade that is upon the high seas at any moment. The figures I intend to quote were used by me in 1934. They apply to the period from 1928 to 1932, and are of value to-day because returns show we are approaching a similar period. I shall not read all these figures, but shall hand them to Hansard. In that period from 1928 to 1932 our sea-borne trade—I have excluded our land

trade altogether—amounted to \$1,737,582,000 in imports, and \$3,026,011,000 in exports: a total sea-borne trade in those five years of \$4,763,593,000. That enormous trade was on the seas every day in the year, going to every part of the world, and a large proportion of it was in and out of these three areas which I have discussed, the port of Saint John, the port of Halifax and the Gulf of St. Lawrence.

These are the figures:

	Imports	Exports	Total
1928 . . . . .	\$390,060,000	\$753,812,000	\$1,143,872,000
1929 . . . . .	397,667,000	867,629,000	1,265,296,000
1930 . . . . .	400,832,000	608,250,000	1,009,082,000
1931 . . . . .	322,206,000	453,105,000	775,311,000
1932 . . . . .	226,817,000	343,215,000	570,032,000
	\$1,737,582,000	\$3,026,011,000	\$4,763,593,000

I have under my hand the document which accompanied the recent trade agreement with Great Britain, showing the value of our trade with the Mother Country itself from 1927 to 1936, and I shall hand these figures in as well.

Our total trade with Great Britain in 1936 was \$523,720,000 odd. It has steadily increased since 1929, and now approaches the peak figures of 1927-1928. These are the figures in detail:

Trade of Canada with the United Kingdom  
(Calendar Years 1927-1936)

Calendar Years	Total Imports	Exports Canadian	Exports Foreign	Total Exports	Total Trade	Balance of Trade Excess Exports+ Excess Imports—
1927 . . .	\$182,620,421	\$409,551,767	\$1,981,003	\$411,532,770	\$594,153,191	+\$228,912,349
1928 . . .	190,756,736	446,149,163	1,738,872	447,888,035	638,644,771	+257,131,299
1929 . . .	194,777,650	290,296,803	1,534,668	291,831,471	486,609,121	+ 97,053,821
1930 . . .	162,632,466	235,213,959	1,313,058	236,527,017	399,159,483	+ 73,894,551
1931 . . .	109,468,081	171,534,822	1,062,720	172,597,542	282,065,623	+ 63,129,461
1932 . . .	93,508,143	178,171,680	922,947	179,094,627	272,602,770	+ 85,586,484
1933 . . .	97,878,232	258,223,462	616,706	258,840,168	356,718,400	+160,961,936
1934 . . .	113,415,984	297,254,554	877,798	298,132,352	411,548,336	+184,716,368
1935 . . .	116,670,227	306,897,042	817,322	307,714,364	424,384,591	+191,044,137
1936 . . .	122,971,264	399,830,985	918,391	400,749,376	523,720,640	+277,778,112

This trade with Great Britain has been carried on under trade agreements since, I think, 1931. As I have said, it is growing constantly. Quite recently a new trade agreement has been entered into with the Imperial Government. Under these agreements we enjoy in the British market substantial preferences, particularly with respect to wheat, on which we have a preference of 6 cents a bushel. Mr. Elliott, the Minister of Agriculture in England, has complained bitterly that the agreements, while highly beneficial to Canada, have been distinctly unsatisfactory to Great Britain, in that they have tended to impair British agriculture. If his complaint is well founded, it means we have entered into trade agreements which have had the effect of reducing the quantity of food stuffs produced in the British Isles. Undoubtedly those who made the agreements acted on the understanding that in time of war the food which under normal circumstances would have been

grown in Great Britain would be imported from Canada. By reason of our failure to protect our harbours and our coasts we should not in time of war be able to make delivery even at our own harbours, because, as is obvious, our ships could not go to sea. We are, in effect, calling upon the British people to protect their ships into our ports to take our wheat and other food stuffs.

But we go further than that. We say, "In addition, we ask you to protect our harbours and our trade routes." Having regard to the fact that we are the fifth trading nation of the world, and that this enormous trade with Great Britain is vital to us, can anyone argue that we ought not to protect the foci of trade on both coasts? What is the attitude of our people in that regard? Do they know the facts? Are we prepared to tell them the truth, or do we propose that they shall find it out by bitter experience? My contention is that we ought to face that

question and provide immediately for the defence of our harbours and our coasts, in order that we may be in a position to export our produce to Great Britain in time of war. If we fail to do that, if for any reason this enormous sea-borne trade is blocked or stopped, this country, and in particular the West, will be ruined. During the past few years we in the West have had experience of what results when prices fall very low. What would happen to the West if the whole of our grain production had to be stored in elevators or along railway sidings?

I think we should go further than protecting our own harbours and coast-lines. We should provide ourselves with a sufficient fleet actually to convoy our wheat and other food stuffs to the British Isles. I think we owe that to ourselves if we are to maintain our dignity and our self-respect.

If we do not do that, then we have to face another situation altogether. The Argentine Republic trades naturally with Great Britain. I say naturally, because it has no manufacturing industries and is able to dispose of the whole of its export trade, which is grain and beef, and take in payment therefor manufactured goods. My attention has been drawn to that by many incidents, and a few years ago I examined the composition of the fleet of the Argentine Republic. I find that it has provided itself with a defensive fleet, consisting of coast-defence battleships, submarines, airplanes and river steamers and the like, but in addition a fleet designed for convoy duty. I make this prediction. In the next war the Argentine Republic will send in its own ships the produce of its fields and ranches, and will convoy them to Great Britain. Unless we adopt some suitable measures we shall find the market which we have in Great Britain for these very products, and which last year amounted to \$523,000,000 odd, will be taken over by the Argentine Republic.

As I have said, we enjoy this trade under preferential agreements. We have asked Great Britain to take certain chances under these agreements. We have said plainly, "We know that in favouring our agricultural production some harm is being done to British agriculture, and we are sending our production to supplement your own."

It is true that this trade agreement and those that preceded it were not negotiated on the basis of war. But I submit that they were not negotiated on the basis that if there should be an outbreak of war we should leave the Empire or place ourselves in the position of being unable to carry out our implied undertaking.

There has been some discussion throughout the country as to what our position would be in the event of war in which Great Britain was involved. It has been urged that we should declare our neutrality. That question has been discussed in another place, and striking statements have been made by some of our leading public men. The honourable Minister of Justice is reported at page 599 of the Commons Hansard as follows:

But neutrality is quite different. In the constitutional position of Canada to-day neutrality would mean that an enemy of our King could be a friend of Canada; that we could trade with him during a war in which the King might be engaged; that to nations with which the King might be at war we could send ordinary material, anything that a neutral nation could sell to countries actively engaged in war.

On the same subject of neutrality the honourable Secretary of State is reported at page 609 of the Commons Hansard as follows:

Just for the whimsical caprice of saying it, and for no good reason at all, we are saying to Great Britain, "It does not matter what happens; it does not matter in what war you may be engaged; it does not matter if you are on the brink of defeat and destruction, we are not going to help you." I am too good a Britisher to hold with such language on the subject.

I have read these two extracts because so many persons speak lightly of our adopting an attitude of neutrality in the event of Great Britain being at war.

Perhaps I might sketch the actual procedure of a declaration of neutrality. Let us assume an outbreak of war between Great Britain and some other country. On the very same day our Government must make a decision. It cannot be left to Parliament, for Parliament may not be sitting. But suppose the Government decides that Canada shall be neutral until Parliament can be called together. It is not possible under international law for a country to delay its proclamation of neutrality. It must do something on the very day that war is declared.

Hon. Mr. CALDER: Supposing nothing is done, what happens?

Hon. Mr. GRIESBACH: Then we must be ready to resist attack. I submit that if nothing is done on that day, our position is not known in international law. We are either in the war or out, and the determination of our position rests with the enemy. But assume that on the day war is declared we do issue a proclamation of neutrality. We must follow that up with regulations by Order in Council interpreting the form of our neutrality. Those regulations, of course, must be consistent with international law and inter-

national agreements of one sort and another. I draw the attention of honourable members to these points. If we are to be neutral, we must continue to trade with the King's enemies on equal terms. That is to say, if on the second or third or fourth day of the month an enemy merchant ship and a British merchant ship enter the harbour of Halifax or Saint John for the purpose of taking on cargo, we will say, of nickel, asbestos, copper, rubber, and so forth, our Government must see to it that we treat both those ships equally. Under a policy of neutrality, if we give one ship a cargo we must give the other one also; otherwise we are not neutral. Then we must enforce the rules of neutrality equally against British and other warships. Suppose a British warship of inferior strength takes refuge in the harbour of Halifax, and a belligerent warship of superior strength is waiting outside. At the end of twenty-four hours we must drive that British warship out to sea to almost certain destruction. That is international law on the subject of neutrality. Then we must provide that no one shall leave this country for the purpose of enlisting in the forces of the King in his right as King of Great Britain; and probably our recently introduced Foreign Enlistment Bill will be invoked for the purpose. Those are some of the incidents of international law.

Let us consider those three points. Under a policy of neutrality we should be compelled to give the King's enemies these valuable cargoes of nickel, and so on, or lay ourselves open to the charge of not being neutral; we should be compelled to drive a British warship of inferior strength out to sea to almost certain destruction; we should have to enforce a Foreign Enlistment Act with respect to those of our nationals who might wish to join the King's forces elsewhere. If we want to start civil war in Canada we can go about it in no better way than by attempting to enforce neutrality in this country in the event of Great Britain being at war. Someone may wish to discuss the question of Canada seceding from the British Empire, which would be a more honest course for this country to pursue than to remain in the Empire under these conditions of limited liability. I do not think we need discuss secession.

If secession is not feasible, and neutrality is also impossible, what course remains? I submit there remains only the policy of full co-operation with the British Empire in matters of defence, or, as I put it, collective security within the Empire. We have heard some objection to such a policy. We are constantly referring to our sovereign status when it suits

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us, and departing from that position when it does not. But at this point some persons say, "We are a sovereign state and must retain control of our foreign affairs, and it would be very improper for us to relinquish that control, as collective security within the Empire would probably require." They talk about the "national conscience," which must not be impaired by our permitting any others to speak for Canada, and they add, "If you engage in collective security within the Empire, it follows that Canada may be plunged into an aggressive, imperialistic and unjust war." That always amuses me, because the very same persons who find so much difficulty in Imperial co-operation in time of war have again and again declared their willingness to embark on a policy of collective security within the League of Nations, and to entrust this tender national conscience of ours to the management and control of the League Council, consisting largely of foreigners, many of whom have not even paid their dues for the support of the League. I put that aside. I never was very strongly in favour of the League of Nations, and I have no reason to believe that collective security within the League would be of much benefit to this country. I am prepared to bet my money on collective security within the British Empire. I say that because from the point of view of efficiency and effectiveness and value it far exceeds in terms of security anything that the League of Nations can offer us.

Just on that point I should like to read a statement made by the Prime Minister. I am now dealing with the question of linking up closely with Great Britain for the purpose of collective security and national defence, and with the objection that if we follow such a course we shall find ourselves being plunged into wars in Europe—imperialistic wars, aggressive wars, unjust wars. At page 276 of Hansard of this year the Prime Minister says:

We have need for unity as between all parts of the British Commonwealth of Nations. I for one believe that the British Commonwealth to-day is exercising a greater influence for peace than any other force in the world. For my part, instead of talking about the danger of Britain dragging us into war, I would say that I think there is not a man living in England to-day who wants war. I believe that the entire British nation—working men, professional men, public men, all classes—are determined to exercise their powers to the last degree to avert a great world catastrophe and to prevent, if possible, a war into which Britain may be drawn.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. GRIESBACH:

What Britain has done to appease antagonisms in the last few years is something that the rest of the world hardly begins to appre-

ciate. What, I wonder, would be the condition of Europe to-day if Britain had not endeavoured, as she has at every moment, to avert or circumscribe conflict? She has been the great pacifier. If at the moment the Spanish civil war has not grown to proportions involving the whole of Europe, and possibly other parts of the world as well, too much credit cannot be given to Britain. We shall do well to keep this thought in mind as we discuss our relations with the British Empire.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. GRIESBACH: That is the statement of the Prime Minister—I shall come back to it in a moment—and I draw your attention to the concluding words of the Prime Minister's epitome of the Imperial Conferences of 1923 and 1926, which I read at the outset: "until support comes from the outside."

Now, where do we expect support to come from? Of course we expect it to come from Great Britain herself. In the debates which took place with respect to the rearmament vote in the British House of Commons, the vote involving seven and a half billions of dollars, the whole discussion concerned the defence of Great Britain and the Empire. Yet, when we come to the discussion in our own House, notwithstanding the speech which I quoted a moment ago we find quite a different attitude. I want to read what the Prime Minister says at page 271 of Hansard.

But I do wish to say at once that, as far as the estimates presented to Parliament at this session are concerned, any increase placed there has been only and solely because of what the Government believe to be necessary for the defence of Canada, and for Canada alone. The estimates have not been framed with any thought of participation in European wars. They have not been framed as a result of any combined effort or consultation with the British authorities.

I want to contrast the attitude taken by the British Commons when they discussed the rearmament vote of seven and a half billion dollars "for the defence of the British Empire"—thereby showing their willingness to help us—with the attitude of our Prime Minister that we are to hold out "until support comes from the outside," and the debate in our own House of Commons wherein it was urged that the vote was for the defence of Canada alone. I would point out the fact that throughout the whole of that debate, which lasted a week, there was not a word said by any member on either side of the House which raised the question of our obligation for Imperial defence, or any suggestion of co-operation in Imperial defence. That is a very important thing to remember, because there is going to be an Imperial Conference this year, which will be attended by delegates from Canada, and we are told that the first item of business, and the

greatest item of discussion, will be Imperial defence. I want to raise the question now, and, in view of what I have read, I want to get an answer from the Government, if I can, as to just where we stand with respect to the Imperial Conference. Because the House of Commons of Canada passed the recent defence estimates upon the assurance of the Prime Minister that they were for the defence of Canada alone, is it to be assumed that there were no European entanglements nor Empire commitments? Or because there was not a word raising the question of collective security or of co-operation within the Empire, is it to be assumed that the Government of this country has a mandate to go to the Imperial Conference and refuse all forms of co-operation? That is the view taken by some people. I have here an article on national defence, published in the *Globe and Mail* of February 24 last, sent from Ottawa by William Marchington, which concludes by saying:

One thing the debate of the past few days has done: it has forestalled any commitment concerning Imperial defence at the forthcoming conference in London, so far as Canada is concerned.

I want to ask the leader of the Government specifically whether the Government regards the silence of the House of Commons on the question of Imperial defence as a mandate to refuse any co-operation that may be asked for at the next Imperial Conference.

Right Hon. Mr. MEIGHEN: May be asked for or volunteered.

Hon. Mr. GRIESBACH: Now, what is our position to-day? I submit that in our failure to carry out the agreement we made with respect to the defence of our harbours and coasts and our sea-borne trade, we have abandoned our sovereign status. What is the use of pretending to be a sovereign state? What is the use of being the fifth trading power in the world if we fail to keep our agreements and protect our trade? What of our inability to protect our neutrality? I submit that we are back to the colonial status we occupied before we were extricated by the Statute of Westminster. We are accepting help from Great Britain, and in the most specific terms our legislators in another place refrained with persistence—if one can refrain with persistence—from any discussion of this very important question. We are willing to accept, but we are not willing to give; and that touches very nearly, it seems to me, our self-respect and dignity as a sovereign state. I know the British Empire is a unique organization. Nothing like it has ever been seen before. It has constantly embarrassed and surprised writers on international law, and I

have no doubt that in the future it will present them with many curious problems.

It is interesting to consider what Canada's position would be if we were part of the French Empire, for instance. I have looked into that situation, and have gone into the position of the different French colonies. First of all, I find that the peace army of France—that is to say, the army of to-day—consists of 635,000 men, behind whom stand the trained reserves, which would probably bring the total up to 2,000,000 men. The peace-time army of France is composed as follows: there are Frenchmen in France, 383,000; the Foreign Legion, 16,500; North African native troops, 103,500; colonial native troops, 87,500; irregular and auxiliary native troops, 12,500; the gendarmerie and the National Guard, 32,000. One-third of the peace-time army of France is raised in the colonies of France. If Canada were a part of the French Empire we should have to maintain an army by conscription, and we should have to support that army by taxation. We should not be consulted about the conscription or the taxation, and upon the outbreak of war we should deliver our troops to the Mother Country. That would be our position if we were part of the Empire of France, one of the most liberal nations of the world. What our position would be if we were part of some other empire I could not say. It is part of the war plans of France at the outbreak of war to transport to France, in order to fight for France, 450,000 men from the North African colonies. Those troops are all conscripted in the colonies to which they belong, and they are supported by taxation in those colonies as far as their budgets will go.

If we were part of the French Empire we should not be sitting here discussing whether or not we would do this, that or the other thing; what we should do would be laid before us, and it would be our duty to obey. I would bring these considerations to the attention of some honourable gentlemen who have very pronounced views on the matter of rendering any assistance at all to the British Empire.

Now, in the whole of this question of national defence, which aims at security—to the end that our institutions may be carried on without threat or danger, and that we may enjoy life, liberty, prosperity and the pursuit of happiness—what is the overriding consideration? It is this. We are part of a great Empire, a great commonwealth united by bonds of language, common aims, common objects and the like. This Empire embraces a quarter of the earth's surface, and has one-quarter of the population of the world. The

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bonds which bind the component parts together are of the lightest possible character. They do not bear heavily on us at all. In this Empire, by reason of its strength and population, it is possible to enjoy in full measure a security which will make for our happiness. We can find a measure of security which we can find in no other way. What is the overriding, the dominating fact in all this? It is that Great Britain herself is the core of the Empire; that she is herself a great power; that during the past three hundred years she has made a mighty contribution to the progress of the world in its conceptions of liberty, justice and common decency. Within the last ten years her exertions for the maintenance of peace have gained for her the confidence and respect of all mankind. It seems to me, therefore, that aside from all questions of chivalry, honour and the like, considerations of interest point to the adoption of collective security within the Empire.

If by some terrible catastrophe Great Britain were reduced to the status of a second-rate power, what would happen? The life of every individual in the British Empire would be changed. Nothing would remain as it was. Australia would have to give up the vision of a white Australia. Every statute, every treaty, every contract, every agreement which exists to-day in countries like South Africa, New Zealand and Canada, for the protection of the rights of minorities, and which enables people to live decently and harmoniously together, would go by the board. Life would be radically and adversely changed for every single individual if Great Britain fell to the status of a second-rate power. If it be true, then, that within the British Empire we may find a larger measure of security than can be found in any other way, and if by co-operation with the other parts of the Empire we can secure for ourselves and those who come after us an opportunity for development along the lines which we have laid out, it is, it seems to me, the part of wisdom and common sense to follow but one course. To do so can be supported, I think, on every possible ground, and if we arrive at that conclusion and live up to the agreements we make, then, and only then, will it be possible for us to hand over to succeeding generations the great estate that has been committed to us.

Hon. A. H. MACDONELL: Honourable senators, I listened with a great deal of pleasure to the remarks of the honourable gentleman who has just taken his seat, particularly to the points he brought out regarding the fact that we have no protection for our coasts and for the trade of this country. He spoke of aeroplane carriers. Every word

he said is true. In addition to Montreal and Three Rivers, let us for a moment consider the vulnerability to aeroplane attack of our two Atlantic winter ports, to say nothing of the winter ports on the Pacific. I have lived in both Halifax and Saint John and know that most of the docks at those points are of timber. In almost no time a flotilla of aeroplanes could drop incendiary bombs and others and set the whole of the docks on fire and destroy them. Then where would our trade be? How should we get any grain out of this country? We should be tied up—finished.

In this great nation of ours we must look to the protection of our trade routes, our coasts and harbours. The British Navy is the first line of defence of the Empire. The Admiralty must keep as many ships as possible concentrated as a striking force for action, if needed, against any one or two or three enemy powers. If we demand that a certain number of ships be sent over to patrol our coasts and protect our harbours, and if other parts of the Empire demand the same sort of thing, the British Navy will be split up into various sections instead of remaining concentrated for the protection of the Mother Country and of the trade routes on the seven seas.

We have often heard the suggestion that another country might be kind enough and good enough to look after our interests with her naval forces. But how would the pride of the people of Canada be affected if they saw foreign vessels patrolling our coasts and protecting our harbours? And if any of those vessels were to meet with disaster, and some members of their crews were to be wounded or killed, what would our feelings be?

We are told that Canada is about the wealthiest country in the world. Look at our grain production, our great expanse of forests, our mines, our pulp and paper manufactories and our general industry. Most lines of business are in full production and flourishing. Yet with all our wealth we continue to sponge on the Mother Country. That is not an honourable thing for the people of this country to do. In the past one of the greatest statesmen of this country declared that Canada ought to have a navy of its own for the protection of its coast-line and ports. He made an effort to organize a navy, but he was turned down. I ask the people of this country: Where is our pride? Are we to sponge any longer on the Mother Country and go with our hats in our hands, saying "Please help us and protect us against the enemy in case of war"? Are we to continue that attitude when we are so wealthy and the people of the Mother Country are bearing a

heavy burden of taxes—a burden that has been assumed in part for our protection? I say the present condition is a disgrace. How long is it going to continue? All I can say is, I hope to God it will not continue much longer.

Hon. A. D. McRAE: Honourable senators—

Hon. Mr. LACASSE: The third General.

Hon. Mr. McRAE:—in rising to speak to the broad question before the House may I crave your indulgence for a few moments while I clear up a reference which was made to me by some honourable senators earlier in the session? That reference was based on a report which credited me as saying that I would raise my own private army to keep Canada out of a war. That would certainly be a ridiculous proposal in more ways than one. If there is anything worse for a country than a foreign war it is a civil war, such as is now going on in Spain. I ask honourable senators to accept my word that I never made that statement or anything resembling it.

On my return to Toronto on the 2nd of December, 1935, not a few of my friends and others were so disturbed about that report that I found it necessary to depart from my custom of never contradicting anything appearing in the newspapers and I issued a full denial through the kindness of the Canadian Press. It is not my desire, honourable senators, to take up your time by reading this denial.

Hon. Mr. BALLANTYNE: Read it.

Hon. Mr. McRAE: The copy I have on my desk is from page 5 of the Toronto Mail and Empire of December 3, 1935, where any honourable member who is sufficiently interested can find it. That the report should be referred to again this session only goes to prove the truth of the old saying that "Denial can never overtake rumour."

I approach the question before the House with considerable diffidence to-night, honourable senators, following, as I do, two outstanding generals of the late War, gentlemen whom I am proud to call my personal friends. I agree with a great deal which they said. That I do not concur in their line of argument is perhaps due to the fact that I am disposed to look at this matter in a more calculating way—colder, if you will—having in view the ultimate result of our participation in war.

It is now three years since I precipitated in this Chamber a lengthy discussion on the League of Nations. At that time I was alarmed by the covenants which we, in common with other nations, had undertaken and which I was sure would, if lived up to, involve us in a foreign war. I know that many

honourable senators thought I took entirely too pessimistic a view at that time. Well, we could have been in three wars in the meantime if the League obligations had been enforced, and particularly we should have been at war with Italy last year. However, these covenants, apparently, no longer mean anything. As for accomplishing the objective for which it was formed—peace—the League has been an absolute failure.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. McRAE: It is possible that the League may continue to render a useful service as a common meeting-place for international co-operation with regard to matters other than war. I say "other than war," because that seems to have been the stumbling block that wrecked it. But if it is to serve such a useful purpose its covenants should be rewritten and member governments relieved from the embarrassment and stigma of not living up to their signed agreements. However, it does seem to me that international morality is pretty much a thing of the past. Certainly few nations are worrying to any degree about their obligations, financial and other.

In my judgment the League of Nations failed principally because it did not take into consideration human nature as we find it. It overlooked racial greed and hatreds which govern most nations in Europe. I am told that Sir Wilfrid Laurier referred to the League as a "beautiful dream," and so it has proved to be. I have only the deepest sympathy for the hundreds of thousands of peace-loving people throughout the world who placed so much faith in the League and who consequently must suffer great disappointment. As a matter of fact the League's efforts began at the wrong end—with governments, which are often changed overnight and which in any event but represent their peoples. The teaching of peace on earth and good-will towards men must begin at the cradle. In this respect what is the situation in Europe to-day?

I would remind honourable senators that it is now twenty-three years since the outbreak of the Great War. From that time onward the rising generations in Europe have grown up under war or the shadow of war, with hatred and distrust of their neighbours instilled into their very souls. That applies to men and women in Europe who are now thirty to forty years of age. They in turn are teaching their children the same principles, and this education under war conditions is going to affect many generations. The situation has lasted too long to be changed in a day or a year. Many long years—generations,

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I fear—will have to pass before Europe can be restored to anything like the conditions which prevailed before the outbreak of the Great War. It is not pleasant to think about, but certainly European races are farther apart than they have been at any previous time in this century. It is thus we approach the present crisis in Europe—a continent educated for war.

The expenditure in preparation for war has reached gigantic figures. It is estimated that fourteen billion dollars were spent in 1935, compared with four billions in 1913, the year immediately preceding the World War. Between 1925 and 1929 world armament expenditure was 4 per cent of the industrial production of the world. Last year it increased to 11 per cent, and it is estimated that in the next three years it will be anywhere from 15 to 20 per cent of the total production of capital goods. Think of it, honourable senators! In fact, the present programmes of Britain and France alone contemplate an expenditure of twelve billion dollars over the next few years. The result of all this expenditure was perhaps best summed up by Mr. Neville Chamberlain, Chancellor of the Exchequer, who, speaking at Edinburgh, said:

Nothing but stark necessity would have made me confess to such a negation of common sense and common humanity . . . I cannot dismiss the hope that we and the other nations of Europe may presently find some less suicidal way of ending our fears and suspicions of one another before we are all ruined by our own efforts to defend ourselves.

What Mr. Chamberlain meant by "before we are all ruined" is that inflation, which is confiscation of capital, is inevitable. It is the sure way of taking away everything from those who have. That is realized by all intelligent Europeans. They have had experience with it. Unfortunately this inflation cannot be confined to Europe. It is in evidence in America and in Canada—better business, better prices, better times, all due to war. What a foundation to build on! It is worse than the drifting sands. The reaction is as inevitable as inflation is certain if Europe proceeds with its present programme. It is well that we should take heed and give due consideration to the aftermath of the inflation that is now on the way.

Under these desperate and uncontrollable conditions we are facing the next war. It will be wholesale murder. Every desirable quality of human nature will be discarded. The only objective will be to kill. There will be no non-combatants; the old and infirm, the baby in the cradle, all alike will be subject to gas attacks. If any proof of the seriousness of this new method of war is

needed I refer to the fact that Great Britain is turning out gas masks at a rate which, it is said, will make it possible to equip every citizen with a mask within the next two years. Highly mechanized warfare, more horrible and more devastating than ever before, with all its terrors, particularly to the civil population, will be the order of the day. And there will be no such thing as the rules of war.

As regards Canada's participation in the next European conflict, I stand exactly where I did in this House three years ago. I have not changed. I am definitely opposed to our participating. Developments in the interval have not been such as to give me any reason to change my views. No matter how the next war may end, it will mean the death of untold thousands and the financial bankruptcy of the countries involved, resulting in unlimited inflation and the wiping out of the earnings and savings of their citizens. Located as we are, 3,500 miles from the scene of action—some of us 6,500 miles—we could not under any circumstances be early participants.

We should well and carefully consider all the phases of war before jumping into the European cauldron. Our leaders of both parties are now committed to submitting to Parliament the decision as to war before committing the country. I have gone further and advocated a referendum. However, this is probably a distinction without much difference, for, judging by the debate which occurred in another place last month, it is evident that if war were declared to-day the Government would have to go to the country and thus the people would make the decision.

I realize, honourable senators, that this review of the situation is not a pleasant one. It may be charged that it is a cold and calculating review. But I think we are rapidly passing the point where any other consideration can be justified. After another war there would be little left of Europe—and little of Canada, too, if we were in it.

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

## DIVORCE BILLS

### THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman on the Committee on Divorce, the following Bills were severally read the third time, and passed:

Bill D2, an Act for the relief of Gretna Golden Laird Rankin.

Bill E2, an Act for the relief of Frank Horace Wood.

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Bill F2, an Act for the relief of Edith Mary Bowers-Hill O'Hagan.

Bill G2, an Act for the relief of Isobel Jean Herbert Fleming Johnson.

Bill H2, an Act for the relief of Emilie Letsch Rutishauser.

Bill I2, an Act for the relief of Miriam Silverman.

Bill J2, an Act for the relief of Alice Mary Hickman Ings.

## TRANSPORT BILL

### REPORT OF COMMITTEE

Right Hon. GEORGE P. GRAHAM presented the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill B, an Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships, aircraft and motor vehicles.

He said: Honourable members, as chairman of the committee I present the report. The committee has made a number of amendments to the Bill. There was not much opposition to any of them, and I think they all tend to make the Bill more acceptable. Now I move their adoption. I understand that the Government has an amendment to meet objections of our Maritime friends, and it can be dealt with on the motion for third reading.

Hon. Mr. GILLIS: What about the West?

Right Hon. Mr. GRAHAM: Our Maritime friends moved an amendment in the committee, and it was defeated by a very narrow majority. In these circumstances I am moving adoption of these amendments on the distinct understanding that on the third reading the Government will propose the amendment referred to.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am not rising to differ from the comment made by the mover of the motion to the effect that the amendments are, he thinks, generally acceptable as improvements of the Bill. I think I can agree with his statement, and, further, with his prophecy that the Government amendment to be moved will still further improve the Bill. Yet I do not feel inclined to discuss the committee's report at the present time, because I know that the suggested amendment, to be made on the third reading—on the faith of which, doubtless, some honourable members at least will vote in favour of the committee's report—will render the Bill such that other honourable members will feel they

cannot possibly refrain from requesting that their particular part of the country also be exempt from the measure.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: This is one of those Bills which everybody seems to be in favour of so long as they do not apply to the particular district from which he comes.

Right Hon. Mr. GRAHAM: We are all human.

Right Hon. Mr. MEIGHEN: Everyone who participated in discussion before the committee was in favour of regulation, but absolutely against being regulated. I do not know that anybody came before the committee and supported the measure. The manager of a steamship company did venture to write a letter, but he did not submit to cross-examination; he was not present. Another one, we were told, also favoured the Bill. The railways frankly said they were favourable, but refused to take sponsorship. It was the most friendless Bill I have ever seen come before either House of Parliament.

I suggest the Government let the motion stand. Indeed, I will move adjournment of the debate, so we may reconnoitre and see whether we can do very much for the Senate of Canada by submitting this measure to the other Chamber.

Hon. Mr. DANDURAND: Could we not adopt the amendments and so clarify the situation? We could then place the Bill on the Order Paper for third reading to-morrow, on the understanding—

Some Hon. SENATORS: No, no.

Hon. Mr. DANDURAND: —that the amendment from the Maritimes which was rejected by the committee will be met satisfactorily, and that any other amendment which it may be deemed necessary to submit will also be considered. Some thirty or forty amendments have been made to the Bill, every clause has been thoroughly examined and considered, and I think the Railway Committee did very good work. Apart from the amendment moved by my honourable friend from Westmorland (Hon. Mr. Black), I do not think there was any division in the committee, although we must have devoted at least three weeks to careful consideration of the Bill. I do not see that we should gain anything by discussing every amendment made in committee. We should only be going over something highly technical which the com-

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mittee has dealt with satisfactorily. We might as well clinch the whole question when we come to third reading.

Right Hon. Mr. MEIGHEN: I do not suggest for a minute that we should go into committee and discuss the merits of the amendments. The Railway Committee's work is good enough for me in that respect. I quite agree with the honourable leader of the Government that the amendments were virtually all unanimous, but, as he will remember, the reason for that virtual unanimity was that the amendments were all excisions. If we had continued along that line we should have been unanimous. It does not seem quite fair to ask for a decision to-night on a motion to adopt a report on this Bill with numerous amendments, inasmuch as the motion is made on the strength of a promise that there shall be another amendment to make the Bill more acceptable to a certain section. How is that amendment going to affect the decision of certain honourable members from other sections? I think they have a right to consider the matter and decide their course. All I suggest is that the debate be adjourned until to-morrow, when I shall have no objection to our dealing with all the amendments at once. Then we can go on to third reading.

Hon. J. P. B. CASGRAIN: I would ask honourable members to consider the fact that salt water navigation is absolutely different from fresh water navigation.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. CASGRAIN: You have to-day American ships coming up the St. Lawrence with cargoes from the United States, and they are subject to no regulation, no restriction whatever. Those ships can make any rates they like for the cargoes they carry. I think the right honourable chairman of the committee (Right Hon. Mr. Graham) will bear me out in that. I am making this suggestion so that if honourable members have any wakeful moments during the night they can consider that salt water navigation is one thing and fresh water another.

On motion of Right Hon. Mr. Meighen, the debate was adjourned.

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

## THE SENATE

Wednesday, March 17, 1937.

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

Prayers and routine proceedings.

### PRIVATE BILLS

#### FIRST READINGS

Bill K2, an Act respecting Premier Trust Company.—Hon. Mr. Little.

Bill L2, an Act to incorporate Mercantile Fire Insurance Company.—Hon. Mr. Lacasse.

### OLD AGE PENSIONS BILL

#### FIRST READING

A message was received from the House of Commons with Bill 42, an Act to amend the Old Age Pensions Act.

The Bill was read the first time.

Hon. Mr. DANDURAND: I do not know whether I should proceed to ask leave of the Senate to move the second reading of this Bill now or to-morrow. This is a Bill to amend the Old Age Pensions Act in order to enable blind persons who may draw pensions to do so at forty years of age instead of at seventy. The Bill was passed in the House of Commons yesterday, and the reason for the urgency of its adoption by this Chamber is that similar legislation by provincial legislatures which are now sitting will be necessary.

We may put it down for second reading to-morrow.

Right Hon. Mr. MEIGHEN: I am quite prepared.

Hon. Mr. DANDURAND: Second reading to-morrow.

### TRANSPORT BILL

#### REPORT OF COMMITTEE

The Senate resumed from yesterday the adjourned debate on the motion for the adoption of the amendments made by the Standing Committee on Railways, Telegraphs and Harbours to Bill B, an Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships, aircraft and motor vehicles.

Right Hon. ARTHUR MEIGHEN: As all honourable members understand, the stage of the measure now before us is the consideration of the amendments made to this Bill by the Standing Committee on Railways, Telegraphs and Harbours after a full review of the

measure. Yesterday I asked the Government not to press this House to a decision on the amendments until honourable members had had a chance to review their position in the light of a further amendment which the Government promised in respect to a certain phase of the measure. Now that the time asked for has elapsed, I see no reason why we should not go ahead with the consideration of the report of the committee, and personally I see no reason why the House should not adopt the report. The committee made a very extensive list of amendments. It is, I think, no exaggeration to say that those amendments, one and all, were improvements of the measure. It is only fair to add that all were made—I say this subject to correction—with the approval of the Minister in charge of transport, who appeared quite frequently before the committee and was therefore in a position to state his views. Quite evidently the committee felt that the Bill should be reported for consideration by the House. Personally I think the amendments as made should be adopted.

The Hon. the SPEAKER: The motion before the House, honourable senators, is: Moved by Right Honourable Senator Graham, seconded by Honourable Senator Dandurand, that the amendments made by the Standing Committee on Railways, Telegraphs and Harbours to Bill 2, entitled "An Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships, aircraft and motor vehicles," be now concurred in. Is it your pleasure, honourable members, to adopt the motion?

The motion was agreed to.

#### CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into committee on the Bill.

Hon. Mr. Donnelly in the Chair.

Hon. Mr. DANDURAND: Honourable members, I do not suggest that the committee examine the Bill clause by clause. The House has just adopted in general the amendments made by the Committee on Railways, Telegraphs and Harbours, but I have some amendments to propose to the Bill as it now stands after coming from that committee. Had there been but one amendment, as I thought yesterday there would be, I should have awaited the third reading stage before proposing it, but there are a number of consequential amendments, and I thought it was better that we should go into committee to consider them all. Honourable members have before them a copy of the Bill as amended by the Com-

mittee on Railways, Telegraphs and Harbours; so they will be able to follow me as I proceed.

Section 5, subsection 1, in the Bill as amended, reads as follows:

The Minister may, subject to the provision of this section, license ships to transport passengers and/or goods from a port or place in Canada to another port or place in Canada. The proposed amendment is that that subsection be deleted and the following substituted:

The Minister may license ships to transport passengers and/or goods from a port or place in Canada on the Great Lakes or St. Lawrence river to another port or place in Canada on the aforesaid Great Lakes or St. Lawrence river.

As it is necessary to have the terms "Great Lakes" and "St. Lawrence river" defined, there is an amendment proposed to section 2, the interpretation section. The present clauses (f) and (g) and all the following clauses of that section would be designated by new letters, and the following new clauses (f) and (g) would be inserted:

(f) "Great Lakes" means lakes Ontario, Erie, Huron (including Georgian Bay), Michigan and Superior, and their connecting waters;

(g) "St. Lawrence river" means the St. Lawrence river as far seaward as a line drawn from Father Point to Point Orient.

Right Hon. Mr. MEIGHEN: What is the name of that last Point?

Hon. Mr. DANDURAND: Point Orient. That is on the north side of the river.

Hon. Mr. BEAUBIEN: Will my honourable friend permit me? The definition of "St. Lawrence river" does not cover the tributaries of the river, although the connecting waters are included in the definition of "Great Lakes."

Hon. Mr. DANDURAND: The next proposed amendment is to section 6, subsection 1. In the Bill as amended by the Railways Committee this reads:

No goods or passengers shall be transported by water, from one port or place in Canada to another port or place in Canada, either directly or by way of a foreign port or for any part of the transport, by means of any ship other than a ship licensed under this Part.

Under the amendment this would be contracted to read as follows:

No goods or passengers shall be transported by water from one port or place in Canada on the Great Lakes or St. Lawrence river to another port or place in Canada on the aforesaid Great Lakes or St. Lawrence river, either directly or by way of a foreign port or for any part of the transport, by means of any ship other than a ship licensed under this Part.

Right Hon. Mr. GRAHAM: That refers to coasting, does it?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND.

Hon. Mr. DANDURAND: The next proposed amendment is to section 8, subsection 1. In the Bill as amended by the Railways Committee this reads:

This Part shall not come into force on, or in respect of, any sea or inland water of Canada until proclaimed by the Governor in Council to be in force on, or in respect of, such sea or inland water.

It is proposed to delete that subsection and substitute the following:

This Part shall not come into force until proclaimed as in force by the Governor in Council.

Subsection 3 of this section 8, in the Bill as amended by the Railway Committee, reads:

The Governor in Council may on the recommendation of the Board by proclamation extend the application of this Part to transport by means of ships registered in Canada over any sea or inland water on or in respect of which this Part is in force between ports or places in Canada and ports or places outside of Canada.

It is proposed that this be replaced by the following:

The Governor in Council may on the recommendation of the Board by proclamation extend the application of this Part to transport by means of ships registered in Canada between ports or places in Canada on the Great Lakes and St. Lawrence river and ports or places outside of Canada.

It is but a consequential amendment. Is my right honourable friend following me?

Right Hon. Mr. MEIGHEN: Yes. I have got it all.

Hon. Mr. DANDURAND: Subsection 4 of the same section reads:

Upon the coming into force of this Part on or in respect of any inland water of Canada to which the Inland Water Freight Rates Act applies, sections three, four and five of that Act shall, during such time as, and in any place wherein, this Part is in force be deemed to be repealed.

Under the proposed amendment, this would read:

Upon the coming into force of this Part, sections three, four and five of the Inland Water Freight Rates Act shall, during such time as this Part is in force, be deemed to be repealed.

Right Hon. Mr. MEIGHEN: That is all right.

Hon. Mr. DANDURAND: Subsection 5 of section 8 reads as follows:

The provisions of this Part shall not apply in the case of ships engaged in the transport of goods or passengers between ports or places in British Columbia, Hudson Bay, Nova Scotia, New Brunswick, Prince Edward Island and the Gulf or river St. Lawrence east of Father Point, or between any of such ports or places and ports or places outside of Canada.

This subjection will be struck out, inasmuch as the power to license is limited as between the Great Lakes and Father Point.

Right Hon. Mr. MEIGHEN: All right.

Hon. Mr. DANDURAND: Section 27, subsection 2, clause (a) reads:

If evidence is offered to prove,  
(a) that during the period of twelve months next preceding the coming into force of the relevant Part of this Act on, in or in respect of the sea or inland waters of Canada,—

It is proposed to strike out the words "sea or inland waters" in line 37. As amended the clause will read:

If evidence is offered to prove,  
(a) that during the period of twelve months next preceding the coming into force of the relevant Part of this Act on, in, or in respect of the Great Lakes or St. Lawrence river, or the part of Canada, or the highway to which the application for a licence relates, the applicant was bona fide engaged in the business of transport, and

It will be observed that the clause is limited to the Great Lakes and the St. Lawrence river.

Right Hon. Mr. GRAHAM: That is the grandfather clause.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: The honourable senator from Leeds (Hon. Mr. Hardy) will kindly move the amendments.

Hon. Mr. HARDY: I move to amend section 2 by inserting the following clauses (f) and (g):

(f) "Great Lakes" means lakes Ontario, Erie, Huron (including Georgian Bay), Michigan and Superior, and their connecting waters;

(g) "St. Lawrence river" means the St. Lawrence river as far seaward as a line drawn from Father Point to Point Orient.

The amendment was agreed to.

Hon. Mr. BEAUBIEN: Mr. Chairman, may I again draw the attention of the honourable leader of the House (Hon. Mr. Dandurand) to the territory covered by the Bill? He speaks of the lakes and their tributaries.

Right Hon. Mr. MEIGHEN: Connecting waters.

Hon. Mr. BEAUBIEN: Yes. But he does not mention the tributaries of the St. Lawrence. If a boat starts from the Richelieu river, and not from the St. Lawrence, will it be considered as having started within the territory in question?

Hon. Mr. DANDURAND: I cannot quite visualize the volume of trade coming down the tributaries of the St. Lawrence, but I should have no objection to adding the words "and its tributaries."

Hon. Mr. BEAUBIEN: The St. Maurice would give you a considerable volume of traffic.

Hon. Mr. DANDURAND: I am not sure it is navigable.

Hon. Mr. BEAUBIEN: It certainly is, and also the Richelieu and the Ottawa.

Hon. Mr. PARENT: And the Saguenay.

The CHAIRMAN: Clause (g) will now read: "St. Lawrence river and its tributaries."

Hon. Mr. HARDY: I move the amendment accordingly.

The amendment was agreed to.

Hon. Mr. HARDY: I move to amend section 5, subsection 1, to read as follows:

The Minister may license ships to transport passengers and/or goods from a port or place in Canada on the Great Lakes or St. Lawrence river to another port or place in Canada on the aforesaid Great Lakes or St. Lawrence river.

The amendment was agreed to.

Hon. Mr. HARDY: I move to amend section 6, subsection 1, to read as follows:

No goods or passengers shall be transported by water, from one port or place in Canada on the Great Lakes or St. Lawrence river to another port or place in Canada on the aforesaid Great Lakes or St. Lawrence river, either directly or by way of a foreign port or for any part of the transport, by means of any ship other than a ship licensed under this Part.

The amendment was agreed to.

Hon. Mr. HARDY: I move to amend section 8, subsection 1, to read as follows:

This Part shall not come into force until proclaimed to be in force by the Governor in Council.

The amendment was agreed to.

Hon. Mr. HARDY: I move to amend subsection 3 of section 8 to read as follows:

The Governor in Council may on the recommendation of the Board by proclamation extend the application of this Part to transport by means of ships registered in Canada between ports or places in Canada on the Great Lakes and St. Lawrence river and ports or places outside of Canada.

The amendment was agreed to.

Hon. Mr. HARDY: I move to amend subsection 4 of section 8 to read as follows:

Upon the coming into force of this Part, sections three, four and five of the Inland Water Freight Rates Act shall, during such time as this Part is in force, be deemed to be repealed.

And, further, to strike out subsection 5 of this section.

The amendments were agreed to.

Hon. Mr. HARDY: I move to amend section 27 by substituting the following for clause (a) in subsection 2:

That during the period of twelve months next preceding the coming into force of the relevant Part of this Act on, in, or in respect of the Great Lakes or St. Lawrence river, or the part of Canada, or the highway to which the application for a licence relates, the applicant was bona fide engaged in the business of transport, and

The amendment was agreed to.

Hon. Mr. DANDURAND: I would draw attention to a clerical error in the reprinting of the Bill. In subsection 2 of section 11 the words "and not less than two hundred dollars" should be struck out.

Hon. Mr. HARDY: I move that the section be so amended.

The amendment was agreed to.

The Bill as amended was reported, and the amendments were concurred in.

#### MOTION FOR THIRD READING

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

Hon. Mr. DANDURAND: Now.

Right Hon. Mr. MEIGHEN: I rise to speak, not on the third reading, but only on the matter of consent, for the Bill cannot be read a third time now without consent. I am prepared to consent, but inasmuch as certain members who have just now expressed a desire to speak on the Bill do not feel that they can be ready to-day, I should like it to be understood that the debate will not be pressed to a conclusion at this sitting, except with the approval of myself, say, as representing those members. I do not desire to stop the debate at all; in fact, I am desirous of its reaching a conclusion as soon as possible; but I think it would hardly be fair to members who feel they cannot be ready to-day to force the debate to a conclusion at this sitting.

Hon. Mr. DANDURAND: I understand from my right honourable friend that there may be members who are ready to speak.

Right Hon. Mr. MEIGHEN: I think so.

Hon. Mr. HARDY.

Hon. Mr. DANDURAND: Then it is understood that anyone can move the adjournment of the debate until to-morrow.

Hon. W. A. GRIESBACH: Honourable members, the ostensible purpose of the Bill before the House is to regulate rates, but its real purpose is to assist the railways of the country in the predicament in which they find themselves. That being so, the question at once arises whether this is the best method of assisting the railways—whether we may properly assist the railways by penalizing other forms of transport.

Hon. Mr. DANDURAND: By—what is the expression?

Right Hon. Mr. GRAHAM: Penalizing.

Hon. Mr. GRIESBACH: Penalizing forms of transport more recently discovered and developed, particularly transport by road and by air. There has always been competition by water, and I think it is a recognized fact that the railways cannot normally compete with that form of transport. Of course, this is a country in which water transport closes down in the winter time, whereas the railways operate the year round.

The question in my mind is whether we have a right to deny the people of our country the benefit which comes from the more recently developed forms of transport. If we had adopted such a policy fifty or sixty years ago we should have barred the railways and confined our people to horse transport. But such a policy was deemed unwise. I think it would be just as unwise now to put a bar upon progress by penalizing the more modern forms of transport. The development of our industries, our national life, is dependent upon the free use of modern forms of transport as they exist, or as they may develop in the future. It is clear that we have to grapple with the question of the policy to be followed with respect to the railways, but as matters stand to-day I know of no better method of improving their situation than the direct subsidy we are giving. Certainly I cannot approve of denying ourselves the use of modern conveniences, or of penalizing them in any way, for the purpose of assisting our railways.

This Bill came before us in a certain form some weeks ago; it was submitted to the Committee on Railways, Telegraphs and Harbours, and as we have it to-day it is an entirely different Bill. We have, for instance, limited the operation of the Bill with respect to aeroplane transport to the traffic which exists between urban centres, we have excluded

coastwise shipping from the operations of the Bill, and we have eliminated maritime province shipping.

Right Hon. Mr. MEIGHEN: Coastwise shipping on the oceans.

Hon. Mr. GRIESBACH: Yes. We know that the Bill, so far as it applies to road transport, trenches on the rights and prerogatives of the provinces; that we can apply it only to that portion of the traffic which is either interprovincial or provincial and foreign—and that is only 1.8 per cent of the total. All that is retained in the Bill for the purpose of assisting the railways is the regulation of lake traffic; and in explaining this situation the Minister made the simple statement that the Bill was designed to cure a situation which had arisen in lake traffic, namely, that the whole system of shipping on the lakes was bankrupt and the Bill proposed to stabilize rates. Of course we ask ourselves at once how lake shipping which is bankrupt can be benefited in any other way than by an increase of rates. Then we ask who it is that uses this form of transport, in the main, and is going to pay these increased rates. That question brings us to the grain trade of Western Canada. The long and the short of it is that we are asked to attempt to assist our Canadian railways by laying what is in effect a tax upon one particular industry, namely, the grain producing industry of Western Canada.

I do not suppose there ever was a bill before the Committee on Railways, Telegraphs and Harbours which had such a mass of evidence adduced against it. We find that the boards of trade of the Maritime Provinces were against the Bill. I take it that they have now been satisfied. The provinces of Ontario, Manitoba and Saskatchewan appeared by counsel and opposed that portion of the Bill which applies to the roads. I think it is safe to say that, except a few statements by the railways themselves and perhaps one or two shipping concerns, the whole of the evidence presented was against the Bill.

Some discussion has occurred as to the duty of the Senate with respect to a bill of this sort, a Government measure introduced in the Senate, and as to whether we should dispose of it here or pass it on to the other House. It seems to me that our duty with respect to this proposed legislation is precisely the same as in the case of any other bill. In choosing to introduce in this House the Government believed the Bill would receive a fair hearing and all interested parties would have an opportunity of presenting their

views. That fair hearing has taken place, and anybody who wanted to give evidence has had an opportunity of doing so. The great mass of the evidence given was against the proposed measure. The Bill was amended in the most outstanding particulars with the knowledge and consent of the Minister, and it has been further amended to-day. It bears little resemblance to the one first introduced. The Minister himself said the legislation was experimental; that a certain situation existed which it was desirable to remedy, and that there should be some attempt to make a start. I have come to the conclusion that this is not a good start.

The Bill as originally drawn disclosed a lack of knowledge and information. As an evidence of this I would point to the willingness of the Minister to consent to the various amendments that came before him. To-day the Bill consists of virtually nothing but regulations respecting lake shipping and agreed rates. The only evidence brought before the committee as to the value of agreed rates was that portion in which it was stated that in England the outstanding example of agreed rates was contained in an agreement entered into between the Woolworth Company and certain railways, by which the goods of the company were to be carried for 4 per cent of the annual turnover. At once we became aware of the possibility that if agreed rates should come into force in Canada there might be a tremendous discrimination against smaller concerns for the benefit of the larger chain establishments.

Except for the control of lake shipping and agreed rates, the Bill as it originally came before us has almost disappeared. Admitting that something should be done, if possible, to assist our railways, I am inclined to the view that they can be assisted or their situation improved only by the practice of economies within the railroad systems themselves, respecting new methods and the like. So far as the matter of agreed rates is concerned, I think the situation is fraught with great danger.

I think this House would be well advised to stand this Bill over, either by way of the six-months hoist or by defeating it, in order to permit the situation to develop and information to accumulate, particularly with regard to the Bill now before the United States Congress which aims to do much the same thing under very different conditions. A year hence we may know much more about the situation than we know to-day.

I am quite satisfied that I must vote against this Bill for this reason, if for no other, that it seeks to improve the situation of the

railways in Canada by imposing an extra charge upon the grain producers of this country, who already are sorely tried by many adverse economic conditions, and to lay the whole burden upon the shoulders of that portion of the public.

Hon. J. T. HAIG: Honourable members, I thought that perhaps someone who was in favour of the Bill would rise to speak. My views are very much those of the honourable gentleman who has just preceded me.

As a representative in this House of one of the Western Provinces, I ask how this Bill is framed. First there is the section dealing with water transport. I shall come back to that later. Then there is the section dealing with transport by air, which is largely a new mode of transportation. The Bill provides that there shall be regulation of transport by air between urban places and upon agreed routes. To that there can be no very serious objection. Then there is a section dealing with transport by highway—a section which the Minister himself really eliminated from the Bill when, in answer to the question put by myself, "Do you intend, if the provinces do not agree, to put the highway sections into operation?" he said: "No, not without the consent of the provinces." Well, the province of Ontario through its responsible Minister has said it would not consent, and the provinces of Manitoba and Saskatchewan, through counsel appearing before the committee, have said they would not consent. I understand that the Ministers of the province of Quebec also have said they would not consent. I cannot imagine any province that would consent.

What is the issue involved in this Bill? We as Canadians are asked to try to protect the position of our railways. The railways of Canada are one of the problems of the people of Canada. Investors in Great Britain and the United States say that we must solve our railway problem or we cannot hope to have the confidence of the outside world with respect to the investment of money in this country. At the present moment great pressure is being brought to bear upon the managements of the railways to induce them to increase the salaries of employees. A strike vote is now being taken, and union officials say that if wages are not restored to their former level there will be a fight to a finish. Last year we voted some \$43,000,000 to pay the deficit of the Canadian National Railways, and the Minister of Finance has said that next year probably \$35,000,000 would be required. For many years the Canadian Pacific Railway paid no interest on the capital

Hon. Mr. GRIESBACH.

invested in that corporation. We as Canadians, therefore, being responsible to the world for the money that has been invested in our railroads, are naturally eager to do anything we can to put these roads on a paying basis. With that I am in entire accord.

Hon. Mr. DANDURAND: Would the honourable gentleman allow me to correct a statement he has just made concerning the obligations of the Canadian Pacific Railway? He said that the interest had not been paid.

Hon. Mr. HAIG: The interest has been paid on the bonds. What I meant to say was that no dividends had been paid on the common stock. For instance, I happen to know a widow in Western Canada who is about seventy-five years of age. She had one hundred shares of stock. Before her husband died he directed her to hold that stock. Later there was a new issue of stock, and she now has four hundred shares. She used to get a large income by way of dividends on her stock, but now she gets nothing. She is complaining bitterly about the loss of revenue.

Hon. Mr. DANDURAND: I was simply correcting my honourable friend.

Hon. Mr. HAIG: It was my language that was wrong, not my idea.

That is the situation with regard to our railways, and we as senators from the different parts of Canada are, I think, unanimously in favour of doing anything we can to improve that situation. I do not believe, however, that the people of Canada expect us to do anything that would impose an unfair burden on anybody. The representation in this House is not like that in the Commons, where there is one member for every block of 40,000 people. In this House the Maritime Provinces have as many members as the great province of Ontario or Quebec. The Western Provinces have no more members than the Maritime Provinces. For this reason I think it is our duty to see to it that in matters of legislation each of the different parts of Canada gets a fair deal as compared with the other parts.

Now, what do we find as respects this Bill? Even with the amendments which my honourable friend the leader of the Government has moved, the only change that can possibly take place is an increase in rates on goods going into or coming out of Western Canada. That is the only benefit this Bill can give.

Hon. Mr. DANDURAND: That is a statement I will not accept.

Hon. Mr. HAIG: I did not expect my honourable friend to accept that statement. If he accepted it he would not have introduced the Bill. But there is the fact, that this Bill can give no relief to anybody unless it increases the rates on goods either going into or coming out of Western Canada. The Maritime Provinces and the Pacific coast have been exempted; and Ontario and Quebec are at the base as far as water transportation is concerned. What about our shipments into and out of Western Canada? No railway can compete with water transportation in the carrying of bulk goods, if water transportation is allowed to take its free course. Look at sugar, for instance: the rate by water from Halifax to Fort William is 18 cents, but the rate by rail in winter is 44 cents. Why is it that Western Canada has the greatest elevator system in the world? Why is Fort William one of the outstanding elevator cities? Because it is necessary to have grain stored so as to be available for water transportation in summer.

If this Bill were in force to-morrow, would it give any benefit to the railways of Canada? That is the issue. I do not think anyone can show me that the railways would derive a single benefit. If we could say to the buses, "You must not carry passengers," and to the trucks, "You must not carry freight," we should be benefiting the railways, but the possibility of doing that is eliminated by the Minister's statement, and also by the fact, as shown by the evidence, that 98 per cent of the traffic on trucks and buses is intraprovincial, not interprovincial. I cannot find in the Bill anything which would give the railways a single bit of help. I should like the honourable leader of the Government to show me, if he can, where there is anything that would help them.

My honourable friend from Edmonton (Hon. Mr. Griesbach) suggests that the Bill be laid over. I have in my hand two copies of the largest paper in Western Canada, the leading Liberal paper of the whole country, the Winnipeg Free Press. I know of none that can compare with it. No other editor stands as high in the estimation of the public in Canada to-day as does the editor of that journal. We may not agree with him, but there is no doubt about the high place he holds in the public mind. I know him pretty well. I will not tire the House by reading long extracts, but I do want to read one paragraph from an editorial in the issue of Monday, March 8, and I would ask the honourable leader of the Government to listen to this:

This is a Bill to protect vested interests in transportation—on land, sea and lake—against the competition of newer, cheaper, more mobile and more efficient forms of transportation. After the verbiage is boiled down that is what the advocacy of the Bill amounts to.

That is the opinion of Mr. J. W. Dafoe, editor of that great paper. You could not find any words that would better express in such a short space just what this Bill means.

In the issue of March 15, that is Monday of this week, there is another editorial on the Bill, wherein is a statement to the effect that it seems strange to have a measure for the protection of vested interests advocated by a Liberal minister. Perhaps Mr. Dafoe thought such advocacy might have sounded all right on the lips of a Tory minister.

Those editorials state the opinion of Western Canada on this Bill. The people of the West believe the Bill will not put one dollar of extra revenue into the hands of the Canadian Pacific or Canadian National. They think, further, that their freight rates on grain shipped out—on wheat, oats, barley and flax—will be increased by from three to six cents a bushel, for the benefit of the monopolistically controlled lake boats, and that there will be a similar increase in the rates on goods brought into the West. I appeal to all honourable senators to remember that one of the duties of members of this House is to protect the rights of the various sections of the country. True, in the House of Commons Manitoba has 17 members, Saskatchewan 21 and Alberta 17: for the three Prairie Provinces there is a total of 55. But there are 190 members from other parts of the country, and that is enough to give a very large majority for this Bill if we pass it here. So I say we should not send the Bill over to the other House; we should see to it that the minority interests of the West are properly protected. This Bill would sell out the farmers of Western Canada for the benefit of vested interests, as the Free Press says. I submit that we as senators should not support such a measure. What is there that would prohibit the Canadian Pacific or the Canadian National from buying up some boats and running them? Not a thing.

I have already dealt with highways, but there is one further point I wish to stress. You cannot hold back invention. Men have tried to do that in the past. Trucks and buses are wanted by the public and will not be put out of business. It is related in Winnipeg that when Mr. Coleman, Vice-President of the Canadian Pacific Railway, was at that point, he cut down the number of trains run-

ning to Prince Albert from one a day to three a week. A deputation came from Prince Albert to see him, and Mr. Coleman asked them by what means of transport they had come. Every one of them said, "By motor." If an honourable member of this House wanted to get up to a mine in the north country, would he go by aeroplane or by railway?

Hon. Mr. LITTLE: By plane.

Hon. Mr. HAIG: Of course. No legislation that we can pass could prevent the growth of these modern means of transportation. But I say to you, honourable senators, the people of Western Canada think, rightly or wrongly, that the Senate of Canada is a place where vested interests are protected; they think we will never stand up and fight for what they consider to be the rights of the common people. Now, the rights of the common people are challenged by this Bill as they have never before been challenged in this House, and I say it is our duty, if we think it is right to stand up for the interests of the common people, to kill this Bill. If, on the other hand, we think it is wrong to stand up for the rights of the common people, then let us pass the Bill. Why transfer the onus to the House of Commons? I do not know what would happen to it if we did send it there, but I do know that if I were in politics and were a member of the Opposition, I should like to have this Bill passed by the Government. Believe me, honourable senators, the Government will have trouble if it tries to enforce the provisions of this Bill with regard to transport by highway, by air and by water. There will be no end of difficulty if there is any attempt to increase the rates charged by lake vessels, which attempt will be made if the Bill is passed. But, honourable senators, we in this House are not in politics. Our duty, first, last and all the time, is to Canada. Therefore, if we consider this Bill to be against the interests of the common people, whether in the West, in the East, or in the central provinces, we ought to kill it.

I intend to vote against the passage of the measure. I hope that a great many members on both sides of the House will join in protecting the interests of the small man. We who vote against this Bill are not seeking to help the transportation companies; we are striking a blow on behalf of the struggling farmers of Western Canada.

Hon. R. B. HORNER: Honourable senators, I have some sympathy with the railways in their struggle against competition from buses. And there is a part of this Bill which I think is good. I refer to that part which would

Hon. Mr. HAIG.

authorize the Board, when considering an application for a certificate of convenience and necessity, with respect to transport by highway, to take into consideration permanency of service. That point, I take it, would come up in cases where a railway suffers from bus and truck competition in the summer months over territory which the railroad serves throughout the year. But the difficulties the railways are facing to-day—I am going to be bold enough to say what I think—are due in no small part to the disparity between wages that they pay to their employees and the wages or income of the primary producers of this country. Labour unions have a strangle-hold on the railways, and in the circumstances the railways cannot make any money. Their employees are highly paid in comparison with farm labourers of the West, who receive perhaps \$20 a month.

I agree with the honourable junior senator from Winnipeg (Hon. Mr. Haig) that the Western farmers believe this measure would result in an increase of lake freight rates. For that reason I do not like the Bill. Another reason why I do not like it is that one of its results would be the subjection of practical men to control by theorists. Many things which look good on paper do not work out well in actual practice. I can imagine theorists on a Board telling a man who has followed shipping all his life that he must carry only such-and-such a cargo and must charge only such-and-such a rate. Strong objection was taken to the provision in the Bill that a shipper, after having filed a rate, would not be able to increase it for thirty days thereafter. Well, because of certain circumstances, a practical shipping man might find it profitable to carry a ship-load of grain at a much lower rate to-day than, say, next week, but if this Bill were in effect he would not dare to reduce his rate to-day unless prepared to carry on with that rate for at least thirty days. Therefore, as I see it, the stabilization of rates under the Bill would inevitably result in increasing them.

Just recently there was a refusal on the part of the Government to stabilize rates to the primary producer in Western Canada. Now, if we are going to license ships we may soon be asked to license farmers, to set up a board authorized to determine the number of acres that a farmer may seed, with a view to stabilizing the agricultural industry.

The honourable junior senator from Winnipeg (Hon. Mr. Haig) quoted an editorial from the Winnipeg Free Press. I am rather sorry he did that, for I shall not feel so comfortable in voting against the Bill, since I know that paper is opposed to it. The atti-

tude of the Free Press towards certain other legislation was ruinous for Western Canada.

Hon. Mr. McMEANS: It has had a change of heart.

Hon. Mr. HORNER: I am opposed to the Bill because I believe it would result in unjustifiable interference with the operations of practical business men. The country does not want that. Out in the West we have experienced interference by theorists, who advised farmers to go where there was no water, and who had some of us supplied with cattle which they later took away from us at one cent a pound. This Bill too, I am afraid, would lead to unprofitable operations by primary producers.

Hon. A. B. GILLIS: Honourable senators, what is happening here is similar to what happened at the meetings of the Railway Committee. We waited from day to day for someone who would come along and speak in support of the Bill, but no support whatever was forthcoming, aside from one or two telegrams that were received from elevator companies.

Hon. Mr. DANDURAND: I confess that all the private interests were against the Bill.

Hon. Mr. GILLIS: Private and public. Every province that was represented there was opposed to it.

Hon. Mr. DANDURAND: That is another question.

Hon. Mr. GILLIS: I say that every province of Canada which sent representatives to the committee was opposed to the Bill. I did not take a very active part in the committee's proceedings, but I watched them closely, and after listening to the evidence that was given from day to day I came to the conclusion that the Government was standing in its own light in not withdrawing this obnoxious measure. If anyone had come before the committee and supported the Bill there would have been some justification for the Government's continued determination to have it passed.

The Minister of Transport appeared before the committee a number of times. He was very agreeable, I admit, and consented to a good many amendments being made, most of which were more or less trivial; but as to section 4, which is unquestionably the most important feature of the Bill, the Minister took a very strong stand. He said that if we interfered with or amended that section in any way he would withdraw the whole Bill. I think that is a correct version of his statement.

Now, the attempt to regulate lake freight rates is not new. Honourable senators will remember that in 1923—I think that was the year—Parliament passed an Act for regulating and stabilizing lake freight rates. But that proved futile; it did not accomplish anything. Well, I imagine that if this measure is passed it will have the same fate. I do not think there is any possibility of enforcing the provisions of the measure. Why, honourable senators, it would be necessary to have an army of police and patrol steamers patrolling the lakes to prevent constant infringement. Every port on the lakes would have to be manned with police.

As other honourable members have pointed out, the main object of the Bill would appear to be the passing of legislation for assisting the railways. Yet, as the honourable junior senator from Winnipeg (Hon. Mr. Haig) has made clear, this Bill would have no such result. So far as I can see, the only effect of the Bill would be to increase the cost of transporting wheat and other commodities by water to and from the West. In the course of the committee's sittings the remark was made by someone that when wheat got to the head of the lakes it was out of the farmers' hands, and consequently any regulation of lake rates would not affect the price which the farmer receives for his grain. Well, to say the least, I think that is utter nonsense. Everyone knows that the cost of transportation, whether by rail or water, is one of the important factors that have to be considered when the price of grain is being fixed. Consequently if the rate on the Great Lakes is increased it will go hard with the Western Provinces.

I need not, honourable senators, elaborate on the conditions prevailing in the West today. I would not say the outlook is hopeless; on the contrary, I think the country will come back; but during the past few years we have been hard hit. Grasshoppers, drought and other misfortunes beyond human control have very seriously handicapped the people of the West. But last year the farmers on the Prairies suffered a further misfortune: by reason of the Grain Board not being allowed to function they were victimized to the extent of more than \$60,000,000. That statement cannot be denied. If this Bill is enacted an additional burden will be placed upon the shoulders of the struggling farmers of Western Canada.

I was very glad to hear the honourable leader of the House (Hon. Mr. Dandurand) suggest an amendment to exempt the Maritimes from the operation of the Bill. I congratulate them on that concession. The Mari-

time Provinces appear to be about as prosperous as any section of Canada. In fact each of those provinces has been able to balance its budget. Undoubtedly in this respect they are better off than the Prairie Provinces, for unfortunately we in the West cannot balance our budgets. We have to depend on our good friends in Eastern Canada to help our struggling farmers. We are neither ashamed to ask nor ashamed to receive that support, because, as honourable members are aware, Quebec, Ontario and the Maritime Provinces are just as much interested in the success of the farmers of the Prairies as we are.

Being a Western man, I feel that this Bill vitally affects the people of the Prairie Provinces. And certainly anything that might tend to add to their burdens should be neither encouraged nor endorsed by this Chamber. For these reasons, and others which I might advance if time permitted, I shall vote against the Bill.

Hon. HENRY A. MULLINS: Honourable members, as a Westerner who has lived in the West for a number of years and has been trying to make two blades of grass grow where only one grew before, I have some knowledge of agricultural conditions in the Prairie Provinces. I have lived in the homes of the pioneers of the West. I have seen that country develop.

In the early days the great difficulty in the West was lack of transportation, and when we went out there you in the East tried to discourage us. You said there would be so little traffic that the Canadian Pacific would not earn sufficient revenue to pay for axle grease. I have before me a statement made in those days that cattle would be frozen to death in numbers that would astonish settlers, and that the pioneers there were often maimed for life by frost-bite. I have lived there for fifty years and have never yet been frost-bitten. We have a wonderful country in the three Prairie Provinces, with 250,000 square miles of fertile land.

You may ask me what is the matter with that country. I have made a careful study of the whole situation, and I say without hesitation the primary trouble is freight rates. My right honourable leader in this House (Right Hon. Mr. Meighen) knows that as well as I do. I have under my hand a statement he made in 1925, and with his permission I shall read it. At that time he was leader of his party in the other House, and its membership was not such a conglomeration as it is to-day. There is now a little of everything over there. Let me give the

Hon. Mr. GILLIS.

Social Crediters their due. They raised the ante, as the old Western saying was, on the Progressives. They may have a twisted mentality, but they raised the ante so high on those Progressives that at the last election they left every one of them at home. The Social Credit party has in its ranks school teachers, professors and ministers—men who never had to get out and earn a dollar off the land, and never had the experience of the pioneers.

One of the finest pioneers that Canada can boast of is the habitant of Quebec. I rubbed shoulders with him when I used to ship train-loads of cattle from the West to Montreal and Quebec. Occasionally when the train broke down I had to buy hay from him to take care of my cattle. I say there is no finer man than the habitant of Quebec. And yet some professor in the States last week said he would rather have an Alabama nigger than the habitant of Quebec. I ask honourable members to imagine a statement of that kind from a man who is said to be a professor. I have been in the open more or less all my life. I have never had the privilege of a university or college education. My life has been forged on the anvil of hard knocks. I am astonished that a man of culture and experience could make such a statement concerning the habitant of Quebec. When the professor used the word "nigger," it seemed to me he showed the kind of man he was. Had he said "negro" or "coloured man," he would have displayed somewhat better taste.

Hon. Mr. LYNCH-STAUNTON: Is the honourable gentleman sure that that man is not part negro?

Hon. Mr. MULLINS: The acoustics of this Chamber is not very good, and I do not hear my honourable friend distinctly. I admire our pioneer, the habitant, and that insult was unjustified. I resent such unwarranted disparagement of the pioneer of Quebec, as I would of the pioneer of the West. He is struggling very hard to pull through.

In my opinion this Bill will strangle and rob the poor agriculturist of Western Canada. All down through the years we have been trying to get away from high freight rates. I had intended to read the speech my right honourable leader made in 1925, for fear he had forgotten it and might endorse the Bill. We were on the platform together when he expressed the opinion which I held then and still hold. I shall now quote his remarks lest I forget to do so as I denounce this obnoxious measure. My right honourable leader, who was then Prime Minister, dealt with a pamphlet which, he said, had been circulated

in the constituency by the Liberal-Progressive party. He described as falsehoods statements in the pamphlet referring to his attitude regarding freight rates in Western Canada, and repeated the statement he made at Selkirk on the previous Thursday as to his past and present policy:

I say to the farmers of these plains and to every farmer in Western Canada that no Government of which I am the head will take any steps which will result in raising freight rates, because I know that no raise of rates is necessary.

Freight rates have been the bugbear of Western Canada.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MULLINS: You may laugh, you Easterners who live in close proximity to transportation. I am talking from experience. I paid thousands of dollars to the Canadian Pacific when it was the only railroad in the Western country. I had the honour of shipping the first train-load of cattle over that road when it was coupled up at Jackfish Bay. I have been in that business since 1890. I have some knowledge of the cost of transportation from Western Canada to the eastern seaboard. I repeat, high freight rates are the bugbear of Western Canada. We thought we had something in our favour when the Hudson Bay Railway was completed, but somebody is blocking that outlet, and we cannot get the route developed to its full capacity, as we should like to see it.

I was a member of the local House in Manitoba in 1901. I have before me the statute under which the only real Government that province ever had did something for the people of Western Canada. The then Government endorsed the bonds of the Canadian Northern when it supplied Manitoba with branch lines. In return the Government secured control of freight rates and brought about a reduction from Brandon and other Manitoba points to the head of the lakes of four cents a hundred pounds. We had a ten-cent rate on wheat. To-day the rates are 20 per cent higher than they were in those days. For the benefit of honourable members I cite section 8 of the contract which forms the schedule to the statute:

In consideration of the guarantee of the said bonds and the assignment of said lease and option, the company hereby agrees that up to the 30th day of June, A.D. 1930, the Lieutenant-Governor in Council shall from time to time fix the rates to be charged or demanded by the company for the carriage of all freight from all points on the company's lines in Manitoba to Port Arthur, and from Port Arthur to all points on the company's lines in Manitoba, and from all points on the company's lines in Manitoba to all other points on said lines in Manitoba. Provided always that, before any rates are so fixed, the company shall be

heard and their interests taken into consideration. The company agrees that it will not at any time after the said rates have been so fixed charge or demand for the carriage of freight between the points aforesaid greater rates than those so fixed by the Lieutenant-Governor in Council.

Now, I ask honourable members who have been in this House for so many years, why did you deprive us of that concession? In 1917 you thought that under a war measure you had a good chance to take it away from us. We had by that agreement secured the privilege, as stated, up to 1930, in return for the mortgage we took on the lines and our endorsement of the bonds of the Canadian Northern Railway Company. We should have retained that privilege up to 1930. After that agreement was signed the farmer in Manitoba was prosperous; he was getting somewhere. We had seventeen years of prosperity, and we were sending down here all kinds of products. You in Eastern Canada cannot get along without a prosperous West. I passed through drought for a number of years when farming a thousand acres of land. I had no rain on that land, and I know what the struggle means. I never saw such a terrible time as Western Canada has gone through in the last six years. We have had grasshopper plagues, drought, rust, and other calamities, but we are coming back. Watch us next year. There is more black land in Manitoba prepared by the settler than you can ever realize. And you cannot discourage him, no matter how hard you hit him. He has the stability that goes with pioneering, and that stability will bring the country back again to prosperity.

As I have said, under the agreement with the Canadian Northern Railway we secured a reduction of four cents a hundred on livestock and other commodities. At that time the Crowsnest Pass rates, which we hear so much about to-day, were not in evidence. No one ever thought of them while the Canadian Northern rates were in effect.

The honourable gentleman from Winnipeg (Hon. Mr. Haig) comes from the city; I am from the country.

Hon. Mr. McMEANS: May I remind the honourable gentleman that I am the senior member from Winnipeg.

Hon. Mr. HAIG: I am the junior member.

Hon. Mr. MULLINS: I should have said the junior member. I am sorry. We in the West have all down the years been asking for a reduction of freight rates. The Winnipeg Free Press has been our champion for lower freight rates from the days of the first editor, Mr. Luxton.

Honourable members, I see trouble in this Bill. You cannot put a strangle-hold on the people of the West without their protesting most vigorously. If the Government desires to help the West let it bring down a Bill to reduce freight rates. The railways have my sympathy, but to a large extent it is their own fault that they are in their present position. They have over-built, they have spent money on betterments of their lines, they have built large and luxurious hotels, while we in the West have been struggling to make ends meet. We have been doing our utmost to hold the country intact and save the situation.

There are many other matters pertaining to Western conditions which I should like to go into, but time will not permit. I hope that honourable members from Eastern Canada who know the West by riding through it in a Pullman car will so amend this Bill as to give the people out there a chance to save the country from ruin.

A few years ago, honourable senators, when travelling between here and Winnipeg you would see train-loads of cattle en route to Montreal; also you would meet train-loads of commodities in transit from Montreal to the West. In those days the country was rich and fertile and there was plenty of rural and urban activity. The raising of freight rates has brought about a disastrous change, and to-day you will not meet the train-loads of cattle as in early days. I shall not enter into a discussion of the live stock industry or its importance to the West, but I do hope honourable senators will bear that industry in mind and not allow the Bill to pass in its present form. The honourable Minister of Transport is a personal friend of mine, and I do not like the idea of opposing his Bill, but when it comes to a choice between this Bill and the settler on the land out west I shall not hesitate to vote against the motion for third reading.

Hon. JAMES MURDOCK: Honourable senators, the discussion for the past hour or more proves once again that self-preservation is the first law of nature. Several distinguished senators from the West have followed one another in opposition to this Bill, which, as I understand it, contemplates reasonable and consistent regulation of freight and passenger rates. My honourable friend the senator from Saskatchewan North (Hon. Mr. Horner), as I understood him, attributed the troubles of the railroads, which it is alleged this Bill is to help, to the out-of-gear

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wage rates paid to railway employees, and he said that in the West men got \$20 a month.

Hon. Mr. HAIG: Who said that?

Hon. Mr. MURDOCK: I wonder if the honourable gentleman would care to have, when he goes home for the Easter holidays, a \$20 a month engineer on the front end of the train that he travels on. I wonder if, in the event of the train stopping in the middle of the night, he would care to have a \$20 a month flagman to get out to protect his life while he sleeps. I wonder if he would like to have a \$20 a month man performing important transportation duties involved in the safe conduct of the business of Canada. I am of the opinion that my honourable friend does not know a single thing that is really essential with respect to wage rates per day or hour, or according to years of experience. It must not be forgotten that there are hundreds—yes, I think I could say thousands—of railroad men in this Dominion of Canada who have given from fifteen to twenty-five of the best years of their lives to railroading, in order that they might secure promotions, only to find in many cases that they were without a job because there was no business to do.

I am more than particularly interested in the remarks of my honourable friend the junior member from Winnipeg (Hon. Mr. Haig), who, I see, has left the Chamber. I wanted to ask him what were the vested interests behind this Bill. I can work up—or it has been said I can—considerable enthusiasm against vested interests when it seems to me that they are acting detrimentally to the interests of the consuming public, or the people of Canada.

If we are going to talk about vested interests let us take into consideration a little bit of history. The honourable junior senator from Winnipeg (Hon. Mr. Haig) admitted that this Bill contemplated assisting the railways. He said, not once but several times, I think, that the railways would not get a dollar out of it. He may be right. But what about the vested interests he is pointing at in connection with this Bill? I presume they are in the provinces of Ontario and Quebec. On the other hand, is there any part of Canada which to-day has a greater responsibility for the condition of the railways at present and for several years past than the noisy, vociferous public in the great West and its representatives in the Senate and the House of Commons? They, and they alone, in my judgment, are responsible for a great pro-

portion of the enormous debt that has been saddled on the people of Canada by reason of the railway situation.

Let us go back thirty-two years to the time when there came into being in the great Canadian West two brand new provinces, each of which has cost the people of the West—yes, and the people of Canada—tens of millions of dollars. With the knowledge we have at the present moment, and in the light of our experience with respect to too much government, will anybody argue that two brand new provinces would be established in the year 1937 as they were in the year 1905? I think not. Millions of dollars have been spent because the people of the great West were clamouring for the creation of two new provincial governments. To do what? To protect vested interests which they held as citizens of the great West.

If we go back down the years we find that in 1905 there was only one great railroad system running throughout the great Canadian West; but the people of the West, having regard to their vested interests, clamoured for additional railway facilities. Did they get them? We all know they did. Two additional transcontinental lines—part of them scrapped or torn up to-day—were built because of the clamour and the claims of the vested interests and the people of the great Canadian West. This being so, it seems to me the allegation that this Bill tends to serve vested interests comes with very bad grace from one who lives in the West. I wanted to ask the honourable the junior member from Winnipeg what vested interests he referred to. Does he mean the vested interests of the Canadian people, who have to put up approximately \$50,000,000 a year by reason of the railway situation in Canada as it affects the public? If those are the vested interests involved, who is responsible for the burden of debt? No part of the country or no class of people is more responsible than the great Canadian West and its people. In saying this I do not want to be misunderstood, or to be taken as criticizing the claims made by the people of the Canadian West. They were doing at the time what they believed best to protect their own present and future interests. Who can criticize them for that? But it seems to me that it ill becomes any distinguished senator from the West to place the responsibility for this measure—which presumably contemplates dealing in reasonable equity with all parts of Canada—upon the shoulders of others, and to charge that the whole thing is the creation of vested interests.

While we are talking about vested interests—and this is, in a measure, on the side—let us see what our dear Western friends

have done. They have in the years gone by voiced their claims more loudly, perhaps, than any other part of Canada. The facts speak for themselves. Have I not recently read in the newspapers, or heard, that some of these Westerners, reverting to the time, about thirty years ago, when many of them lived on farms and went to schools in Ontario or Quebec, were advancing claims in connection with the transfer to Alberta and Saskatchewan of natural resources as held by the Federal Government before those two provinces came into being? If you can imagine anything more far-fetched or anything more clearly demonstrating the claims of vested interests, I should like to know what it is.

There are about this Bill many things I do not fully understand. I do not know how it is going to work out. I certainly should not have said a word on it had it not been for a couple of entirely illogical points which were raised. I refer particularly to the suggestion with regard to the protection or maintenance of vested interests, presumably in the province of Ontario and Quebec. I will go right along with my honourable friend the junior senator from Winnipeg (Hon. Mr. Haig) in opposing what appear to be improperly handled or improperly controlled vested interests. But does this Bill not contemplate the reasonable protection of the inheritance that has come to the Canadian people as a result of the railway situation? Does it not contemplate the reasonable protection of the transportation facilities that the people of the West have to make use of during about half the year, when no other transportation facilities are available? Does the Bill contemplate anything more or less than the protection of transportation facilities that have been here for many years, since long before some other transportation interests were ever dreamed of? As I understand it, the Bill contemplates giving a reasonable, square deal to the vested interests of the Canadian people in the railways of Canada, whether those railways are owned and dominated by the Canadian people or by that great private concern which has been of such marked benefit to Canada in the years gone by. I hope the honourable junior senator from Winnipeg (Hon. Mr. Haig) or somebody else will go into this question of vested interests, because in his speech he made use of the term "vested interests" not once, I think, but two or three dozen times, and it seems to me that we ought to know what is meant by it.

In conclusion I want to say that I think that in years past the people of Western Canada have been louder in demanding their rights and the protection of their vested

interests than have the people of any other part of Canada. As a result of the insistent clamour of the people of the great Canadian West, who were contending for certain things in order to protect their vested interests, much money has been spent on the Hudson Bay Railway and transcontinental railways.

Hon. Mr. McMEANS: The Hudson Bay Railway did not cost the people of Canada anything. It was built on land that was set aside—

Hon. Mr. MURDOCK: I do not know enough about it to go into an argument with my honourable friend, but I think it has been charged many times on the hustings—

Hon. Mr. McMEANS: A certain area of land was set aside.

Hon. Mr. MURDOCK: Millions of dollars were paid out. I am not particularly finding fault with that. The Parliament of Canada was prepared to go to the very limit to satisfy the claims of the Western people. It may be that if we had known as much about it then as we do now the Hudson Bay Railway would not have been built. It may be that if we had known as much in 1905 as we do in 1937 the two new provinces of Alberta and Saskatchewan would not have been created. But now we see the representatives of the people of the great West—wonderful citizens who have helped to make Canada, and to place its name before the world—rising up to oppose this Transport Bill, which contemplates, as I understand it, giving a reasonable, square deal to the established transportation facilities of the country, and the vested interests of the Canadian people in them, in order that for six months of the year, when other transportation systems are not operating, these facilities may be available to the West.

Hon. LENDRUM McMEANS: Honourable senators, I assure you that I will not take up very much of your time in discussing this Bill. I rise to endorse the statements of my colleague from the city of Winnipeg (Hon. Mr. Haig). As I understand it, the Senate of Canada was formed for the purpose of protecting the provinces against majorities. I find here a Bill that prejudicially affects the province of which I have the honour to be a representative.

There is one thing about which there is no doubt. It is admitted on every side that if this Bill passes an additional burden will be imposed on the farmer of Manitoba. There can be no question about that when a great Liberal newspaper which has been a strong supporter of all the Liberal governments we have ever had, and which has never said a

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good word about the Conservative party during its existence, says on the editorial page of its last issue that this Bill is framed in the interest of a monopolistic concern and is prejudicial to the grain growers and the producers.

Hon. Mr. MURDOCK: It has the Western viewpoint.

Hon. Mr. McMEANS: It has also the Liberal viewpoint.

Hon. Mr. MURDOCK: For once it is right.

Hon. Mr. McMEANS: I do not know. I was interested in reading this editorial, which attacks the Government for introducing a Bill of this kind and calls upon it to withdraw. I think it is the first instance in which this great exponent of Liberalism ever attempted to damn a bill introduced by a Liberal Government.

There is just one more thing that I want to say. The farmer in Manitoba is taxed to the limit and beyond. As a result of an inquiry I made the other day I find that the cost of the Dominion Department of Agriculture has been increased by \$3,000,000 within two years. I find that even in the small province of Manitoba there are two experimental farms, as well as a huge agricultural college which is large enough for the state of Illinois, probably one of the largest states of the American Union. All this money is being spent in order to do something for the farmer, but in the meantime farms are being sold for taxes. If the expenditure and consequently the taxation of this country are to go on expanding or increasing, I do not know what the end will be. This Bill would increase the burden upon Western farmers, who already are labouring under a burden which is too heavy for them to bear. There is no question about that. The honourable leader of the Government (Hon. Mr. Dandurand) admitted that the measure would result in higher charges for transporting wheat through the Great Lakes. The object of the Bill is to destroy competition.

Hon. Mr. DANDURAND: The Minister stated before the committee that that was not the object of the Bill, nor would it be the effect of the Bill.

Hon. Mr. McMEANS: I understand that, but I do not place very much value on his words. I would rather take the opinion of that great exponent of Liberalism, the Winnipeg Free Press, a copy of which I have in my hands. That paper says the Bill would undoubtedly destroy competition. The farmer is already overburdened with taxation,

yet the Government comes along with this Bill which, by destroying competition, would increase lake rates and thereby make that burden even heavier.

It is a matter of history that a rebellion was threatened in Manitoba a good many years ago because railway competition was lacking and high freight rates consequently prevailed. After the Roblin Government came into power the Red River Valley line was built, and competition brought about a decrease in rates. There is no necessity of going further into that history at this time. I refer to it simply to show that rates always increase when there is no free competition. How can any reasonable person get up in this House and vote for a Bill that would destroy competition on the Great Lakes? If you destroy competition you destroy the whole structure under which the transportation business is carried on all over the world.

Let me remind the honourable leader of the Government (Hon. Mr. Dandurand) that Sir Wilfrid Laurier built the Transcontinental Railway, which cost a frightful sum, and said he was going to establish a freight rate of 13 cents per 100 pounds from Armstrong down to Quebec. But what happened? Well, the rates went up to 33 or 34 cents, and the whole force of the Government could not bring them down. Under the present Bill the Government plans to fix freight rates. But no Government could do that. The companies concerned are stronger than any Government. They could say to the Board, "We will carry grain at such a rate and no less." To my mind the Bill is not sensible. So far as I am concerned, as one who lives in the province of Manitoba, I am not going to vote for any measure that would destroy competition with regard to rates for carrying grain down through the Great Lakes.

Hon. W. A. BUCHANAN: Honourable senators, my standpoint in approaching this measure may be different from that of some honourable members who have already spoken. I wonder if opponents of the Bill are not in a state of fear of what may happen. I am thinking of it from another point of view—that what is feared by those who oppose the Bill will not occur. I live in a part of Canada where the people are at present in constant fear that something may happen to a greater extent than it has happened so far. For years now we have had on the Statute Book an Act giving the Board of Railway Commissioners certain control over railroad and express rates. The object of the present Bill is to extend the powers of that body, which would hereafter be known as the Board of Transport Commissioners, to include super-

vision over the rates charged by every form of transportation in Canada. If I am to judge the new Board by the conduct of the old one, I cannot become greatly alarmed by this measure. On the other hand, if I felt that the fears of my honourable colleagues from the West were well grounded, I should be inclined to support their stand.

Regulation would not inevitably lead to higher rates. Is it not possible that without regulation over certain forms of transportation, such as steamships and aeroplanes, there might be a combination of those interests and an increase in rates on the Great Lakes and in the air? This Bill would give us some control over these rates. There would be a Board to which we could appeal if we felt that certain rates were extortionate or unreasonable. That has been the kind of safeguard provided by the Board of Railway Commissioners ever since it has been in existence. The smallest community in Western Canada or in any other part of the country could protest to that body if it considered it was being imposed upon by unjust rates or services.

I certainly should not like to see any measure passed by this Chamber which would result in the imposition of a single cent of additional expense upon the farmers of Western Canada in connection with the movement of their products or the transportation from Eastern Canada of goods which they consume; but I look upon this measure as an attempt to control all forms of transport under the Board of Transport Commissioners, just as the railways have been controlled in the past under the Board of Railway Commissioners.

An insinuation has been made that the Bill is in the interest of the railways. I am not here to speak on behalf of the railways, but I want to relate an incident that occurred in one part of Western Canada, just to show that the railways are giving good service and are able to give it at times when their competitors are not. I think it is only right that this should be said. The southern part of Alberta has experienced this year, from blockaded roads, the worst conditions that have ever been known since that part of the province was settled. The town of Cardston, for instance, with a population of 2,000, was cut off from railroad, truck and mail facilities for nearly ten days. Railroad lines and highways alike were blocked. What did the railway management do? It did not throw up its hands. Half a dozen of the railway's branch lines in that country had been rendered almost useless by competition from trucks during that part of the year when the

weather is good. Yet the company sent out snow-plows and crews of men, and after many days of labour these were finally successful in getting the branch lines open for service. Many communities on those branch lines were in a dangerous position. Some of them were 50, 60 or 70 miles away from large centres, and had communication with them been delayed much longer they might have run short of the very necessities of life. Competition by trucks—which, by the way, have not been able to operate on the highways of Southern Alberta this year until the last week or ten days—had forced a reduction in railroad service over those branch lines to once or twice a week. Yet a large expenditure of money was made to serve communities depending upon those branch lines when no other transportation was available.

I do not want to see competition destroyed. But this Bill, as I understand it, would not affect services in Hudson Bay or on the Pacific coast. If lake freight rates became too high, grain producers in the greater part of Manitoba and in almost all of Saskatchewan could move out their products through Hudson Bay. In Alberta at the present time we are moving virtually 100 per cent of our grain through the western outlet, at Vancouver. I look upon these competitive routes as providing a form of competition against the Great Lakes, in case any attempt is made to impose exorbitant charges for the movement of grain through the lakes. However, I do not think that any board having control over all forms of transport in Canada would permit an increase in lake freight rates that would be a tax upon the Western farmer. That is my own feeling. If I thought the Bill would result in higher freight rates on grain, or on groceries, provisions and clothing coming in from the East, I should oppose it in this Chamber.

Hon. Mr. McMEANS: Well, it has been admitted that that would be the result.

Hon. GEORGE GORDON: Honourable senators, I agree with my honourable friend from Lethbridge (Hon. Mr. Buchanan) that the Board of Railway Commissioners has done a valuable work in adjusting railroad rates and matters of service. But it seems to me that railroads are necessarily a kind of monopoly, because it is not every person who can build a railway. This Bill would affect two forms of transportation in particular: transportation by air and by water. Now, I believe that these forms of transportation should be left alone, just as Providence intended, to operate freely with competitors. Thousands of men can command enough money to

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build aeroplanes and supply transportation through the air. Likewise, thousands of people can build boats for carrying freight on the water.

Hon. Mr. CASGRAIN: And lose money.

Hon. Mr. GORDON: Yes, they may lose money. Every business is open to that risk. So far as boats and aeroplanes are concerned, they have only one thing to consider in determining what rates they shall charge, and that is cost of operation. In that respect they are in the same position as the grocer, the hardware merchant, the miller, or the man in any kind of business. For my part, I am old-fashioned enough to believe that competition is the life of trade.

I can understand the feelings of my honourable friends from the West who oppose the Bill, and I also understand the attitude of the railroads. The honourable junior senator from Winnipeg (Hon. Mr. Haig) said the Bill would not result in an extra dollar of revenue for the railroads. To my mind, the evidence before the committee is that in the event of the Bill being enacted the railroads may derive extra revenue from package freight. But I do not understand how they can derive any advantage on grain from the head of the lakes to Montreal. The railroads cannot compete with water transportation. Of course, in the winter time they might get some of the grain traffic, but during the season of navigation practically all goes by the cheaper route.

Hon. Mr. CASGRAIN: What about the Hudson Bay Railway?

Hon. Mr. GORDON: That is virtually out of the question. Before the railway was undertaken I thought it should not be built, and since it has been built—

Hon. Mr. MURDOCK: You are surer.

Hon. Mr. GORDON: I am surer.

From what I have said honourable members will realize that I shall vote against the Bill. If it is enacted it can result in nothing but higher transportation charges on grain from the West, and I do not believe that this country as a whole has any right to penalize our Western friends. At best the railways would benefit but little, and while higher freight rates might help our people very slightly, the increase would penalize the West severely. Therefore I feel that I must vote against the Bill.

Hon. Mr. CASGRAIN: Will the honourable gentleman allow me just one question? How do railway rates in the Canadian West compare with similar rates in the United States?

Hon. Mr. GORDON: I am not familiar with railway rates in the United States, but I have heard it stated here and elsewhere that on the whole our rates on wheat are lower than the corresponding American rates.

Hon. Mr. MURDOCK: Hear, hear.

Hon. Mr. GORDON: But most people forget this fact, that our short-haul rates are higher than rates of a similar class in the United States. Yet I have no fault to find with those higher rates, in view of the unfortunate position in which we are placed with respect to our railroads.

Hon. Mr. CASGRAIN: I may tell my honourable friend that in Western Canada you can ship three carloads of freight at the same charge as you would have to pay for only two carloads in the United States.

Hon. Mr. GORDON: What product?

Hon. Mr. CASGRAIN: Wheat.

Hon. Mr. GORDON: I agree with my honourable friend that grain rates are lower in Western Canada than in corresponding territory in the United States.

Hon. W. M. ASELTINE: Honourable members, as I also am a senator from Western Canada, I rather hesitate to take part in this debate, but I desire to make a few remarks, particularly with respect to what was said by the honourable senator from Lethbridge (Hon. Mr. Buchanan). If I heard him correctly, he said he would vote against this Bill if he thought that by its enactment rates on the Great Lakes would be raised. It is my opinion, after studying the evidence taken before the Railway Committee, that the rates on the Great Lakes will be raised if this Bill becomes law. The representatives of the steamship companies said, in effect, that they could not exist on the present rates. The inference is inescapable. The other honourable members from the West who have spoken have also expressed the view that the purpose of the Bill is to raise rates substantially. An increase of three cents a bushel on the rate on wheat would mean to me a tax of probably \$1,000 a year. In other words, my wheat would be that much lower in price, f.o.b. Rosetown.

Hon. Mr. KING: Is it not a fact that in the West wheat is sold at a price based on Fort William, or Vancouver or Churchill?

Hon. Mr. ASELTINE: That is correct, but one of the items entering into the price is the freight rate on the Great Lakes.

Hon. Mr. KING: But the price quoted is based on Fort William, or Vancouver, or Churchill?

Hon. Mr. McRAE: Is it not based on the Liverpool price, with cost of freight deducted?

Hon. Mr. ASELTINE: Yes, with all costs to the point of shipment deducted. Therefore any increase in the freight rates would mean so much less in the price I should receive for my wheat, f.o.b. Rosetown.

Hon. Mr. DANDURAND: The honourable gentleman assumes that the freight rate on wheat on the Great Lakes would be increased?

Hon. Mr. ASELTINE: Yes.

Hon. Mr. DANDURAND: That is his theory?

Hon. Mr. ASELTINE: Yes. I take it from the evidence that unless the rates were increased the large shipping companies would be forced into bankruptcy.

Hon. Mr. DANDURAND: That is not the theory of the honourable Minister who sponsors the Bill.

Hon. Mr. ASELTINE: I am not referring to the honourable Minister's evidence before the Railway Committee. I should like to know where are the supporters of this Bill. I have not heard a single honourable member openly support it. The honourable member from Parkdale (Hon. Mr. Murdock) did not state definitely whether he was in favour of the measure or not. The honourable senator from Lethbridge (Hon. Mr. Buchanan) was similarly indefinite. This Bill seems to be an orphan, and for a while I was afraid we might have to make application under the Child Welfare Act to find its putative father.

I hope we shall hear from those honourable members who are in favour of the Bill. In my opinion the measure has been hastily conceived, without due consideration being given to all the surrounding factors. The preponderance of the evidence, as I heard it, is absolutely against the Bill. As a judicial body we should consider that evidence, and if it is preponderantly adverse, we should not pass the motion for third reading. I agree for the most part with what has been said by other honourable members from the West, and I would suggest that the Government withdraw the Bill.

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

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

## THE SENATE

Thursday, March 18, 1937.

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

Prayers and routine proceedings.

### TRANSPORT BILL

#### MOTION FOR THIRD READING

The Senate resumed from yesterday the adjourned debate on the motion for the third reading of Bill B, an Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships, aircraft and motor vehicles.

Hon. A. D. McRAE: Honourable senators, I think there is one thing we will all agree on, namely, the seriousness of the railway situation in Canada. Undoubtedly it constitutes our major problem. Railway earnings of last year were encouraging in that they showed improvement over those of the preceding year, but they were not such as to lead us to be optimistic. I would call the attention of the House to the fact that in Canada we have a very limited population, some ten and a half millions of people, and that there is a limit to the freight and other business they can furnish to our over-extended railways. I notice from reports at hand to-day that Canada's international business has increased to \$1,585,000,000 for the last eleven months, which is a very fine showing, and a large increase over the business of the preceding year. In the period preceding the depression the Canadian people produced more business per capita, I think, than the people of any other nation, and the figures I have given indicate that we are rapidly getting up to top speed. The point I am trying to make is that there is a limit to the business which ten and a half million people can furnish, and at existing rates there is a limit to the amount of revenue our railways can collect.

The balance sheet of the Canadian National Railways still shows a very heavy deficit, and the balance sheet of the Canadian Pacific Railway is not such as to offer great encouragement to the shareholders. But there is one very serious factor that is not included in these balance sheets, namely, obsolescence. Anyone who studies the situation must realize that obsolescence is a factor which sooner or later must be met. The development of competitive transportation services is forcing a recognition of this fact on many railways on this continent at the present time. The only

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reason why greater efforts have not been made to meet obsolescence, which is so rapidly developing in the railways of America, is inability to secure the capital necessary for this purpose.

We have heard a great deal of discussion about competitive services. I want to remind honourable senators that every mile of good road which is built only adds to the competition which the railways have to meet. It was brought out before the committee that mechanical improvements, such as the Diesel engine, were going to reduce the power costs of trucks and lorries at least two-thirds, and that this will put these competitive services in an even more advantageous position than they occupy at present. May I add, honourable senators, that much of the business that has now left our railways can never be restored to them. One might as well try to put humpty-dumpty back on the wall. It cannot be done. The public will not stand for it. The people will demand the services that are cheapest and most convenient. In my judgment the Canadian people will not stand for any brakes on progress. If we were to do so, how long would it be before we were a generation behind the times? I feel sure that Canadians will not be content to remain behind the times with regard to transportation any more than with regard to any other conveniences required by modern society.

There are only two ways out of our railway difficulties. I know it is not popular to talk in this way, but there is no harm in looking at cold facts. We all appreciate that we cannot do without our railways; the commercial life of the country demands their continuance. We must pay for the cost of their operation either by way of direct bonuses to the railways or by advanced freight rates.

All honourable senators will agree with me, I think, that the present deficits cannot continue indefinitely. I do not believe the public is prepared to stand for an advance in rates. Therefore, it seems to me, the only way to solve the problem is to bonus both railways, as we are now doing with the Canadian National. The costs of operation are daily increasing. We are in a period of increased costs. Supplies, labour, and all things that go into the operation of a railway, are on the way up in price. For reasons that I have shown, we cannot expect any great increase in passenger and freight traffic. Then how will the companies be able to continue in business unless some provision is made for them to take care of their deficits? I believe we might just as well consider that we are now giving a bonus of from forty to fifty million dollars a year to the Canadian

National Railways and that we must be prepared to keep on giving it almost indefinitely. I do not say the country cannot stand that. It is certainly a serious strain, though, and many people fear our solvency is involved in the situation.

I realize we all have been a bit disappointed because there are in evidence so few economies from co-operation which we hoped would be developed between the railroads. Honourable members know my views on that subject, for I have expressed them before. I am convinced that the desired co-operation can never become effective except under pressure. If the time comes, as I believe it will, when we shall have to bonus our railways, we can then probably use some influence to bring about that uniformity which is absolutely essential to the best economic management of our railway systems.

I have been hopeful that the apparent coalition which is in evidence in another place might result in the bringing down next session, at the latest, of a measure which would deal with this entire transportation problem; that unanimity of thought in the other House should bring forth a really forward step towards solution. If it should, I am sure every member of this House would acclaim it.

But what about the Bill before us? It deals only with the fringe of our problem. It has been said that it is not well worked out. Certainly the evidence before the committee, the many amendments made, the uncertainty of many honourable members of the committee as to the working out of the details, the regulation of business involved, the impossibility of dealing with truck and bus competition—the constitutional issue,—the little benefit that the Bill offers to business, and other reasons, justify, I think, the statement that the measure has not been well considered, and that, if enacted, it would be a very uncertain factor in our transportation problem.

It is not my intention, honourable senators, to review much of the ground gone over yesterday, but I do want to refer to two items in the Bill which strike me as very important. The first is agreed rates. Now, if I understand the expression, "agreed rates" means that some shipper who has sufficient business to interest the railways may enter into a contract to have it carried at less than the current rate, subject to the approval of the Railway Commission. That implies two rates, one for the particular shipper and a somewhat higher rate for the small shipper who has not the same advantages to offer the railways.

Hon. Mr. KING: On the same commodity?

Hon. Mr. McRAE: On the same commodity. It seems to me, honourable senators, that that is turning back the clock about thirty years and approaching somewhat the condition that existed before the Railway Commission was established.

Hon. Mr. DANDURAND: The honourable gentleman knows that the small producer can get the same rate by applying to the Board.

Hon. Mr. McRAE: I quite understand that. But is that fair? Naturally the large shipper gets his rate based on the business he has to offer. I know that the little shipper can come to Ottawa and appear before the Railway Board. But I ask the honourable leader, can that man afford to hire lawyers to present his case?

Hon. Mr. DANDURAND: I think he does not need that assistance.

Hon. Mr. McRAE: Probably he does not. But will he have the ability or the courage, or can he afford the expense, to present his case properly? We are going back to the conditions that prevailed thirty or even fifty years ago. We are going back to conditions that, in part, built up the great trusts of the United States. I remember reading the history of the Standard Oil Company. The company was built up on that system. It went a step further. It not only got advantage over the little shipper, but it also collected what he paid over and above its rate.

Hon. Mr. DANDURAND: May I interrupt my honourable friend? I have considerable esteem for his judgment. He has told us of the very precarious situation of the railways. The purpose of agreed rates on the railways is simply to allow the railways an opportunity similar to that which trucks and lake shipping have in being able to make agreed rates. The railways say, "If we are to live, surely we should be given that equal treatment."

Hon. Mr. McRAE: The honourable leader is quite correct. It developed in the committee that the trucks were making special rates for Woolworth's and other big department stores, lower than those made to individual shippers. I am sure a majority of the members of the committee felt that this practice was not fair and should be changed. I say you cannot correct one mistake by making another.

Hon. Mr. DANDURAND: No, but you can put them on an equal footing before the Railway Commission.

Hon. Mr. McRAE: We are on the right basis now, but I contend that if we adopt this system in order to correct an unfair

situation in truck competition, we shall be making two mistakes instead of one. I am perfectly frank in saying that this is also a retrograde step. We have been hearing for the last year or two about chain and department stores handicapping the little fellow. Are we going to increase the handicap? The truck situation should be remedied. Railway regulation should not be changed.

I now come to the other point in the Bill to which I take exception, and which, I think, is also an innovation: control of lake freight rates. There has been free competition in the lake shipping business for generations. The business has never received any subsidy from either the Federal Government or any of the provincial governments. Men invest their money in ships, just as they do in any other line of business, for profit. If they have overdone it, if they have brought in too many boats from the United States—for that is where they have come from; unfortunately very few of our lake boats have been built in Canada—if they have brought those boats in for gain, and if to-day they are operating them at a loss, they are just out of luck. Why the Government should concern itself about this private investment and hope by legislation to restore solvency to private concerns, when there is no complaint by the public as to freight rates, nor shortage of boats—on the contrary, there are too many—and why we should be asked to give effect to legislation to restore three or four steamship corporations to solvency are beyond my comprehension.

Hon. Mr. DANDURAND: That is not the object of the Bill.

Hon. Mr. McRAE: I wish to deal now with a reference made during the debate yesterday. The honourable leader of the Government said, and quite correctly, that the Minister had not stated that the rates would go up. I sat in the Railway Committee for some weeks, and I want to say the atmosphere was so saturated with references to the insolvency of these lake shipping companies that honourable gentlemen could come to only one possible conclusion, and that was that the rates were to be raised. In fact, if my information is correct, the very licensing system under this Bill would tend to a withdrawal of a sufficient number of boats to help raise the shipping rates. I cannot see why the Government should concern itself about the lake shipping companies. There are plenty of ships available for traffic, freights are low, business is improving. There is no shortage of facilities, and at the moment it is not a factor in our transportation problem. The lake

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shipping business is in private hands, and in private hands it should be left until such time as a comprehensive plan dealing with our whole transportation problem is formed, when, quite properly, our lake shipping might very well be brought in as an integral part of the whole scheme.

Hon. Mr. SHARPE: Hear, hear.

Hon. Mr. McRAE: Now, there seems to be a question as to who would pay any increase in freight rates. I think that was cleared up pretty well yesterday. The price of our wheat is determined by the Liverpool market. The limited experience I have had in the grain business indicates to me that these rates are figured out closely. Charters are obtained, port dues are considered, all other distributions in connection with shipment are also taken into consideration, and the grain is then handled on a very small margin per bushel. Therefore any increase in the freight rate at any point along the line is taken off the price the farmer gets at his primary point.

Hon. Mr. SHARPE: Hear, hear.

Hon. Mr. McRAE: There is no question about that. Business to-day is on such a competitive basis that nobody can gain three or four cents a bushel unless he goes into the market and gambles in a wide-open way; and then he will meet the fate of most gamblers—he will lose out.

There is just one other factor that might be mentioned in passing. If the Bill were to become effective, the alternative route by Buffalo would not be available for our wheat destined to Great Britain. In other words, our lake shipping would be a monopoly confined to the transportation companies now operating from the head of the lakes to Montreal. I say frankly that then the farmer of Western Canada would lose a considerable portion of that six-cent preference which he now enjoys in the British market.

Hon. Mr. MURDOCK: I wonder if the honourable gentleman would explain that point a little further. I cannot understand how the Western farmer would lose the preference in the British market as the honourable gentleman suggests.

Hon. Mr. McRAE: If the farmer who grows a bushel of wheat in Saskatchewan is paid \$1.50 for it in Liverpool, and the transportation of it costs him 25 cents, his net return on the farm is \$1.25. If the rates on the lakes go up 5 cents a bushel, and it costs the farmer 5 cents more to get that bushel of wheat to Liverpool, he receives so much less for it on the farm. Is that clear?

Hon. Mr. MURDOCK: Does that cover the alternative rate from Buffalo?

Hon. Mr. McRAE: No. Under the British arrangement the alternative rate from Buffalo cannot compete. All that we can ship to-day through the port of Buffalo is wheat destined for countries other than Great Britain.

Hon. Mr. DANDURAND: The honourable member has not covered this point. I deny that the Bill will have the effect of increasing any rates on the Great Lakes and the St. Lawrence.

Hon. Mr. McRAE: Of course, the intention, I presume, is to put the Bill into operation to see how it works out. But what is this Bill for if it is not to increase rates?

Hon. Mr. SHARPE: Hear, hear.

Hon. Mr. McRAE: Did the Minister not tell us repeatedly that transportation rates on the Great Lakes were too low and the lake boats were insolvent? How are they going to be restored to solvency—by goodwill or by this legislation?

Hon. Mr. DANDURAND: The Minister said he was not concerned at all about the restoration of their solvency.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DANDURAND: I have the statement before me. He said he was not concerned about restoring their solvency. Regulation of railway rates has satisfied the Western Provinces, but has not had the effect of restoring solvency to the railways. The West has benefited by low railway rates.

Hon. Mr. SHARPE: We have no low rates.

Hon. Mr. McRAE: I think that question is beside the issue. Let me deal with the railways and point out how little benefit they would get under this Bill.

In my opinion agreed rates should never be put into effect. If they are, they will be very hurtful to the small producer. It is even conceivable that agreed rates might apply to the big shippers of grain, and certainly a man who grows one carload of grain will not be content to pay a higher rate than is paid by the man who grows a thousand carloads. I think, therefore, you can wipe out agreed rates as a backward step.

Now I come to lake rates. I have no doubt that some of the package freight business can be restored to the railways, provided that summer rates on the Great Lakes are made high enough; but if they are, it will be too bad for the consumers of Western Canada who will have to pay the increase in the water rates.

The principal potentiality of this Bill, in the way of being helpful to the railways, was mentioned last night, I think, by the honourable junior senator from Winnipeg (Hon. Mr. Haig). We have heard much criticism of the railways in the past for not engaging in the truck and bus business for their own protection. I say frankly that I do not concur in that criticism. Nevertheless, if there is anything in that criticism, what is to be said about the conduct of the railways, since the Canadian Pacific Railway was built, in letting that great natural stream of freight, the grain of Western Canada, get entirely out of their hands, to be transported, as it is to-day, by individual shipping companies after it is delivered by the railway company at Fort William? I can see many advantages that would accrue from the railways' control of the wheat movement from Port Arthur or Fort William to Montreal or Liverpool. The railways could move the grain in such a way as to suit their steamship movements best, without the overhead expenses which are so burdensome in the case of the small companies; and there are many other advantages. Quite apart from these considerations, the movement of wheat by the railways from lake head to Montreal or to European ports would help them tremendously. If this Bill proposed that the railway companies should take over these bankrupt steamship lines at a reasonable price and handle the grain through to Montreal, and much of it to Europe, I should say it followed constructive lines. I would point out to the honourable leader of the House that when the Government comes to deal with this whole transport problem that question will be a very logical one to consider. If the Bill does not provide for that, it means nothing worth talking about, as far as our railways are concerned. I am not sure that my suggestion will be appreciated by the Western members of this House, but I maintain that our railway companies lost a great source of revenue when they allowed the grain movement of the West to get out of their hands before leaving the shores of this country.

I think this Bill has served a very useful purpose. There has been a great deal of discussion upon it, and much information has been obtained which should be helpful in the framing of a comprehensive bill respecting our entire transportation problem. I hope we shall have before us for consideration a real programme dealing with the woof and web of the whole transportation fabric, and that we shall not be asked to play with the fringe of it, as we are doing in this measure.

There has been some question as to whether this honourable House should send the Bill on for consideration by the other House, it being the elected body of our Parliament. I must say that I do not believe we are sitting as a commission to take evidence on this Bill. If that were true, and we could pass the Bill on to the other House for action, without our endorsement, I should have no objection. The work we have put on this measure and the evidence we have taken are of great value. In my view we are a judicial body and are here to record our honest judgment on the Bill. This being so, we can in my opinion do nothing but discharge our responsibility. That is what the country expects us to do.

In the light of the evidence brought forth by the committee's investigation, which lasted for weeks, I am opposed to this Bill for the following reasons: that it is not in the public interest; that it is not to any appreciable degree a solution of our transportation problem; that if it is passed it will prove a meddling and disturbing attempt at the regimentation of business, which the country can ill afford at this time.

Hon. Mr. KING: Honourable senators—

Hon. C. P. BEAUBIEN: Honourable senators—

Hon. Mr. KING: Honourable senators, I was not a member of the committee that dealt with this Bill, but I exercised my right—

Hon. Mr. BEAUBIEN: Will my honourable friend allow me to make a suggestion?

The Hon. the SPEAKER: The Hon. Mr. King has the floor.

Hon. Mr. BEAUBIEN: I do not wish to detain the House very long, and I want to catch the train at half-past four. Would the honourable gentleman be kind enough to give me precedence?

Hon. Mr. KING: Surely.

Hon. Mr. BEAUBIEN: I am very much obliged to the honourable gentleman.

Honourable members, we have heard some very interesting speeches on this measure—speeches that are colourful, full of life, and sometimes somewhat vehement. I am surprised that in a calm and judicial House like this we cannot deal with a measure of this kind without language such as has been heard with reference to this proposed legislation, and, what is worse, some evidence of the sentiment back of the language.

I trust that the majority of the members of this House will admit that generally speaking the principle of this Bill—that of regul-

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ating rates—is good. I emphasize the principle because I know that otherwise I should be rebuked by a great many members of this House. It is true that the principle of the Bill, introduced as it was in the terms of the Bill, came before us in a very unsatisfactory manner. Nevertheless, I think the principle is admitted to be good. The honourable Minister of Transport has said that the Bill required to be rewritten from beginning to end; that it was but a tentative measure. In other words, believing, I suppose, that the guiding principle was good, the Government was feeling its way towards the application of that principle. Well, one thing is sure: if the offspring of the Government as presented to this House was rather homely, deformed and infirm, the committee improved its looks wonderfully.

Hon. Mr. DUFF: Lifted its face.

Hon. Mr. BEAUBIEN: I thank my honourable friend for his assistance, but I suggest that the Bill was a little too young to require face-lifting. What it needed was a major surgical operation.

Hon. Mr. LAIRD: It was ill conceived.

Hon. Mr. BEAUBIEN: It subjected to regulation a part of Canada's trade which was in competition with world trade not in any way subject to regulation. I think the Senate did excellent work in eliminating that feature. That has gone by the board. The objectionable features have one by one been eliminated.

An Hon. SENATOR: Not all.

Hon. Mr. BEAUBIEN: When we come to look at this legislation to-day I wonder whether we should not be justified in saying that the child belongs to this House as much as to the Government. May I say that the efforts of an excellent committee of this House have resulted in a great part of the Bill being good, and I would appeal to honourable members to judge this legislation, which is partly if not mostly their own, fairly, maturely, without prejudice, and without that heat and vehemence noticeable in many of the speeches. The Canadians of the West sometimes cause me a good deal of anxiety. I have told them before, and I wish to tell them now, that we in the East sometimes get tired of the way they treat us. Let me tell them that by no means all the people in the East are rich. Many of them are engaged in the ordinary walks of life, and those of them who have invested their money in our railways and transportation companies find to-day that they are mulcted. Their capital has

been virtually tied up for years, and in some cases they have had to sacrifice a great deal of the interest to which they were entitled.

Right Hon. Mr. MEIGHEN: Is the honourable member referring to Alberta or Ontario?

Hon. Mr. BEAUBIEN: I am talking of the West.

Right Hon. Mr. MEIGHEN: Why not talk of Ontario?

Hon. Mr. BEAUBIEN: Well, it is true to a certain extent of Ontario.

Right Hon. Mr. MEIGHEN: Much more so.

Hon. Mr. BEAUBIEN: But it is truer of the West. However, I am afraid I should not make this digression; I ought to stick to the Bill.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BEAUBIEN: As I was saying, the Bill is now before us, transformed and beautified, or at least made passable. In my opinion it has one great merit: it provides for a very excellent principle, the regulation of rates. On this account I am convinced it would be wise for this House to let the Bill go through. We have done what we could to improve it. If I am right in considering that regulation of rates is an excellent thing, why not let the measure be sent to the other House, where it would have a chance of being improved further and passed, and then put into force and tested by experience?

I do not know what the fate of the Bill will be. On the one hand, I understand, the Government feels a great deal of anxiety with respect to the difficulties of putting this excellent principle of regulation into practice. Besides, to put it into practice may be dangerous politically. I have been told that there may be, therefore, a concealed hope that the Senate may remove from the lap of the Government a child that might later on cause it a great deal of annoyance. On the other hand there are people who will accept no regulation whatsoever. Let us be frank. The Bill is at the crossroads—

Hon. Mr. DANDURAND: I think my honourable friend is not quite right.

Hon. Mr. BEAUBIEN: I may not be.

Hon. Mr. DANDURAND: My right honourable friend opposite (Right Hon. Mr. Meighen) said that everyone was in favour of the principle of regulation provided oneself was not regulated.

Right Hon. Mr. MEIGHEN: Everyone here.

Right Hon. Mr. GRAHAM: That seems to be a truism.

Hon. Mr. BEAUBIEN: I am glad my honourable friend has reminded me of that fact. But I do not think it changes at all the trend of my argument, at least on this point. On the one side there are the weight of responsibility and the fear of political consequences, and on the other side the ever present desire of some people to benefit, whether or not at the expense of others. It may be that the combination of these two sentiments will drive this Bill to its finish in this House.

The system we have now is that of the survival of the fittest. Do honourable senators believe that is better, more desirable, than regulation? That is the question I want to put before this House. Under the system of the survival of the fittest, dog eats dog. That has gone on from the time of the cave-man, and it has brought about untold misery and innumerable bankruptcies. Everybody knows that. Are we going to vote for a continuation of that system in transportation? Some people say that we are not obliged to keep in existence those transportation agencies which are unable to survive without regulation. It is said we should let them die. Well, what would be the consequence? The law of nature does not change. If we permit the continuance of the old system of the survival of the fittest, dog will continue to eat dog and in time the very few transportation agencies which have been able to survive will demand increased rates. In that process there will be an unlimited amount of waste. What will be the result of it all? Simply the placing of certain companies in a position where they can exact excessive rates.

There is this further consideration. If capital cannot find sufficient protection what will it do? The West requires capital, and the East has a great deal of sympathy for the West, notwithstanding what has been said by some of my honourable friends. The East understands what the life of the pioneer means. We have pioneers in the province of Quebec. I think the life of the pioneer in Quebec is rather harder than that of the pioneer in the West, who finds his land cleared and is able to put his plough into the ground the first year he settles on his farm. In my province the pioneer's axe must precede his plough; he must clear the land before he can cultivate it and establish a home. I could say considerable about the golden times gone by, when the Western farmer used to work only two months in the year—

Hon. Mr. SHARPE: That is not true.

Hon. Mr. BEAUBIEN: —and spend his winter in California, after selling his wheat at \$2 a bushel.

Hon. Mr. SHARPE: That is not true at all.

Hon. Mr. GILLIS: No.

Hon. Mr. BEAUBIEN: My honourable friends of the West should try sometimes to understand the feelings of the East. Think of the thousands of people of small income who took what little money they had, the savings from long years of hard work, and bought a few shares in railways or in transportation companies. Now they find their investments are going up in smoke.

I will come back to my proposition. On the one side there is regulation, and on the other side the system of the survival of the fittest, under which dog eats dog. Do we want to have a continuance of the waste that has gone on in the past, or shall we do in Canada what has been done elsewhere in the world, that is, prevent excessively low rates as well as excessively high rates?

But, honourable senators, let us get a little bit closer to home. What about our railways? We are all in the railway business.

Hon. Mr. DANDURAND: Hear, hear.

Hon. Mr. BEAUBIEN: Some people say this Bill would hardly affect the railways, so far as wheat is concerned. What about package freight? Does anyone contend that is not a very large item in railway transportation? Would it not be wise for Parliament to give some support to our own Canadian National Railways and the Canadian Pacific Railway, both of which roads have been suffering financially for years? My honourable friends from the West say that this Bill would mean nothing but an increased schedule of rates. I deny that. What the railways ask for is a fair tribunal and nothing else. They ask that we apply to them what has been the rule in other intelligent nations. They ask us to do here what is being done in the United States. A bill similar to the one now before us has been given second reading in the American Congress.

Our own railways have been regulated for twenty-five or thirty years, but all transportation agencies competing against them have been free. Is that fair? Why not, within the ambit of this Bill, treat everyone in the same way, subject all to the same regulation? Would that not be fair, and wise also? How can we manage to lift our railways from the position in which they now lie unless we bestir ourselves in some way?

Hon. Mr. BEAUBIEN.

Our friends from the West seem to be afraid of the Board of Transport Commissioners, as the Railway Board will be known if the Bill is passed. This will be my last point, and I shall not be long on it.

Hon. Mr. KING: You have missed your train now. Go on.

Hon. Mr. BEAUBIEN: Well, if I have missed my train I suppose I may as well inflict myself upon the House for five minutes more.

Hon. Mr. SHARPE: I think you still have time to catch the train.

Hon. Mr. LACASSE: Another transportation problem!

Hon. Mr. BEAUBIEN: I do not want my honourable friends from the West to think I have any grudge against them, but it seems to me that an argument in favour of the principle of this Bill should be addressed to them. Let us look at the position of the poor grain-growers. Under this Bill we are asking them to accept, not higher rates, but a tribunal which will judge as to whether certain rates can be put into effect. The grain-growers should be reminded of this fact. Their grain which goes to Europe is carried 4,800 miles. For 3,600 miles of that distance the transportation rates are regulated. It may be that all grain-growers do not know this; that some of them would be very much surprised to learn it. There are only 1,200 miles of that transportation free of control, and all we are asking our Western producers to do is to agree to have regulated rates apply to those 1,200 miles just as they already do to three-quarters of the whole distance. All we are asking is that the people of the West submit to a fair and intelligent tribunal for the regulation of rates.

But some people from the West will tell me, "We do not want to run that risk, because if we do the rates will undoubtedly be raised." Those who talk that way may not have reflected that they are making a serious admission. It is as though they said that nothing can be done to right existing rates except to raise them. According to that reasoning the rates are too low.

What tribunal will decide as to the rates? It will be the Transport Board, the body now known as the Railway Board. What has the Railway Board done for grain-growers in the past? That is a fair question. The Railway Board has been in existence for at least twenty-five years, I believe. What has it done for the people of the West? Have they any right to complain?

Hon. Mr. MULLINS: Yes.

Hon. Mr. BEAUBIEN: I am speaking about their principal product, grain. Is it not true that our Western farmers have the lowest freight rates in the world, without exception, for the transportation of that commodity? I do not hear a denial. No denial is possible, because what I say is true.

Hon. Mr. CALDER: We do not know all the rates.

Hon. Mr. BEAUBIEN: I am glad my honourable friend has said that, for I have a list of rates here. Let us see what the freight rates in other countries are, as compared with those in Canada.

Hon. Mr. CALDER: Where are these figures from?

Hon. Mr. BEAUBIEN: They are random railway statistics from "World Railway Statistics," 1936.

Hon. Mr. CALDER: That is good.

Hon. Mr. BEAUBIEN: Certainly it is good. I am bringing up this point because the tribunal that the Western people refuse to accept is the tribunal that has been responsible for low rates in Canada. Let us see what they are. In Canada the population per mile of line is 252, and the freight revenue per ton-mile is 95.5 cents. In the United States, where the population is so much greater than ours, population per mile of line is 505. The freight revenue per ton-mile in that country is \$1.003.

Hon. Mr. CALDER: Where is that charged?

Hon. Mr. BEAUBIEN: I am talking of the freight rates per ton-mile of the United States as a whole, compared with the freight rates per ton-mile of Canada as a whole.

Hon. Mr. CALDER: May I remind the honourable gentleman that a comparison of that kind is not worth anything? You must know the facts behind the comparison. You must know the volume of trade, distances and all that sort of thing. The mere bald statement that over the whole of the United States a certain rate is charged does not mean anything comparatively.

Hon. Mr. BEAUBIEN: I am speaking to men who, I assume, are accustomed to dealing with statistics. My honourable friend should know that this is an ordinary, reasonable and illuminating way of treating statistics. Why? Because you take the factors that apply to rate-making. First of all you take the number of persons per mile of line. If you have twice the population per mile of line you have twice the traffic. So population is the fundamental factor. Let us see where Canada stands. Great Britain's population per mile

of line is 2,232—nearly ten times as much as Canada's; its freight revenue per ton-mile is \$2.910, or more than three times Canada's. Germany has a population per mile of line of 1,955, and its freight revenue per ton-mile is \$2.087—more than twice as much as Canada's. Italy's population per mile of line is 2,955, and its freight revenue per ton-mile is \$2.756—almost three times Canada's. France's population per mile of line is 1,547, and its freight revenue per ton-mile is \$2.306—about two and a half times Canada's. Japan's population per mile of line is 4,322; its freight revenue per ton-mile is 82.3 cents—the only exception, the freight revenue per ton-mile being lower than in Canada. The explanation is simple to anyone familiar with the scale of industrial wages in that country. Japanese labour, according to our standards, is paid but a beggarly rate. Australia's density of population per mile of line is 250, about the same as Canada's, but there the freight revenue per ton-mile is \$2.512—nearly three times Canada's. The figures for Brazil show a very high ratio of revenue to population, the population per mile of line being 2,135, with a freight revenue per ton-mile of \$11.680. Argentine's population per mile of line is 520, about twice ours, and its freight revenue per ton-mile is \$2.410—nearly three times as much as ours.

The fundamental principle of this Bill is regulation. I cannot help thinking that if we brought together the best informed men of this country and confronted them with our present dilemma, regulation or survival of the fittest—dog eat dog—they would have no hesitation in advising us: "The progressive course to take, if you wish to eliminate frightful waste and place your transportation industry on an even keel, is to adopt the principle of regulation." This Bill has been very materially amended and is to a large extent the Bill of this House. If we give it third reading it will have to run the gauntlet in the lower House. There it may be still further improved. The principle it embodies, we cannot forget, is essential in our day if we are to have the progress that goes with civilization. Therefore, thinking as I do, I must support the motion for third reading.

Hon. Mr. CALDER: Will the honourable gentleman allow me a question with regard to world rates on wheat?

Hon. Mr. BEAUBIEN: It was on general freight.

Hon. Mr. CALDER: I thought the honourable gentleman was speaking of wheat.

Hon. Mr. BEAUBIEN: I did so at first.

Hon. Mr. CALDER: The rates quoted are for all traffic?

Hon. Mr. BEAUBIEN: Yes.

Hon. J. H. KING: Honourable senators, when I gave place to my honourable friend—

Hon. Mr. BEAUBIEN: I want to thank my honourable friend for doing so.

Hon. Mr. KING:—I was under the impression that he desired to exercise a privilege peculiar to honourable senators who live near the city of Ottawa, and, with the modesty characteristic of those who come from the West, I was very glad not in any way to interfere with his enjoyment of that privilege. However, it would seem that he has been more or less carried away by his own eloquence: I think he has missed his train. But I am glad to learn that he intends to remain and support the principle of the Bill, which he says is good.

Hon. Mr. BEAUBIEN: Yes.

Hon. Mr. KING: If that is so, my retirement in his favour has been of some advantage. I think his statement should guide us in this debate. Should the principle embodied in this Bill be adopted for the advantage of the people of Canada? Experience in our own business affairs would indicate that that principle has been proved to be effective in dealing with one of our greatest transportation problems. When the Railway Commission was established the railways objected to regulation and control of rates, but, as we were informed by gentlemen who appeared before the Railway Committee, the railways ultimately acknowledged that the application of the principle had been of advantage not only to themselves, but to the people of Canada generally.

This being so, why should that principle of regulation not be applied to the other modes of transportation that have sprung up in recent years? In the days of the horse and buggy the railways had no occasion to worry about competition, but within the last twenty-five years the rapid development of truck and bus traffic has very materially affected railway transportation throughout this country. This condition is not peculiar to Canada, but is world-wide, and I do not believe any public man or anyone engaged in transportation to-day would suggest for a moment that Parliament should undertake to curb these new transportation facilities. And, indeed, that is not the object of the Bill. No one can argue convincingly that those engaged in truck and bus traffic should not be subject to some control with a view to uniformity of rates and practices not only in any province,

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but throughout the Dominion. That is the principle underlying this Bill. True, by reason of constitutional difficulties we have not been able to advance as far as we should like in the control of motor-truck and bus traffic, but we are trying to make a beginning.

I remember that in 1933 I moved a resolution in this Chamber suggesting that the Federal Government call together a committee composed of officers of the Federal Government and of the provincial governments, of the railway companies and the motor transport companies, and of others engaged in various forms of transportation. The right honourable leader opposite (Right Hon. Mr. Meighen), who was then leading this Chamber, told me he thought that a committee of the Senate might very well be formed to discuss the resolution and see if something could not be done. The then Minister of Railways stated, in another place, that the matter was being canvassed between the provincial governments and the Federal Government, and questionnaires had been sent out. Thereupon I told the right honourable gentleman that probably it would be better to let the federal Minister and the representatives of the provincial governments arrange matters, if it could be done.

At that time a similar committee was functioning in the United States. It included in its membership representatives of the Federal Government and the various state governments, the railways, the motor transportation interests and the automobile companies. That committee made a report. It was adopted by the United States Government, and to-day there is in the United States a form of control, both intrastate and federal, and that control is working to the advantage not only of the truck and bus traffic, but also of transportation facilities generally.

Such, I think, is the object of the Minister of Transport in sponsoring this Bill. He desires to apply as far as possible this broad principle of regulation. No honourable member will contend that these public transportation utilities should be allowed to run wild. My honourable friend from Salcoats (Hon. Mr. Calder) stated in our Railway Committee that we were going to correct what was formerly known as jitney competition. That is true. It is admitted that we cannot advance as far in that direction as we should like to go. Personally I should like to see the Federal Government step in and take over the provincial highways from Halifax or Sydney to Vancouver or Alberni, or Vancouver Island, and consolidate them into a national highway, and at the same time, in conjunction with the provinces, take in certain designated

feeders. Thus they would secure an effective highway control which is not possible under this Bill because of provincial jurisdiction. In my opinion, if such an arrangement could be reached it would enure to the great advantage of the provinces.

I believe the day will come when the Federal Government will have to move along the line indicated, and in doing so it would be only following the practice of other countries. It has been done already in the United States. Only a few days ago Great Britain took over some 3,000 or 4,000 miles of county roads and constituted them national highways. The same sort of thing has been done in Germany and France. I repeat, some day our Federal Government will of necessity have to take similar action for the accommodation of the people of this Dominion. In this way we shall eventually bring about unified control of road transportation.

But all this Bill seeks to do is to secure control of interprovincial and international road traffic. That is as far as the Minister is prepared to go. Indeed, he cannot go further at the present time. He has told the Railway Committee that he does not intend to interfere in any way with provincial rights. If we pass this Bill we shall have done something to bring this great public utility to a certain extent under federal control, and it will have the effect of bringing about more uniform conditions throughout Canada in regard to highway traffic.

I am not a member of the Railway Committee, but I attended many of its sessions and listened to the arguments advanced for and against the Bill. Yesterday some of my honourable friends opposite said that, except the representatives of the railways, nobody appeared before the committee in favour of the Bill. That was not my observation. Representatives of three shipping companies engaged in running regular package freight schedules on the lakes gave evidence. At the outset they said they were opposed to regulation. Two weeks later they came back and said, "We have gone into this matter very carefully and 75 per cent of us are in favour of the regulation proposed in the Bill."

Hon. Mr. SHARPE: Those three companies represented 75 per cent of the lake shippers. All the small companies were against the Bill.

Hon. Mr. KING: I am speaking of the shipping companies that came before the committee, and I think that is a fair statement of their attitude. If the other companies did not appear, it was just too bad for them. Those shipping companies told us that on account of the uncontrolled rate

situation to-day unprofitable contracts were being made and the business was being destroyed. The committee was also informed that if the jitney or cut-throat competition continued on the Great Lakes the shipping companies would become bankrupt. If we accept that statement, may we not assume that if those companies become bankrupt the business will be reorganized? But it will be reorganized not on a bankrupt basis, but on a basis for profit.

Hon. Mr. LAIRD: Higher rates.

Hon. Mr. KING: Yes, higher rates, if necessary. If any honourable member thinks the business can be run on a bankrupt basis he is out of touch with modern shipping conditions. As I say, in the event of bankruptcy the business will be reorganized for profit. This being so, why should not those engaged in the carriage of our wheat be controlled, just as our railways are controlled? Why should they not agree to carry this great natural product at agreed rates? My honourable friend from Vancouver (Hon. Mr. McRae) says that to adopt the principle of agreed rates is simply to go back to the Dark Ages. The agreed rate is probably the maximum rate to be established. The maximum rate is known.

Hon. Mr. CALDER: No, no.

Hon. Mr. KING: Just a moment. I want to make this clear. What my honourable friend from Vancouver (Hon. Mr. McRae) had in mind was this: that the large producer could go to a railway company and say, "I want to move a large quantity of timber, and I want a special rate," and an agreed rate could be given to him. But once it was given it would become applicable to every man engaged in that business. It is a published rate; it is known. The agreed rate on the lakes should not cause any great apprehension in this House or in the House of Commons. It will be a rate regulated under the authority of the Transport Commission.

We heard yesterday a great outcry about what was going to happen the wheat farmer. I remember that in 1923 or 1924, when wheat was selling at \$1.50 or \$2 a bushel, there arose on the Great Lakes a situation in which the Government intervened because rates were too high. An Act was passed, but as rates came down it was never put into operation. Can anyone tell me why those engaged in handling this great product should not come under the authority of some board—a federal board—which would regulate their rates? In every municipality in this country the principle of regulation is applied to transportation and other public utilities.

There appeared before the committee a great aviator. He represented the views of those engaged in air transport—a new service in Canada. We are very proud of the men who, by their own individual effort and initiative, have undertaken to develop that service, and who have reached out into the north country. Their record is one of which every Canadian should be proud. For a number of years the Government has been intimating that it was going to establish an air service from coast to coast. If that is so, should we not at this time regulate that service and prevent it from getting out of hand as motor traffic has done?

Some Hon. SENATORS: Hear, hear.

Hon. Mr. KING: I asked yesterday about the rate f.o.b. Fort William, Vancouver, or Churchill. Let us say wheat is \$1.30 at Fort William or \$1.28 at Vancouver. Once that wheat is sold it is out of the hands of the farmer. It is true that the purchaser or the shipper of the wheat has other factors than the price to take into consideration. He must consider what is going to be the cost of transporting it from Fort William to Montreal or Liverpool; he must also figure on the cost of exchange. These factors enter into his calculation when he buys the wheat, and naturally he figures not on the minimum rate, but the maximum rate, and if he makes some money well and good.

So far as the regulation proposed in the Bill is concerned, we are informed by the Minister that the situation on the Great Lakes is a most serious one. We are informed also that the American Government, which has undertaken to bring motor traffic under control, has in mind doing something in regard to lake shipping. I think the Minister assured the committee that this Bill would not come into effect until the American Government had passed similar legislation. If that is true, surely the Senate and the House of Commons can take a judicial view of the situation and canvass it as it should be canvassed by every man and woman in this country. We are dealing with great public utilities. For years it has been conceded that utilities must be controlled. The various provinces and municipalities control their utilities, and now it comes within the purview of the Federal Government, I think, to follow that example.

Hon. J. J. DONNELLY: Honourable members of the Senate, though the measure that we are at present considering is a Government measure, it was first submitted to the Senate. The Senate saw fit to give all interested parties an opportunity to present their

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views to the committee which considered the Bill. It is not the practice of the two Houses of Parliament to make an extended investigation into every measure that is submitted to Parliament. In this case the duty was placed upon the Senate to make the investigation, and, as only senators heard the evidence and cross-examined the witnesses, I think there is a much greater responsibility resting upon us in coming to a conclusion in this case than there has been in the case of any other bill presented to us.

I am not a member of the Committee on Railways, Telegraphs and Harbours, but I attended virtually all its meetings. I was very much impressed by the fact that the great majority of the evidence adduced before the committee was against the Bill. The Bill as introduced proposed a large measure of control over water traffic; the Bill now before us refers practically to only the Great Lakes and a portion of the St. Lawrence river.

When evidence was being given in regard to shipping on the Great Lakes one objection was taken that seemed to me unanswerable. It was that while the Transport Commission would have power to regulate tolls on Canadian boats, the American boats would still be free to come into Canadian ports and transfer grain to American ports. I am aware that the six-cent preference would prevent any interference with wheat destined to the British Empire, but it seems to me that a large part of our wheat which goes to the continent of Europe would be taken by American boats over to Buffalo and be carried to the Continent via American routes. Like previous speakers, I feel that during the season of navigation our railways cannot compete in the carrying of wheat from the head of the lakes to the various ocean ports.

One of the objects of this measure—perhaps one of its main objects—is to bring back to our railways a portion of the freight traffic which they have lost to the trucks. I was rather surprised to see the members of a committee of the Federal Parliament seriously drafting rules and regulations regarding motor traffic when admittedly 98 per cent of the motor traffic of our country is under the control of the various provinces. Most of the provinces were represented before the committee. I remember that one gentleman who appeared represented Ontario, Manitoba and Saskatchewan; another represented the province of Quebec; the provincial Minister of Highways represented the province of Nova Scotia, and Mr. Sloan represented British Columbia. All were strongly opposed to this Bill.

I realize that our railways are in a very serious condition. We should be very glad to assist in any way that would improve their financial condition. But there is such a thing as the march of time. I come from the county of Bruce, and I remember when there was not a single line of railway in that county. In order that the grain grown by the early settlers might be sent to the markets, docks and wharves were built at various points on the lakes. One particular port called Inverhuron was well built up. It had docks, mills and storehouses; it was a thriving village. But when the railways came in and transported the grain, that village was naturally wiped out. To-day it is covered by drifting sand. The people who invested their money in that hamlet for the purpose of shipping grain lost all their investment as a result of the march of time. After that we had the age of buggies, democrats and cutters. Large factories were built up all over Western Ontario for the purpose of constructing these vehicles. To-day they are just empty buildings. The people who invested their money in those plants have lost it. We must not expect to realize on all the investments we make. Progress, which we cannot stop, will prevent us from doing so.

The great improvement that has been made in the building of motor trucks and the construction of highways has had the effect of taking a great deal of the freight traffic from the railways. To my mind that share of the traffic will increase rather than decrease as time goes on, and the Parliament of Canada might just as well enact legislation providing that in the future the St. Lawrence river shall flow west as think seriously that by legislation it can stop the development of progress.

Aside from these objections to the Bill there is another one. It has long been my opinion that different parliaments of Canada—both parties are responsible—have placed on the Statute Book what is called paternal legislation, which has interfered with those who desired to carry on business. Various forms of social legislation have had the effect of depriving our people of their proper initiative and self-reliance. I remember the time when a young man went out into the world with the idea that he had to make good or go under. By passing paternal legislation we have destroyed the ambition of our people, and to-day many young men go out into the world with the idea that it does not matter whether they make good or not, because if they do not the Government will provide them a living. I am strongly opposed to paternal legislation, one form of which is to be found in this Bill.

Hon. J. A. CALDER: Honourable members, I have made three attempts to rise, and now that I am on my feet I am going to stay. I have no desire to catch a train, but I wish to occupy your time for a brief period—and when I say “brief” I mean brief.

Hon. Mr. LACASSE: Train or no train.

Hon. Mr. CALDER: I think we are all agreed as to the importance of this measure. In my opinion it is the most important Bill to come before Parliament this session. I think at this stage we can all agree that there is a very wide difference of opinion as to what should be done with the Bill. The Bill itself is full of difficulties and complexities; it is puzzling in many ways; and all who took part in the committee realized that the problem we had to deal with was not an easy one. Eventually the Bill was moved out of committee and reached this House, and now we must finally dispose of it.

Since the House adjourned yesterday I took the trouble to make a fairly extensive analysis of the problem now confronting this House, and I intended to submit that analysis to you; but for purely personal reasons I no longer have that intention, nor do I think I should attempt to make any extended address at this time.

So far as the main object of the Bill is concerned, I may say that I am in entire sympathy with it. I say that without any reservation whatsoever. I believe in the control of rates. But because I believe in the control of rates it does not necessarily follow that I must agree to the control of rates in every field. A man may believe in that principle as applied to certain public facilities and services, but his belief in it does not compel him to believe that it is opportune, advisable or necessary to apply the principle to other public services.

The Bill before us has been shorn of many features, and there are but two things left to be considered by this House. The proposed legislation as it came to us was very broad in its scope and application. The Bill we now have is different. In my opinion the only two things left to be considered at this time are, first, the control of shipping on the Great Lakes, and, second, the agreed contracts provided for in the Bill, such as are now and have been for some three years in force in Great Britain.

Hon. Mr. DANDURAND: And the control of airways.

Hon. Mr. CALDER: I do not consider that that problem is before us at all.

Hon. Mr. LAIRD: And the highways.

Hon. Mr. CALDER: No man in this House would hesitate for one second to give the Government control of rates and full regulation of aeroplanes.

Hon. Mr. DANDURAND: That is in the Bill.

Hon. Mr. CALDER: Yes, it is in the Bill. But I mean that any difference of opinion existing among ourselves applies to only two points in the Bill. As to highways, the Minister himself said he would not bring the Bill into operation even so far as Dominion highways were concerned, nor with regard to inter-provincial and international traffic, unless it was agreed by the provinces that he should exercise rate control over their highways. There is no use in talking about those parts of the measure upon which there is agreement; so I say there remain only two points which we are called upon to consider at the present time. The first is the proposed control over shipping on the Great Lakes, and the second is the proposed use here of a system which has been in use in Great Britain for some three years.

I have already stated that so far as the main object of the Bill is concerned I am in complete sympathy with it. Now, I believe that the Minister's intention and in a sense his conception with regard to the Bill were right. But new Ministers are always very busy; they are crowded every minute of the day. They are not accustomed to the things that usually happen in governmental business, for the worries of the private business man are different from those of the Minister. I think the Minister of Transport was too busy to consider the provisions of this Bill as they should have been considered, and also that he had not at his elbow the necessary legal experts to give him proper advice on the matter. We have evidence to support this view. The manner in which, time after time, the Minister freely accepted amendments proposed in the committee indicates that in the Bill were provisions which would never have been there at all if he had been properly advised. Take the provision regarding coastal shipping, for instance. It was promptly deleted. Take the provision that would have affected ships whose traffic originates in the Maritimes and which year in and year out carry their cargoes up into the Great Lakes. That, too, is gone. There was even a provision whereby the Minister would take control over all ships propelled by any means other than oars. That was absolutely silly.

Hon. Mr. DUFF: You are right.

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Hon. Mr. CALDER: I say that while the intention back of the Bill was good, the Minister did not have the necessary time nor advice to be able to put the Bill into the shape in which it should have been. What is the situation now? There is a very strongly divided opinion. What is the attitude of the West? We must look to that. I think the honourable junior senator from Winnipeg (Hon. Mr. Haig) is correct. From the Great Lakes to the mountains you will find no public opinion in favour of this Bill. Is Parliament going to jam the measure through both Houses contrary to that public opinion? I doubt the wisdom of doing that.

We are told that there is now before the United States Congress a bill similar to this proposal so far as lake traffic is concerned. What knowledge have we as to what that measure will contain if it is ever passed? None at all. It is admitted that any power of control which we propose to give under this Bill would not be worth the snap of a finger unless the Americans came in and co-operated with us in the exercise of that control, and at this moment we have no assurance at all as to whether that American bill will pass, nor as to the measure of control which will result from it if it is passed.

Let me refer now to the part of the Bill providing for agreed charges. If there was one feature which gave me more concern than another it was the possible effect of this part, if actually put into force. The committee had before it nothing worthy of the name of evidence to show how the agreed charges system has been working out in Great Britain, where it was adopted two or three years ago. It is quite true that we had a statement by representatives of railways, and one or two cables were received from persons in the Old Country. But had we a single bit of testimony from any person familiar with the facts as to how the scheme is actually operating in Great Britain? We had not. Therefore we had no opportunity of cross-examining any person familiar with the facts. But it is argued: "Oh, well, the system has been in force over there two or three years. Let us try it out." I think this House and the other House are entitled to a little more than that. Once the fact that the British have adopted this system was brought to our attention in the committee we should, I think, have had called before us some well-informed witnesses from England. Then there would have been real evidence as to the actual situation in the Old Country to assist us in passing judgment upon this feature.

So far as I personally am concerned—I am speaking frankly—I believe in control of rates and I do hope that some scheme will be worked out whereby the shipping situation on the Great Lakes can be greatly improved. I have to admit that I do not know how that can be done. That is not my business. But my view is, without any reservation, that the Government would be well advised, even in its own interest, not to press this matter at present. I do not say the idea behind the Bill should be dropped, but I repeat that we in this Chamber have not had before us the necessary facts to enable us to pass proper judgment on what should be done with regard to the two features that are left for us to consider, the control of shipping on the Lakes and the provisions respecting agreed charges.

I do not like to oppose the Bill. I should be glad if the other House could have an opportunity of analysing it, but I fear there would not be time for it to do that if the session must end early enough to permit our parliamentary representatives to reach England in time for the Coronation. It seems to me that the wisest course for the Government to pursue, in the circumstances, is just to let the measure stand over for a while. In the meantime we could digest it more fully and the Minister and his associates would be able to give further consideration to the proposals that are being made. What is the situation just now? My honourable friend from Kootenay East (Hon. Mr. King) intimated there was some support for this Bill. Where does it come from? From half a dozen or ten or one hundred persons perhaps?

Hon. Mr. KING: Many more. It has the support of public opinion.

Hon. Mr. CALDER: We have had no evidence of that, but we have had a superabundance of evidence that there is no real public support for the Bill.

Hon. Mr. KING: It is opposed by those who are uncontrolled to-day and want to remain uncontrolled.

Hon. Mr. CALDER: Do you mean to say that merchants in Montreal, Winnipeg, Toronto and other cities, and boards of trade, representing all classes of people in business who would be affected by higher package freight rates—

Hon. Mr. KING: That is not proven.

Hon. Mr. CALDER: That is what they say and fear. Do you mean to say all these are not opposed to the Bill? We can take it

for granted that the whole merchant class, and in turn the consuming class, are opposed to the Bill.

Hon. Mr. GORDON: What about the provinces, too?

Hon. Mr. CALDER: So far as the people of Western Canada are concerned I have only to refer to the attitude of Mr. Dafoe. I have been acquainted with him for thirty-five or forty years and I know him intimately. He is an outstanding Westerner, a man of high character and integrity, one who has exceptionally good knowledge of Western public opinion. When John Dafoe says the people of the West are absolutely and totally opposed to this Bill, I cannot help believing he knows what he is talking about. I repeat that our Railway Committee had no evidence of any material public opinion in favour of the measure. Yet we are asked to pass it. That is not fair to us nor to Parliament nor to the public. I do hope the Government will reconsider the situation. In view of the short time that remains before prorogation, I am convinced it would be wise to hold the measure back for further consideration.

Hon. A. MARCOTTE: Honourable senators, I will not take up much time. I may say that I had prepared a considerable argument with a view to showing that Western farmers had every reason to believe they were going to be injured once more, but owing to admissions made by the honourable senator from Montarville (Hon. Mr. Beaubien) and the honourable senator from Kootenay East (Hon. Mr. King) I think it is not necessary for me to present the whole of my argument. They conceded that the effect of the measure would be to increase freight rates on the Lakes. That is where the farmers are concerned. In order to place on Hansard some reasons for our fears I am going to read part of a letter which was read before the Railway Committee and appears at page 40 of the proceedings. The letter is signed by George S. Mathieson, Secretary of the Shippers and Exporters Committee of the Winnipeg Grain Exchange. It says:

Lake transportation has been developed over a long period of time under a competitive system based on supply and demand conditions. Rates have been dependent in a large measure on the supply of grain available for transport, on the character of the freight, on the possibility of return cargoes, on the time required to complete loading, transport and discharge, on the period of the year and climatic conditions, and on the size, character and quantity of the tonnage available. Rates are also dependent on international competitive conditions on the lakes, such as movement of grain from Canadian ports to American ports for

transhipment from these ports in bond to either Canadian or American seaboard, and to competition to some extent with ocean tonnage out of Pacific ports and Churchill and via small direct tramp ocean vessels.

Such licensing and regulation of tolls as proposed would seriously interfere with the free movement of Canadian grain, with the adequate adjustment of rates to meet continually changing conditions, would tend towards monopoly and to an increase in the cost of lake transportation of Canadian grain to the detriment of the producers of Western Canada, and be the means of diverting considerable traffic to other channels to the detriment of Canadian lake carriers.

This summarizes very well the arguments of the Western farmers in opposition to the Bill.

It has been said that the Bill was ill conceived and badly prepared. There is good reason for making that statement. We have it from the lips of the Minister of Transport himself. In a speech on "Transportation Problems" which he made before the Canadian Club of Ottawa on February 20, copies of which speech were distributed to members of the Railway Committee, he said:

I am quite ready to admit that the subject I suggested for to-day's discussion is a very large one. My discussion of it will be tempered by the fact that I have been in contact with it for only a short time and really know very little about it.

He gave us proof of that when he came before the committee. Time after time he was willing to eliminate this or that provision from his own Bill.

We have been asked to vote for this Bill by two honourable senators who say the control of rates would be good for the whole of Canada. But when Mr. Guthrie, Chairman of the Railway Board, was asked for his opinion, this is what he said:

But my view is that if you are going to control rates you must make the control applicable throughout; otherwise it will be piecemeal, and discrimination is bound to crop up.

That is to be found at page 374 of the committee's proceedings.

Now, honourable senators, are we in favour of legislation that would discriminate between different parts of the country, and to the advantage of some forms of transportation as against others? Are we going to pass a measure that would discriminate especially against the West? I do not think the Senate will do that. So far as I am concerned, for the reasons I have given I shall vote against the Bill.

Hon. J. H. RAINVILLE: Honourable senators, this Bill embodies two principles, one good, the other objectionable. The first principle deals with the inspection of public conveyances, boats, aeroplanes and motor vehicles to ensure safety, hygienic conditions, and the

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protection of perishable freight. This inspection, however, is already provided for under existing legislation, both federal and provincial.

The objectionable principle is that which, if applied, would empower the Minister, through a board, to assign routes or territories to public licensed conveyances. It is evident that the Bill is intended to protect certain interests, either the Great Lakes shipping companies or the railways, for the application of this principle is tantamount to giving a free right of way to individuals or companies in order that they may establish transportation lines without competition.

Right Hon. Mr. GRAHAM: May I ask my honourable friend, is not that the principle adopted in Ontario in relation to necessity and convenience? The provincial authority hears applicants and, if satisfied, grants licences to operate along certain highways. That, I think, is on the principle of necessity and convenience.

Hon. Mr. RAINVILLE: It does not affect my argument at all. To-day the railways enjoy such a privilege, but they exercise it on their own right of way. By this Bill the use of rivers and canals belonging to the State would be granted free to certain companies or individuals, and their earnings would be assured by the Transport Board fixing freight rates. In fixing the rates, no doubt, consideration would be given not only to cost of transportation, but also to a fair profit on the capital invested. This would have the effect of creating a privileged class in the transportation business. In my opinion it would be equivalent to what obtains already under provincial jurisdiction with regard to our electric power trusts, which secure rights to develop waters powers belonging to the public domain.

It is, I believe, a principle generally admitted that the most effective way to reduce prices is by competition. This Bill would destroy competition. I am afraid, therefore, that if it were enacted we should, within a few years, have transportation organized under a powerful trust or combine, which no Government would be able or willing to control, any more than our provincial governments have been able to control the inflation policies of our power, our pulp and paper and our textile companies. In my view it is a vicious principle and, if adopted, would lead eventually to the nationalization of our entire transport services. Recalling the Canadian National Railway deficits, I for one should not like to see any further incursion into the realm of public ownership.

It is no surprise to me to find such general opposition to the Bill from all parts of the country. This opposition has come not only from private companies, but also from public bodies. I am astonished that in the face of this general opposition the Government should insist on the passage of the Bill.

Under the Bill the Minister of Transport seeks power to control shipping rates. In this connection I may be permitted to give one or two examples of regulation of harbour tolls and wharfage rates. The harbour of Montreal, in common with our other national harbours, has a tariff of tolls, which is approved by the Governor in Council. This tariff is revised annually, and covers every kind of merchandise. In 1932 a prominent citizen of Montreal, a member of the Shipping Federation of Canada, told the Harbour Commissioners that if they would reduce by a few cents the tolls on manganese ore, he would be able to divert to Montreal the immense traffic which at that time was going through the port of New York.

Hon. Mr. DUFF: Were those the freight or the wharfage rates?

Hon. Mr. RAINVILLE: The wharfage rates. I was a member of the Harbour Board. We applied to the Minister here for permission to change our tariff. I believe application to the Minister would be more expeditious than the method of applying to the Railway Commission, as provided by this Bill. Three months elapsed before we received an answer from Ottawa refusing our request, and we lost the business.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. RAINVILLE: In 1932 Sir Alexander Gibb made a survey of our national ports. In his report he stresses the importance of flexibility in fixing tolls and freight rates. Allow me to quote from his report:

156. In the busy years of 1926, 1927 and 1928, delays were experienced by all classes of transport, except liners. At that time the delays to lake boats alone were estimated to cost one cent per bushel of grain, that is to say, 10 per cent to 15 per cent of the total freight rate to Montreal.

In the last three years delays have not fallen on the ocean shipping or railways so much as on the lake boats. Actually, during the 1931 season the daily average number of canal boats tied up in the harbour, with full cargoes, was 35; the average time spent by each boat before unloading started was 12 days; and at one time the delay amounted to over 60 days.

158. Profits in the lake freighter business depend on the number of journeys that can be secured in the comparatively short season. In ordinary circumstances the round voyage from head of lakes to Montreal and back probably takes about 15 days, and the number of voyages that a lake freighter might make in a good

season would be about 15. At the extremely low rates that prevailed throughout 1931, it is probable that expenses could barely be earned even with the minimum of delay at either end; and delays such as have been regularly experienced at Montreal must cripple the profitable working of the lake traffic. In the interests of the Canadian lake shipping, as well as the whole trade therefore, any avenue that might lead to the improvement of the position should be carefully explored.

160. The real difficulty, so far as the lake and canal fleet is concerned, is that it is far in excess of present requirements. About 40 vessels could easily have carried the 70,000,000 bushels that came down by water in 1929, whereas there were more than four times that number engaged. In 1930, practically the same amount of canal tonnage was operating into Montreal as in the peak year of 1928.

Since Sir Alexander Gibb made his report all the charges of the port of Montreal and the other national ports have been virtually doubled. We had built up for the port of Montreal a very considerable trade in molasses. Recently a man has been giving to the local papers interviews in which he says that on account of the greatly increased port and shipping rates he will be obliged to take his business to the port of Albany. If we had flexibility in fixing our rates we could retain that trade for the port of Montreal.

The honourable senator from Vancouver (Hon. Mr. McRae) put his finger on the real trouble in the lake shipping business: there are too many boats. His good judgment is confirmed by Sir Alexander Gibb's opinion which I have already quoted. As will be observed, Sir Alexander Gibb has never suggested the adoption of the principle embodied in this Bill to solve the problem of our boats. In 1932 the shipping companies were complaining of delay. What could have been done to meet that situation? In my view there was only one remedy: to increase the grain elevator capacity at the port of call of ocean navigation. For ten years we have asked for that increased grain storage, and we have been supported by all the public bodies in Montreal and by the ports of Saint John, Halifax and Quebec, but we have not yet been able to get any satisfaction from the Government.

Some honourable members apparently believe that by raising the shipping rates on the Great Lakes we should be helping the railways. To the uninitiated this may seem good enough, but we know that it does not apply to conditions in Canada. Canada is not Holland or Italy. Canada is an enormous country, extending for 4,000 miles from the Pacific to the Atlantic, and with only a small population. We have two transcontinental railways and the most wonderful inland water-

way in the world. We should remember that first we built canals to fill the need of a slow, cheap form of transport. The railways came after, offering a fast service at a higher cost.

Because of the geographical nature of the country the railway systems and the waterways are not antagonistic to one another, and do not clash in any way. On the contrary, they are beneficial and supplementary one to the other. Passengers, express and fast freight will use the railways; heavy and bulk freight, if it is to move at all in our country, will have to make use of both rail and water. No grain would move east from Fort William to Montreal, New York, Saint John, Halifax or Quebec, if it were not for the lake carriers. The rate would be prohibitive. The low water rate is what enables Canadian grain to compete with grain of any other country in the world. If it were not for the St. Lawrence river we could not have Nova Scotia coal in Ontario. It could not compete against the coal of the United States. We tried two or three years ago to bring Alberta coal into Ontario, but the attempt was a complete failure; it could not succeed unless the railway companies were subsidized.

Let me quote as an authority no less an expert than Mr. Chauncey Depew, President of the New York Central Railway. As everybody knows, that road is paralleled by waterways for the entire distance from New York to Chicago. In giving evidence before the United States Senate Committee in 1875, Mr. Depew used these words:

There is a feeling that the railways are hostile to the waterways. I want to say that is not true. There has always been a feeling that the New York Central was hostile to the Erie canal. I should regard it as a great calamity if the Erie canal ceased to be operated as it is. Personally I voted for a free canal. The Erie canal forced to New York an immense traffic we ordinarily get; we get the surplus that comes by lake to Buffalo seeking the canal. I am speaking as a New York Central man now. Whatever helps New York helps the New York Central road. The Erie canal helps New York, and therefore we are in favour of the Erie canal.

I say, in consequence, that whatever will help Montreal, Toronto or any big city in our country, will help the Canadian Pacific and the Canadian National.

I have also the opinions of Sir Henry Thornton, Lord Shaughnessy, the Duff Commission, and Sir Alexander Gibb again. As the honourable senator from Vancouver (Hon. Mr. McRae) has said, we should like to see someone tackle this problem of the railways. I for one would support any drastic measure that would help in settling that problem; but I claim that not only are we not helping the railways by fixing water rates, but we are

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getting less of the east-bound traffic and are running the risk of helping our American friends to carry more wheat and other commodities from Canada through American channels. This traffic alone, according to one authority that I have, is bringing to the railways and canal boats of the United States, and to the different harbours in the form of dues, more than \$20,000,000 a year which should be expended for the benefit of all the ports of Eastern Canada.

Confederation was based upon east-and-west transportation, and cheap transportation is the best means of uniting East and West.

I do not know whether the Hon. Mr. Rogers has studied this Bill, but the other day, the 2nd of March of this year, to be exact, I read in the Montreal Gazette a report of a speech by him in which he used these words:

Clearing the channels of trade rather than a rigorous policing of business is the policy of the present Government.

Right Hon. Mr. MEIGHEN: He made a bad slip there.

Hon. Mr. RAINVILLE: Imposing rates is not the way to clear trade channels in Canada, and I am sure that in voting against this Bill I am voting for the principle voiced by Mr. Rogers himself.

Right Hon. Mr. GRAHAM: I should like to hear him reply to that.

Right Hon. ARTHUR MEIGHEN: Honourable members, I desire to place on record in what is perforce a very brief space of time my reasons for the vote which I shall give. When this Bill first came before the House I made a promise to the Government in the House that I would view it sympathetically and treat it throughout in the same spirit. I think that up to now I have done so, and I do not think any other opinion of my attitude can logically be taken from what I shall say here at the last.

The reason I felt as I did was that I knew there were evils to be cured, inequities to be removed. I knew the situation of very important concerns was exceedingly difficult, and to find a way of remedying the inequities, removing the inequalities and restoring if possible some sort of reasonable prosperity to deserving companies was an object well worth while.

I have seen in a paper published in the city of Ottawa an article written by a gentleman who certainly has not given to this subject as much study as have members of the committee, and who, in my judgment, does not know the spirit of this House. In this article he said this Bill would be passed unless the Conservative majority in the Senate decided

to play politics and defeat it. I say to that paper and to that writer the statement I have referred to is an impudent insult. I do not know of any party spirit at all in this House in relation to this Bill, and I know that ever since entering this House I have sought to use my influence against the manifestation of such a spirit on any occasion.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: Anyone who has followed our debate up to the present will have seen that on this question there is no uniformity of view on this side of the House. I do not think there is uniformity on the other side. Indeed, it might be surmised from the speech of at least one honourable gentleman who sits pretty nearly opposite, and who is my personal friend, that he had grave doubts as to whether I was orthodox about this question, and indeed he was uncertain how the die would be cast.

I have had some difficulty in coming to a decision. I have had no difficulty, however, after a week or two of listening to evidence and thoroughly trying to measure the merits of the Bill, in coming to a conclusion as to whether it is in the public interest that the Bill should pass. Perhaps it is just as well to say now what that conclusion is; not that I think it is of any more importance than the conclusion of anyone else. I do not think it is in the public interest that the Bill should pass—and I have not thought so for several weeks. The reason for my difficulty was this. I think this House should be very hesitant to defeat a Government measure introduced in the Senate, and thus to prevent that measure from reaching the Chamber known, and properly known, as the popular Chamber. It is my feeling that only in exceptional cases should such action be taken.

Though thoroughly decided in my own mind against the Bill itself, I supported and asked others to support the motion to report the Bill from committee. I think it would have been entirely wrong not to do so, but to allow the Bill to die in committee. It should be dealt with in this Chamber.

Many a time a measure of the present Government or of the last Government has been allowed to pass in the Senate without opposition although a large section at least of the members of the House would have voted against it if they had only dealt with it according to their belief as to the merits of the measure. Such was the case under the late Government: frequently measures were submitted to this House and unanimously supported, little criticism being made and no vote

taken. The conduct of the Opposition in that regard has been followed by the Opposition under the present Administration, although it is in a considerable majority in this Chamber. This, I think, is the proper course in the case of all measures which are merely a reflection of the Government's method of dealing with an administrative matter. I had no faith in, but was definitely opposed to, the plan of shifting the unemployment problem of Canada to a commission, but I did not ask that the measure be defeated here, nor did I even vote against it. That, it seemed to me, was something as to which the Government should have a free choice, and as to which it should abide by the consequence of its choice. The function of the Upper House was criticism and improvement of the measure.

Now, in view of one's opinion that we should be most careful about defeating a measure introduced here, is it possible that one should be so opposed to a measure as to advise its defeat? I am of opinion that this is a measure of major consequence and that a vote of this House in its favour would be regarded by the country as the considered judgment of the Senate of Canada after it had heard evidence for weeks and weighed all arguments advanced. This measure is of such paramount consequence that I do not feel justified in ranging myself with those who would permit the Bill to pass. As to that judgment, I have made it clear in conversation, and I want to state now in the most public way, that I am asking no one, for party reason or any other such reason, to vote as I do in this matter. The liberty of action of every honourable senator is equal to mine, and I am quite certain all will exercise that liberty. I personally do not want to be understood in this country as having put my support behind a measure of this consequence and helped to place the Senate in such a position that it could be said to have come to an affirmative conclusion after hearing the evidence.

Now I proceed to a very brief argument on the evidence, and I am afraid its brevity will impair its adequacy. The Bill seeks to remove difficulties and inequalities under which certain very important concerns of his country labour. Some people take the view that because these concerns are big they are vested, and that therefore it is a virtue to hit them. I have suffered much because of that line of attack, for I have been accused of being friendly to them when all I desired was to do what I thought was best for the Dominion. I will never range myself with those who attack any bill from that standpoint. I do not think

the Minister has any motive with respect to this measure except to cure difficulties that exist.

Hon. Mr. CALDER: Hear, hear.

Right Hon. Mr. MEIGHEN: My reason for opposing the Bill is that I think he is moving along wrong lines to cure those difficulties. Our railways undoubtedly are now subject to a disability which is not only very onerous, but very unfair. They have not the freedom of action which their competitors enjoy. One phase of the Bill seeks something of that freedom of action for them, so that they may be able to carry on competition under terms of equality. They are entitled to that freedom of action if we can give it to them. It is more important in the case of the private railway than in the case of the public railway. The private railway rests upon its own base, it has to fight its own battle, whereas the public railway charges its losses up to the Treasury of Canada.

It is important to this country not only that the railways have a fair deal, but also that there be some sort of fairness on our Great Lakes if by justifiable measures we can bring that about. I do not think it is much in the line of common sense to describe shipping interests on the Great Lakes as vested interests. What is vested about them? They are bankrupt. Someone disputed that. But does anyone know of a Great Lakes company of any size which is not bankrupt to-day? The honourable senator from Kootenay East (Hon. Mr. King) said they could not go on if they were bankrupt. Why, they are going on. The biggest one of them has not paid its bond interest since—I cannot remember when. But it is operating. It would lose more by stopping than it is losing by going on. Undoubtedly there is chaos on the Lakes. Later I shall approach the question whether we are trying to overcome that chaos in the proper way.

There are, it may be said, four divisions of this measure. One part provides for adoption of agreed charges sections of the British Road and Rail Traffic Act. Under this part our railways, notwithstanding provisions of the Railway Act and of any other Act, may enter into special agreements with patrons to carry freight at agreed rates. The object is to give railroads rights which their competitors enjoy. Without doubt truck companies can and do make agreed charges. I presume they always will make them. Without doubt the railroads' competitors on the water also make agreed rates. The railways take exception to their disability in this respect, and their exception is just.

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But I am very doubtful yet—although I would not oppose the Bill on this ground alone—whether we have enough evidence to show, first, that this agreed rates system as it operates in England is a success. I have seen considerable evidence, which did not come before the committee, to convince me that it is not a success; that it is wholly unacceptable to the great mass of patrons of the roads, though acceptable to the roads themselves.

Secondly, even though we could take it for granted that the system has been tolerably successful in England, I do not think we have enough evidence to convince us that it would be applicable in this Dominion, where the transportation problem is different altogether from what it is in the tight little British Isles.

I know the provisions of this part of the Bill are opposed by our users of freight from coast to coast. Can any honourable senator recall a single user of freight or representative of a user of freight who appeared before the committee during its three weeks of sittings and spoke in favour of agreed charges? I have received letters containing objections which I cannot answer, though I listened to every word of evidence.

The writers of these letters present arguments which in my opinion, with the knowledge I now have, cannot possibly be answered. They say this part of the Bill would enable a railway to make an agreement with a very large concern—let us say an electric company, which produces goods of various classes and weights—an agreement not for the carrying of goods on the old basis of l.c.l. and car-load freight, the two classes into which under our Act freight is divided, but applicable to the goods as a whole. A railway could say to such a firm, "If we get all your business we will give you certain rates." It is true that, under the Bill, the Board would be able to say to the railroad, "If you do that for this immense concern you must do it also for the little fellow." The railroad would agree to that. But the small concern's products may be entirely different; they may fall into the cheap class of freight or the dear class. What is applicable and advantageous to a big concern may be wholly disadvantageous to a small one. In a word, it is contended that the essential principle of our system of railway supervision by the Railway Board could no longer be applied if we adopted the agreed charges provisions.

The essential principle is that in those classes of freight into which our traffic is divided the small and great shall be treated alike, all being charged the same rate, without

any discrimination in favour of a shipper who makes all or any part of his shipments by one railroad. The agreed charges provisions, though they may have to come—because justice must be done in the end, no matter what happens—cut athwart the whole principle of the operation of the Railway Act as it is to-day. All I am contending is this. We have not got far enough in the study of these provisions, and particularly in the study of their effect in Great Britain, where they have been in force for a space of two or more years, to make it safe for us to enforce them in this Dominion.

I now come to the second division. The Bill seeks to deal with transport by air and to regulate air traffic upon principles provided in the Railway Act for regulating rail traffic. To this section of the Bill as finally amended I have no criticism at all to make. I do not think there is anything serious to be apprehended in the operation of this part. When we are in the sphere of aviation traffic we are happily in our own hunting ground and we know there is no jurisdiction to dispute us. This is federal; it is not provincial in any way, and whatever regulation there is must be federal. It will be probably meagre regulation for a time. Subsequently it will be adapted to meet the developments of aviation. That there has to be regulation I do not doubt, for I know in corresponding fields regulation has come, and, having once come, it has never departed. I do not object to the Bill on the ground of the aviation provisions.

The third class has to do with motor-truck and bus traffic. As everyone knows, the Bill pretends to regulate this traffic only in the sphere of interprovincial and international trade. It does so because, admittedly, the Government realizes that the sphere of intra-provincial truck and bus traffic is within the sole jurisdiction of the provincial legislatures. It has been stated by the honourable senator from South Bruce (Hon. Mr. Donnelly) and by others that the measure of traffic carried by buses and trucks which comes within the margin of interprovincial trade is limited to less than 2 per cent. I do not know what that percentage would be when you take in international trade, but I am inclined to think the evidence showed that the percentages of international and interprovincial trade together aggregate less than 2 per cent of all the bus and truck traffic.

Hon. Mr. LYNCH-STAUNTON: What does 2 per cent mean? Is there any large volume of traffic?

Right Hon. Mr. MEIGHEN: Of all the bus and truck trade, whatever it may be, that which belongs to the category of interprovincial and international trade is 2 per cent.

Hon. Mr. LYNCH-STAUNTON: But is it a large trade?

Right Hon. Mr. MEIGHEN: It is a tremendous trade. The railways estimated that the amount of money it took from their gross revenues was \$38,000,000. But, at that, there would be less than 2 per cent of the \$38,000,000 attributable to interprovincial and international traffic. Honourable members, then, will realize that in respect of truck and bus traffic the sphere we are seeking to occupy and regulate federally is a very narrow sphere; that 98 per cent and more, according to our admission, comes within the purview of the provincial legislatures. And we know, as the evidence discloses, that the provinces, one and all of them, not only occupy the sphere of that 98 per cent, but, occupying it, they are regulating it, and they are determined to continue in their occupation and regulation.

The provinces go further. They say: "We do not admit for a moment your right to come into even the 2 per cent or any part of it. We claim that we are in control of that truck and bus traffic from the moment it starts in our province until it gets to the boundary, and when it gets beyond our boundary it is under control of the jurisdiction within which it comes." They contend that there is no fixed structure joining the provinces and establishing a basis for federal jurisdiction as exercised by the Federal Parliament in respect of railways. Whether they are right in the latter contention or not I do not know. What I do know is this, that if we pass the Bill in respect of bus and truck traffic, we shall only be purchasing a law-suit with the provinces for the sake of occupying a narrow territory where we can hardly turn round after we get in. I ask honourable members, is it worth while?

The Minister told us he looked forward to the time when the provinces would surrender the exercise of the jurisdiction they enjoy, and by their legislatures pass it over to the Railway Board of Canada. Does anyone, after listening to them before a committee of the House, think seriously they will? The tail does not wag the dog in the sphere of legislation any more than it does anywhere else. Those who occupy the 98 per cent are far more likely to invade the 2 per cent than those who occupy the 2 per cent are to absorb the 98 per cent.

I was surprised to hear the honourable leader of the House suggest that those who opposed the Bill were private interests. I do not know why private interests should not oppose if they think the Bill is wrong. But if ever there was a Bill against which public interests were arrayed, it was this Bill. Who represent the public interests of Canada?

Are they not the governments of the provinces? They one after another came before the committee and declared they opposed this Bill to the bitter end. There never was a Bill before us—

Hon. Mr. DANDURAND: They oppose that clause.

Right Hon. Mr. MEIGHEN: In respect of motor traffic.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: Certainly.

Hon. Mr. DANDURAND: They were defending their jurisdiction.

Right Hon. Mr. MEIGHEN: They are not private interests. Private interests are opposing because they do not want to come under two jurisdictions. They are already controlled—controlled to death, they complain—and they do not want to have another jurisdiction superimposed. None of us desires to launch a new series of law-suits between the provinces and the Dominion in an attempt to arrogate to ourselves the right to control this little narrow margin of motor traffic.

I pass from that, then, to the main provision of the measure. And it is on account of this main provision that I feel I cannot possibly take the responsibility of voting for the Bill. Honourable members have found much fault with what they think may be the sectional attitude of Western senators. Some rather harsh words have been spoken about the alleged selfishness of the Prairie West as manifested now in respect of this Bill. Well, it is perfectly proper to keep this in mind, that the Bill—the child, as it was described by my honourable friend to the right (Hon. Mr. Beaubien)—after it had been trimmed and painted and had undergone amputation, had no abhorrent features except from the point of view of honourable members from the Prairie West. Honourable senators from the Maritime Provinces cannot look with horror upon its face, because it concerns them no longer.

Hon. Mr. DUFF: They would be very selfish if they took that stand. I am opposed to it.

Right Hon. Mr. MEIGHEN: I think they would. Honourable members from British Columbia, including the honourable senator from Kootenay East (Hon. Mr. King), could not see any great deformity in the measure from the standpoint of British Columbia. It does not apply to their coastwise traffic, or to traffic from their coast through the Panama canal right into the heart of the Dominion. The only thing it applies to is traffic to and from the Prairie West, and consequently we

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have to listen with sympathy and give careful consideration to the protests of honourable members from the Prairie West against the measure. They say the ultimate design and purpose of the measure is to raise rates on the Great Lakes, and what they fear chiefly is the raising of rates on their grain. Members in the Maritime Provinces speak, and properly so, about their right to enter the Central Provinces with their goods as the Magna Charta of their country, and they have fought gallantly, persistently and successfully from the birth of this Dominion to this hour to stand by that right. The West has a similar feeling. The very Magna Charta of the West is the right of shipment on these lakes under terms of unrestrained competition. There is no difference of opinion about that. If anybody expects to hear a breath of sympathy from the Prairie West with respect to this measure, he is going to suffer as severe a disappointment as he ever endured. I have had something to do with Western opinion and know how the West feels, and so far as it is the duty of a Western member to represent Western opinion he is bound to say the West is against the Bill almost to a man. Someone has said—he may be right even though the West is against it—that perhaps their apprehensions are wrong; that the ultimate result of the measure will not mean an elevation of rates. I think the Government would have done better if it had frankly said the purpose of the Bill was to restore order instead of chaos, or solvency instead of bankruptcy in the highly competitive business of shipping on the Great Lakes. That undoubtedly is the purpose of the Bill. It has no other. It can have no other. Nobody is saying the service is not good enough. Nobody is complaining that he cannot ship his grain. It is not the public that wants this measure. But the lake shippers say: "We have been in bankruptcy for years, we have tried to come to terms of co-operation, but cannot do it; so now we come to the doors of Parliament"—where they did not come before. "For Heaven's sake help us. Come in and fix rates so that we may bring order out of chaos and turn the darkness of bankruptcy into the sunlight of solvency." That cannot be done except by an average raising of rates. Maybe rates will not be raised in July of this year or July of next year; maybe the average increase on the whole would be very little, for there is very little margin between success and failure in any business; but the purpose of the Bill cannot be effected except by the raising of rates.

The frankest men who came before our committee were the wage-earners on the boats. They said, "We want this Bill to pass." "And why?" they were asked. "Because our boats cannot get rates high enough to enable them to pay us decent wages. We want them to get higher rates so that our wages may be higher." Those men spoke what was in their hearts. There is no use in saying the purpose of this measure is to stabilize rates, but not to raise them. "Stabilization" does not mean prosperity unless it is another word for raising. I know the raising is to be under Government control. That is all right. If there is to be a raising of rates at all it ought to be under Government control. But the control of Government, as far as it is exercised, must be exercised in the protection of the public, not of the individual.

We are told by the honourable senator from Kootenay East (Hon. Mr. King) that there is control of buses and of street railways. There is control of buses by provinces, and of street railways and public utilities generally by municipalities. But what is the purpose of the control? It is universally and uniformly to see that the public is protected. In respect of buses the provinces say: "Within our boundaries there shall be a regular bus service. There is business for it. There shall be one and only one line between this city and that. We cannot have regularity of service at a proper cost unless we give a monopoly to one company."

Hon. Mr. DUFF: Even that is going pretty far.

Right Hon. Mr. MEIGHEN: That is going pretty far; but, even so, you have to keep your rates down. That is not control for the purpose of lifting the bus companies out of insolvency; it is control to enable the public to get service and to be protected against exorbitant rates. I do not know of any other control we have in this country. I do not know of any other purpose in the control that we have.

Now, can you apply that to the Great Lakes?

Hon. Mr. LYNCH-STAUTON: Why not?

Right Hon. Mr. MEIGHEN: Is anybody complaining of the service?

Hon. Mr. LYNCH-STAUTON: The man giving it is.

Right Hon. Mr. MEIGHEN: Yes, the man giving it is, but the purpose of control has never been to help the man who is providing the service. He helps himself, and the shipping people should help themselves.

Now I come to the line of solution. We have been told that there is control on the ocean—that tramp steamers are controlled, that only on our lakes does the wild man still run his course, and that the only purpose is to regulate that territory. There is tramp steamer control, but it is a control developed by the operators themselves. The British Government made certain grants under certain conditions. It said, "You have to see that rates go no higher than this line." The purpose of that control, so far as it was governmental, was to protect the public, not to enable tramp steamers to come out of bankruptcy and make money.

Right Hon. Mr. GRAHAM: It would depend on the size of the grant, would it not?

Right Hon. Mr. MEIGHEN: A large grant would help, no doubt, but the control is a maximum control. The authorities do not say, "You have to charge so much." They are not seeking to raise the level of charges. That is not the purpose at all. I know that in the United States a different principle has been introduced. I know the Roosevelt Government has tried here, there, and everywhere, to dictate this, that, or the other thing. England has followed an opposite course. She has entered the shipbuilding field and the iron and steel industry, but in every case she has made the conditions such that the industry itself could work out its own salvation. She has pursued that course with tremendous success. The shipbuilding and the iron and steel industries have been revived. They have been told not that they must make money by charging such and such prices, but that they could co-operate among themselves. "You make your rules and we will see that they are fair to the public. We are not going to see that you make money by reason of our fixing of rates."

I think the whole principle of this Bill is to seek control on the lakes. That is the centre and heart of the measure, and it is wrong and fundamentally unsound. I think every witness before the committee showed that it could not work except to the impediment of traffic. You cannot have any system of superimposed government control to dictate rates where they have to be fixed instantaneously, or when boats shift here or there as different rates prevail. The people interested may agree to some principle among themselves. I say let them agree. The Government may well protect the public not from low rates, but from rates that are too high. That is the function of government, and we already have a measure for that very purpose. These industries have to work out their own

system of control, as the industries of England have done. I certainly prefer the path followed by the British Administration to the one which the United States Government has pursued, and which I think has been attended and will be attended with disaster.

There is one other remark I wish to make. There seems to be a general feeling that we are coming into an age of regulation; that we cannot indefinitely defer regulation. There are those, and I think they are the keenest and most intelligent observers, who feel that more and more liberty must be given to business and to industry in the way of self-regulation.

Hon. Mr. GORDON: Hear, hear.

Right Hon. Mr. MEIGHEN: And others say that we must have the old-fashioned competition, just as it raged in the days when individuals competed with their neighbours, when business units were small. But competition as it existed in those days does not prevail to-day, and it cannot. We all know that. If it were to prevail it would mean mutual destruction, hardship all around and sacrifice of public interest. We pass some laws to-day that seem to be based on the theory that industries should not communicate with one another, and that if they do, if they have so much as a telephone communication and agree upon certain things that are supposed to be ethical among them, their managers must go to jail. Greater humbug and hypocrisy were never heard of.

It is impossible to import the old unrestrained competition into the economy of this time. Does anyone believe that among the vast industries of Canada competition prevails to-day on the old ruthless scale—that companies have no arrangements with one another? We all know that is not the situation. That kind of competition did prevail in the paper industry, and in consequence we were virtually stripped from coast to coast of our greatest resource, which was being sold out at bankruptcy prices. To-day the Government of Ontario and the Government of Quebec are encouraging co-operation and understanding among the largest units of that industry. We have co-operation in the rubber industry, which operates not to the disadvantage of the consumer, but to his advantage through reduction in prices.

What I am urging is that in adopting principles of regulation we should follow well-ordered plans which have proven successful elsewhere, that we should help and encourage industries to regulate themselves, and not curse and damn them for ever as vested interests when they do agree to regulate them-

Right Hon. Mr. MEIGHEN.

selves. All that Parliament needs is control over their co-operative actions, and this only for the purpose of seeing that the people, who have to pay the bill, receive a fair deal and are protected from tyrannies which otherwise might be exercised by cold-blooded monopolies.

I should not like for one minute—and I do not believe the Government really wants—to have this measure in operation so far as transport by water is concerned. I venture to say that if it is passed here the Government will never carry it through the other House. I cannot see how the Administration could ask its followers from the Prairies in that House to vote for the Bill as it now stands. With respect to its main feature the Government should proceed along a different line. It should wait another year before submitting a measure to regulate transportation. I do not think it can be doubted that at a later session the Government, with the advantage of study that it can make in the meantime, will be able to present a far more acceptable measure.

At 6 o'clock the Senate took recess.

The Senate resumed at 8 p.m.

The Hon. the SPEAKER: I would remind the House that when the mover speaks he closes the debate.

Hon. RAOUL DANDURAND: As I am closing the debate, I take it for granted that no other member of the Senate desires to speak on this question.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: Honourable senators, we have heard considerable very interesting discussion on the Bill which has been submitted to us, and which held our attention in the Railway Committee for more than three weeks. The Minister of Transport declared in the committee that he thought this was a necessary piece of legislation. He admitted that it would be difficult to work out, and that its success would very largely depend upon its administration. He repeated more than once that the primary purpose of the Bill was not the protection of the railways; and he said that the intention of the Government, or of himself, at all events, was not to regulate one industry at the expense of another. He added:

The intention is that regulation shall be applied to each industry in the interest of that particular industry, and having in mind, of course, the protection of the public that uses the industry. But it is not a Bill to protect one industry against a competing industry.

Then, in the course of his remarks he said:

The intention is to set up rates that are fair to all.

What is the situation in Canada to-day? First, we have more lines of railway than the traffic requires; second, we have more steamships than are needed in our inland waterways; third, we already have more aeroplanes than are required by the traffic.

As to shipping, the Minister gave us the picture as he saw it. Speaking of shipping, I may quote a statement made before the Canadian Club of Ottawa, copies of which were distributed to the members of the committee. The Minister said:

Now, in speaking of shipping I refer only to shipping, we will say, from Quebec to the head of the Great Lakes, because shipping on the coast is not competitive—not very seriously competitive—with rail movement; or, if it is competitive, it is not the destructive form of competition. Of course, if we move goods from Halifax to a point on the St. Lawrence river we take that business away from the railroads in a sense, yet it is business that always did move by boat and is moving to about the same extent that it always has moved; but the destructive competition is found chiefly on the Great Lakes and on the St. Lawrence. There we have a condition that I believe is not sound. In 1926, 1927 and 1928 people interested in shipping in this country found that they could go to England, buy a boat under the British Aid to Industries Act from a shipbuilder and make a down payment, which I think was about ten per cent, and that they would be in the boat business. A great number of boats were bought at that time. I suppose our fleet of river boats, that is, the St. Lawrence canalized boats, was doubled in two or three years. Then in 1931 or 1932 we completed the Welland canal, which permitted the largest grain carriers, the largest bulk carriers, which had always been confined to the upper lakes, to go through as far as Kingston or Prescott. By so doing we halved the number of boats required to handle grain down the St. Lawrence and through the Lachine and other St. Lawrence canals. By a process of easy buying we doubled our fleet of this type of boat, and by opening the Welland canal we doubled it again, so that in 1933 and 1934 we had about four times as many of this class of boat as we had any real need for. Well, these boats of course could not be kept idle and they went into the Great Lakes and into territory that they had never attempted to serve before and engaged in all sorts of traffic in competition with the railways—package freight such as canned goods, or sugar, or cement. Commodities of that sort were their first objective, and later on all sorts of package goods and commodities which had been exclusively the railways' were moved by these carriers.

"Well," you may say, "that is legitimate competition; the railway cannot object to that." But I think that is hardly the case. On a great many of these boats that were built with a down payment of ten per cent there was never another payment. The builder of the boat is in England, and the bank that holds the collateral is in England, and the boat is here. There is not much object in foreclosure,

and there have been no foreclosures. I think that of the boats built in 1926, 1927 or 1928 probably two-thirds are being operated by people who have paid no more than a down payment. Concerns that had considerable legitimate interest in the lakes, such as Canada Steamships and other lines which have a background of operating experience, were forced into bankruptcy. Canada Steamships, as you know, was operated by its bondholders for a time and has just gone through a reorganization. So the competition of bankrupt tonnage with our railways is very serious indeed.

You may say that that tonnage is good, even if bankrupt, and we might as well leave it there, because the people get the benefit. But those things hardly work out. As you know, a buyers' market is usually followed by a sellers' market. I am not a believer in the law of scarcity. I do not believe we should artificially make things scarce, or artificially make transportation scarce, but I think we could correct a situation which is rapidly developing, in that we might have combinations of these boats worked out for the salvation of whoever has an interest in them, and in that way we get a monopoly and an artificial control of our shipping—an artificial buyers' market created through a monopoly.

The intention of the Bill, as the Minister said in his statement, is to establish rates that will be fair to all. As I have already said, we have too many railways, too many steamships and too many aeroplanes. The object of this Bill is to eliminate wasteful competition. That is the long view of the situation. And I would draw the attention of my colleagues to the statement that no existing carrier will be eliminated. All who are engaged in the trade to-day will obtain their licences.

This type of legislation is not new. We are not breaking new ground. In Great Britain the Co-ordination Act was passed some years ago, whereby the territory was divided, some traffic being allocated to the railways and some to the highways. It may be said that this does not interest us very much, because our traffic is mostly provincial, and the competition, so far as we can have any control, is not between highways and railways. That I admit. Nevertheless, Great Britain has laid down the principle that companies serving the public and having a formidable amount of capital invested in them should be protected against disastrous and uncalled for competition. In South Africa no competition whatever is permitted if a community is adequately served by the railways. Trucks are allowed to operate in communities not served by railways. In Australia a certificate of public convenience and necessity is required before competition with the railway is allowed. The situation in the United States is much the same as it is in Canada. There they have state rights; here we have provincial rights. In the United

States the Interstate Commerce Commission controls traffic crossing state or international boundaries, much as this Bill proposes shall be done in the case of provincial boundaries.

In Canada, because of our constitutional limitations, our only practicable approach to setting our house in order is regulation rather than co-ordination. It is said, and it has been repeated more than once in this Chamber, that the present legislation will not go very far. That I readily admit. But, as everyone realizes and admits, it is a beginning, a step in the right direction.

Our Western representatives fear the effect of this legislation on the price of wheat. They say the regulation of shipping will tend to increase rates on the Great Lakes. My answer is, not necessarily.

Hon. Mr. McMEANS: May I interrupt the honourable gentleman? I think it is absolutely proved by the evidence given before the committee. I am not a member of the committee, but I am of the opinion that if there is any regulation of rates on the Great Lakes and competition is destroyed the rates for the transportation of grain will be raised. I do not think there can be any doubt about that.

Hon. Mr. DANDURAND: Will my honourable friend allow me to try to convince him to the contrary?

Right Hon. Mr. GRAHAM: I should like to see you do it.

Hon. Mr. DANDURAND: I say, not necessarily.

Hon. Mr. McMEANS: It is admitted.

Hon. Mr. DANDURAND: It is alleged. It is not admitted. It has been denied by the Minister.

Hon. Mr. McMEANS: The Minister does not know anything about it.

Hon. Mr. DANDURAND: My honourable friend, of course, lives near the Grain Exchange in Winnipeg, but the Minister lives at Fort William, and has lived there for twenty-five years.

Hon. Mr. McMEANS: Will the honourable gentleman take the word of the great Liberal newspaper of the country, which says rates will be raised if the Bill is passed?

Hon. Mr. DANDURAND: I think I have more esteem and admiration for Mr. John Dafeo than my honourable friend has.

Right Hon. Mr. GRAHAM: The list of subscribers of the Winnipeg Free Press must have increased within this last week.

Hon. Mr. DANDURAND,

Hon. Mr. DANDURAND: Honourable members from the West have expressed the fear that regulation on the Great Lakes would tend to an increase in rates and I have answered that that would not necessarily be so. I would draw attention to the fact that no minimum rate would be fixed by the Transport Board. Shippers would be absolutely free to reduce rates at their own will, but, having once filed a rate, they could not raise it for thirty days thereafter. Shippers could reduce a rate by filing a new one—

Hon. Mr. GORDON: Not without the authority of the Board.

Hon. Mr. DANDURAND: Yes, they could do that without consent of the Board, but once a rate is filed it could not be increased for thirty days thereafter. Any shipper could file a rate as low as he wished, but, once filed, it would become public and would have to remain in effect for at least thirty days.

Hon. Mr. GORDON: I am quite sure my honourable friend is wrong there. The rate would go into effect three days after being authorized by the Board.

Hon. Mr. DANDURAND: No. A shipper would have three days within which to notify the Board of the rate that he fixes.

Hon. Mr. McMEANS: May I interrupt to tell the honourable gentleman that the Winnipeg Grain Exchange knows more about rates for wheat—

Hon. Mr. DANDURAND: Will my honourable friend allow me to finish? I am supposed to be the last to speak on this motion.

Right Hon. Mr. GRAHAM: But you do not seem to be.

Hon. Mr. DANDURAND: A shipper, I repeat, would be able to reduce a rate at will, but once having fixed it he could not raise it until the expiration of at least thirty days thereafter. That is the only regulation on grain rates. It was alleged in the committee that at times it would be necessary to have two rates for the same kind of grain on one boat. For example, it was said that a boat capable of carrying 600,000 bushels might have 500,000 on board, and in order to get a full cargo the ship owner might quote a lower rate for the last 100,000 bushels. All I can say is that if any chiseling is done by the trader on the rate for a part of the cargo in cases like that, the advantage goes not to the farmer, but to the trader. I ask my honourable friends if that is not so. The Minister said this was just a form of chiseling on the part of the trader and that it had nothing at all to do with the farmer.

The Minister also stated, as honourable members may see by referring to page 303 of the committee's proceedings, "I am of opinion there is nothing in this Bill that will increase the cost of moving grain from the head of the lakes to Montreal." I think I can say on behalf of all members of Parliament, in this House and the other, that none of us would think of doing anything to reduce the price of wheat to the farmer. All the efforts of Parliament have been in the opposite direction. A committee of this House was appointed in 1925 to examine into the railway situation, and we know that the rates our railways charge for carrying wheat between Fort William and the West are 25 per cent lower than those charged by American railways for running over parallel territory in the United States.

All who are familiar with the trade know that when a farmer sells wheat on the Winnipeg Grain Exchange he pays the trader the freight from Fort William to Liverpool. Suppose the price is \$1.30 per bushel when the farmer orders his agent to sell. The agent charges against that \$1.30 the cost of transportation and deducts any advances that have been made on the grain. Against the price that the farmer receives the freight charges from Fort William to Liverpool, or other European port, as the case may be, have been calculated. Traders who bid for grain at the market price have to reckon the freight costs which they must absorb. These traders—they are not numerous; I understand there are only about twelve or fifteen of them—have the reputation of being sharp business men, and I take it they play safely. In order to do that, what must they do? As my honourable friend from Kootenay East (Hon. Mr. King) said this afternoon, they calculate the maximum freight rate.

Hon. Mr. CALDER: What evidence had we of that?

Hon. Mr. KING: That is business.

Hon. Mr. DANDURAND: They have business acumen. That is what my honourable friend would do and what I should do. A trader buys on the exchange a quantity of wheat which is at Fort William. He knows what it can sell for and he knows he has to pay the cost of transferring it from Fort William to Liverpool.

Hon. Mr. LYNCH-STANTON: I do not wish to interrupt, but will my honourable friend permit me a question? Does the trader sell it f.o.b. Fort William or f.o.b. Liverpool?

Hon. Mr. DANDURAND: He sells it f.o.b. Liverpool. He makes the purchase at Winnipeg, but the grain itself is at Fort William, and out of his own pocket he has to pay freight charges from Fort William to Liverpool. So in determining what price he can offer the Western farmer he must reckon his freight charges and his profit.

Hon. Mr. CALDER: He fixes a maximum?

Hon. Mr. DANDURAND: A maximum, to play safely. Naturally he will not reckon on a rate that would cause him to lose money.

Hon. Mr. CALDER: Or to lose business.

Hon. Mr. DANDURAND: No one can gainsay that the trader, when he buys, plays safely. His object is not to lose money.

Hon. Mr. CALDER: Will the honourable gentleman permit me? I am sorry to interrupt. The grain business is a fluctuating business with every day a spread of, say, one-eighth of a cent to a cent or a cent and a half. Men who are in the export business know exactly, month by month, what the average freight cost to them is. They are interested in getting business, and competition is very keen. Now, unless we have absolute evidence that in fixing their prices they take into consideration only the maximum freight rates, I should doubt that they do so. I quite agree that they play safely.

Hon. Mr. DANDURAND: The freight rate fluctuates, I agree. The person who has first knowledge about that is the trader who is affected by the fluctuation up or down. He considers the situation and arranges to protect himself.

Hon. Mr. CALDER: Quite so. He plays safely.

Hon. Mr. DANDURAND: I am satisfied that I am carrying my honourable friend with me on this point.

Hon. Mr. CALDER: Not as to his calculating the maximum lake rate in fixing his price.

Right Hon. Mr. GRAHAM: The maximum for safety.

Hon. Mr. DANDURAND: Yes.

Hon. Mr. CALDER: I doubt that he calculates the maximum for safety.

Hon. Mr. DANDURAND: He will take no risk.

Hon. Mr. CALDER: He does not want to take any.

Hon. Mr. DANDURAND: Then we agree. The trader's object is not to lose money, but to make money.

Hon. Mr. GILLIS: My honourable friend cannot deny the fact that all cost of transportation is charged back to the producer, in the end.

Hon. Mr. DANDURAND: No; I deny that.

Hon. Mr. GILLIS: It is, certainly. It is all taken into consideration.

Hon. Mr. DANDURAND: If my honourable friend will listen a little longer I shall, I think, convince him to the contrary. He should know that what I am saying is correct, for he is in the business. He is in business as a farmer. I said there were fifteen traders. I do not know exactly how many there are.

Hon. Mr. GILLIS: The trader will look after himself.

Hon. Mr. DANDURAND: Undoubtedly.

Hon. Mr. GILLIS: And he charges back to the farmer.

Hon. Mr. DANDURAND: No; he has bought outright from the farmer.

Hon. Mr. GILLIS: It is considered when he is buying the grain.

Hon. Mr. DANDURAND: Yes; but when buying he is reckoning on the freight he may pay from Fort William to Liverpool, and he takes good care not to be the loser on the bargain.

Hon. Mr. GILLIS: If this Bill goes through it will mean an additional 5 or 6 cents out of the farmer's pocket.

Hon. Mr. DANDURAND: When it was decided to establish the Railway Commission to regulate rates the railways objected, but later on they declared that it was a blessing that the Board had been established. I ask my honourable friend if he would be prepared to have the Railway Board done away with.

I say that the trader who buys grain for export figures out his costs from Fort William to Liverpool and then says to the farmer, "I will give you so much for your grain."

Hon. Mr. GILLIS: It is a gamble.

Hon. Mr. DANDURAND: Yes; but when the farmer has in his pocket the cash for his wheat he does not stand to benefit from the trader's profit by chiseling at Fort William. The traders may gather together and fix rates, or they may act individually. I do not know what obtains in Winnipeg. I presume cer-

Hon. Mr. CALDER.

tain honourable gentlemen know more about what takes place there than I do. Those traders reckon upon what they will pay for the grain. Some may say, "I will charge half of one per cent less for the freight rate," while another may say that he will charge half of one per cent more. But a fair average is reached. Besides, the Liverpool price is quoted on the Winnipeg Grain Exchange, and the farmer cares very little as to what rate the trader will pay from Fort William to Liverpool so long as he gets his price as fixed on the exchange. Surely the trader, when reckoning what will be his cost, does not base his calculations on a possibly low shipping rate. He knows what shipping is available. As my honourable friend has just said, it is a gamble. The trader may gamble to a certain extent, but when he has bought that grain, and the gamble is profitable to him, he does not return any part of his profit to my honourable friend in the West.

Hon. Mr. GILLIS: How about his losses?

Hon. Mr. DANDURAND: He stands his losses. I wonder if any one of the dozen traders who buy most of the grain from the West, when fixing the rate which he will deduct from the price he pays, thinks of a possible chance of doing any kind of chiseling at Fort William. I doubt it very much. He may have it in mind to do some chiseling, but that is for his own profit, not for the farmer's. So I may fairly say, and I think no one will deny my statement, that the farmer when he sells his grain pays to the trader, not a very low rate, not a very high rate, but what, to satisfy my honourable friend, I may term a fair rate. When the farmer has sold his grain at Winnipeg his interest in it is ended. Who will deny that statement? And if the farmer's interest is ended, then he does not stand to share in the profits of the trader.

Hon. Mr. GRIESBACH: That would be so in the case of the individual farmer, but all farmers as a class are still interested in the freight rates.

Hon. Mr. DANDURAND: Fifty per cent of the farmers of the West do not belong to the pools, and so I treat them as individuals. But even if they are acting together, the transaction in Winnipeg is the same.

Hon. Mr. HORNER: But whether the farmer belongs to a pool or not, he is interested in every item of cost that enters into his wheat before it finds its ultimate market.

Hon. Mr. DANDURAND: Oh, yes; that I admit; but I say this Bill contains nothing that tends to eliminate competition or to in-

crease rates on the lakes. On the contrary, any shipper can fix his minimum rate. The only difficulty—and it may be a grievance, though I wonder why—is that when the shipper has reduced the rate and cut into the legitimate profit of his competitor, then he must keep that rate down thirty days. I suppose if anyone benefited it would be the farmer.

Hon. Mr. GORDON: But surely my honourable friend misunderstands that phase.

Hon. Mr. DANDURAND: Oh, no, I do not.

Hon. Mr. GORDON: If the freight rate were reduced the shipper would have to wait only three days before it went into operation. But that is not the point at all. The shipper goes to the railway company, and the railway company may take a good time to say whether it will give him that reduced rate. Then the matter has to go before the Railway Commission.

Hon. Mr. DANDURAND: No. Hon. Mr. Guthrie, Chairman of the Railway Board, said just the contrary; that the railways could reduce their rates. The only control the Railway Board has is by reason of the requirement that the railways cannot increase any rate without first obtaining approval of the Board.

Hon. Mr. GORDON: I venture to say the honourable gentleman misunderstood Mr. Guthrie altogether.

Some Hon. SENATORS: Order, order.

Hon. Mr. DANDURAND: As I have said, the interest of the farmer is ended when he collects the price of his grain. Then begins the operation of the trader, who becomes very keen for any profit there may be in securing a reduced rate; but it is his profit, not that of the farmer. Now, I invite any honourable member to question the correctness of what I am about to say. The Railway Board in its regulation of rates has always been fair to all—to railways, shippers, and the public. The Board has administered the Railway Act honestly and efficiently. I wonder what justifies any honourable member in thinking that the Transport Board would not do likewise with respect to shipping rates.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: My right honourable friend (Right Hon. Mr. Meighen) before recess touched upon a new feature of the Bill—agreed rates. Such rates are in operation in England. Our railway situation is disastrous. I recognize there are vested in-

terests to protect. I am somewhat ashamed to say that we all represent those vested interests. As taxpayers, we have individually to carry our share of the millions invested in the Canadian National Railways and pay our portion of the annual deficits. This Bill grants the railways what perhaps is their principal benefit, the right already exercised by the carrier by road or by water. Let me cite a short statement descriptive of what the carriers by water do. In his address before the Canadian Club of this city the Minister of Transport said:

There is one new feature of the Act, which has worked very well in England, but which has not been tried on this continent, and if we apply it here it will have to be applied with care, and that is the provision for agreed rates. A shipper and the railway may agree on a contract for a movement of goods over a period exclusively by one carrier, or may make any other contract they like, at a rate below the tariff rate. Of course that is giving the railways only the leeway that every other form of transportation has to-day. In any other form of transportation contracts can be made, and are made, for the exclusive movement of goods at any rate agreed upon. But the provision here is that the contract must be filed with the Board of Railway Commissioners, must be examined by them, is subject to the hearing of anyone who cares to protest, and must of course be non-discriminatory. I think that that is introducing into railway rate-making a feature that deserves a place and must have a place under present conditions, and I have every confidence that that will work out well.

And he adds:

Let me illustrate what happens in the present situation. Certain canned goods move from points on the Great Lakes—a movement that the railways had always had. Last year the steamboat people decided they were going to have that business, and not merely part of it, but all; so they went in and made a contract with the canning companies to move their canned goods at the head of the lakes at eight cents below the rail tariff. Of course the railway people were a little disturbed by that. They made very sure that that contract was binding, and then they went in and cut the rate on canned goods by rail from the canneries at the head of the lakes down to somewhere near the eight cents and made the boat people move the goods for next to nothing. That is just a sample of the kind of competition we are getting under the present situation, and I think that by making rules that will apply to all, giving them some flexibility—

This is an expression I heard this evening.

—and placing certain restrictions on rate-making on all sides, we shall be able to do something in the way of straightening the situation.

We have heard in this Chamber and in many other places in Canada that the railway situation is a serious one and that the Government and Parliament are doing nothing about it. The Minister of Transport has

had the courage to grapple with that situation, which already had come before Parliament two or three years ago. My right honourable friend to my right (Right Hon. Mr. Graham) knows something about that. The Minister of Transport has offered this measure to Parliament, and has suggested that the proper place to examine and review the measure, and to modify and improve it, is the Senate of Canada. I hope we were not unequal to the task. From the statements I heard this afternoon it would seem that we have modified and improved the Bill.

My right honourable friend (Right Hon. Mr. Meighen) said the other day, and perhaps again this afternoon, that the measure had very few friends. Then he added—if not this afternoon, two or three days ago, when the report came before the House: "Oh, yes, everyone is in favour of regulation except for himself." It was then that I said that such was the state of mind of those representing private interests, and suggested that the Senate of Canada should have a wider horizon. I am not sure, but the impression lingers in my mind that in the debate on the Address the Right Hon. Mr. Bennett congratulated the Minister upon his courage in announcing this legislation.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: Will the Senate of Canada, which stands above the passing prejudices and fears of the people, be more timid than that right honourable gentleman about giving this legislation a chance to be tried? I think it was my honourable friend from Saltecoats (Hon. Mr. Calder) who said that the Government would be well advised to postpone the Bill for a year in order that the situation might be examined into for the purpose of seeing if there was not some other means of attaining the same end. With all due respect to the honourable gentleman, I really believe it would be inadvisable to follow his suggestion, because if the Bill passes—I do not know whether it will pass the Commons or not—two or three years would be required in order to give it a fair test.

Right Hon. Mr. GRAHAM: It would not come into operation anyway unless it was proclaimed.

Hon. Mr. DANDURAND: It has been said that to introduce such legislation as this is to run a formidable risk politically. Well, I am somewhat proud of the man who stands up and takes the risk if he believes it is in the interest of Canada to do so. I have more

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than once said to public men who faced a situation the solution of which seemed to be contrary to the popular will, that one should take the risk, for in losing his soul he is saving it.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DANDURAND: I refer to his political soul. So, in view of the efforts made by the Minister of Transport, I suggest that the Senate should do something to cope with the present situation. We are all thoroughly familiar with the danger the railway situation presents. We are aware of the millions that have been put into our railways. We know that we have had to meet a deficit of \$47,000,000 or \$50,000,000 a year. It is suggested that this is a half-hearted attempt to meet the situation and may not produce very much in the way of results; but I believe that if the principle of regulation is a good one we should ask the Commons to pass upon it.

I recognize the right of the Senate to express its opinion even upon a Government bill initiated here. I believe that party feelings and party advantage should and do play a very small part in this Chamber. It has been my effort to examine each bill or proposal that has come before us upon its merit. I believe there is merit in this Bill. I do not know how it will work, but I have confidence in the Railway Board, which is our guarantee for the future, and in view of the situation ahead I move the third reading of the Bill.

Hon. Mr. McMEANS: Would the honourable gentleman permit a question? I ask it with the greatest deference, and not for the purpose of getting him to express an opinion. Will he assert on his responsibility as a senator of Canada that if clause 4 of this Bill passes there will be no increase in freight rates from Fort William?

Hon. Mr. DANDURAND: My answer has been in express terms that no ship that is in the trade to-day will be refused a licence; so we may be assured that we shall have as many ships as we had yesterday. As to the future, I am not a prophet, but I say that the present Government, and the next, will be very careful of the interests of Canada and of the Western Provinces.

Some Hon. SENATORS: Question!

The motion for the third reading was negatived on the following division:

OLD AGE PENSIONS BILL

SECOND READING

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Hon. Mr. CALDER: Honourable senators, I have been asked by the right honourable leader on this side of the House (Right Hon. Mr. Meighen) to state that he was paired with the honourable leader on the other side (Hon. Mr. Dandurand) and that if he had been present and voted he would have voted against the motion.

Hon. Mr. MULLINS: Honourable senators, I was paired with the honourable member from North York (Hon. Sir Allen Aylesworth). Had I voted I should have voted against the motion.

Hon. Mr. GORDON: Honourable members, I was paired with the honourable senator from Victoria (Hon. Mr. Tobin). Otherwise I should have voted against the motion.

Hon. Mr. RAINVILLE: Honourable senators, I was paired with the honourable gentleman from Montarville (Hon. Mr. Beaubien). Otherwise I should have voted against the motion.

Hon. RAOUL DANDURAND moved the second reading of Bill 42, an Act to amend the Old Age Pensions Act.

He said: Honourable senators, the object of this Bill is to amend the Old Age Pensions Act to provide for the payment of pensions to blind persons who fulfil the conditions laid down in the measure.

I feel sure that every member of this House approves the granting of pensions to blind persons at an age earlier than 70 years, and that it is not necessary for me to speak at length in support of the motion. The position of those who suffer from physical handicaps of any kind has always made a strong appeal to public sympathy. This is especially so in the case of persons who are blind, because blindness, in addition to being a personal tragedy, is differentiated from other physical defects by its very serious economic consequences. Blind persons are no doubt able to produce work of a high quality in certain occupations, but on the whole it is difficult for them to attain the speed or efficiency which is possible for sighted persons, and their capacity for self-support is in most cases greatly diminished. I am not, however, attempting to stimulate interest in or arouse sympathy for the blind, because I assume that such sympathy and interest already exist in this House and in the country and that all that is necessary for me to do is to outline the Government's proposals to alleviate the lot of the blind who are in distress.

The Bill provides for the payment of pensions to the blind by means of amendment to the Old Age Pensions Act. The effect of this is that the provincial pension authorities and the machinery now set up for the administration of old age pensions will be utilized for the payment of pensions to the blind. Before pensions can be paid to the blind in any province it will be necessary for that province to enter into a new agreement with the Dominion for the payment of pensions to the aged and the blind in accordance with the Old Age Pensions Act as amended by the new Bill. If the Government of a province has not authority to enter into such an agreement with the Dominion for the payment of pensions to the blind, it will be necessary for the province to pass appropriate legislation. The applications for pensions will thus be made to the provincial pension authorities, who will grant or reject them in accordance with the provisions of our Act and regulations

and who will pay the amount of the pensions granted. The Dominion, as in the case of old age pensions, will pay to the province three-quarters of the amount paid by the province in respect of such pensions.

There are many definitions of blindness, and some of them vary considerably. Even in the same countries the definitions are different, depending upon whether they have reference to census enumeration, education, pensions, and so on. After careful consideration of many definitions it has been decided that the English definition is the most satisfactory for a Bill providing for the payment of pensions to the blind. By the Blind Persons Act, 1920, of the United Kingdom, a blind person means a person who is so blind as to be unable to perform any work for which eyesight is essential. It is recognized that this is a general definition and that it is still necessary to express what it means in terms which can be applied by medical examiners. In England the Minister of Health has set out the criteria to be adopted for the purpose of determining whether or not an applicant for a pension satisfies the definition of blindness laid down in the English Act.

We propose to take power in our Act to interpret the definition of blindness by regulation. Whether or not the regulations which are framed will follow the English practice will depend to some extent on the advice which the Government receives from the best authorities on this subject whom it is able to consult. I think it is important to point out, however, that in the definition which we are adopting the test is not whether the person is unable to pursue his ordinary occupation, or any particular occupation, but whether he is too blind to perform any work for which eyesight is essential; and that only visual conditions will be taken into account, other bodily or mental infirmities being disregarded.

The Government proposes the age of 40 years as the minimum age at which pensions will be payable to blind persons. It is recognized that any age which may be fixed is bound to be more or less arbitrary and to cause injustices in particular cases. In fixing the minimum age at 40 the Government has proceeded on the principle that up to this age blind persons as a general rule are fit for a course of vocational training and may be subsequently employed. It is realized that many blind persons of more than 40 years may also be trained for successful employment, but the experience in other countries, and especially in England, appears to be that in the greater number of cases it is not possible to train persons over the age

Hon. Mr. DANDURAND.

of 40 to earn a livelihood. The English Blind Persons Act fixes the minimum age at 50, but as a result of the report of a commission presided over by Lord Blanesburgh the age is, I understand, being reduced to 40 years.

It is proposed that the maximum pension to a blind person, whether married or unmarried, shall be \$240 a year, which is the same as the maximum pension payable to a person who has attained the age of 70 years. The Bill recognizes by permissible income on a more generous scale, however, that the cost of living for blind persons is higher than for sighted persons. The permissible income for an unmarried person or a widow or widower without children is \$200 a year, and the permissible income for a married person or a widow or widower with children is \$400 a year. With respect to old age pensions the permissible income in all cases is \$125 a year and no distinction is made between married and unmarried persons. The justification for the increase in the permissible income over the old age pension provision is the higher cost of living for blind persons and the desire to encourage such persons to support themselves and their families by augmenting their pensions by earnings.

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

#### CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on the Bill.

Hon. Mr. Murdock in the Chair.

Hon. Mr. DANDURAND: Mr. Chairman, I do not think it will be necessary to go through the Bill clause by clause. The right honourable leader on the other side has perused the Bill and sees no objection to it; on the contrary, he has expressed his adhesion to the principle. I will simply ask my honourable friend from Westmorland (Hon. Mr. Copp) to move an amendment.

Hon. Mr. COPP: I move the following amendment:

That subsection 3 of section 8A, as enacted by section 3 of the Bill, be amended by adding thereto at the end thereof the following as paragraph (c):

(c) In the case of a person married to a blind person receiving a pension under this section, by the amount of the income of the pensioner in excess of two hundred dollars a year.

Hon. Mr. CANTLEY: What is the reason for the amendment?

Hon. Mr. DANDURAND: In the Bill as it now stands a married blind person may receive a pension of \$240 a year and may have in addition a permissible income of \$400, as compared with a permissible income of \$200 allowed to a single blind pensioner. The double allowance was intended to take into account the married pensioner's obligation to contribute to the support of a family. However, under the present provisions of the Bill, two blind persons if married to each other would be allowed a total income of \$1,280; each would receive a pension of \$240 and each might have a permissible income of \$400. This is felt to be too generous, and the amendment provides that in the case of a person married to another blind person, each receiving a pension under the Act, the maximum permissible income in each case should be \$200.

Hon. Mr. CANTLEY: Is that a good reason?

Hon. Mr. DANDURAND: I think it is.

Hon. Mr. DONNELLY: The amendment would apply to a blind person already receiving an old age pension; but the honourable leader on the other side referred to the case of one blind person marrying another.

The CHAIRMAN: I think if the subsection is read in its amended form it will explain the situation.

8A. (2) Notwithstanding the provisions of subsection one of section nine of this Act the maximum pension payable to a blind person shall be two hundred and forty dollars yearly: Provided that in the case of a blind person, who, after the coming into force of this section, marries a person so blind as to be unable to perform any work for which eyesight is essential, the maximum pension payable shall be one hundred and twenty dollars yearly.

(3) The pensions payable under the provisions of the last preceding subsection shall be subject to reduction as follows:

(a) in the case of an unmarried person or a widower without a child or children or a widow without a child or children, by the amount of the income of the pensioner in excess of two hundred dollars a year;

(b) in the case of a married person or a widower with a child or children or a widow with a child or children, by the amount of the income of the pensioner in excess of four hundred dollars a year.

Now comes the proposed amendment:

(c) In the case of a person married to a blind person receiving a pension under this section, by the amount of the income of the pensioner in excess of two hundred dollars a year.

The amendment was agreed to.

The Bill as amended was reported, and the amendment was concurred in.

### THIRD READING

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

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

### PRIVATE BILLS

#### SECOND READINGS

Bill K2, an Act respecting Premier Trust Company.—Hon. Mr. Little.

Bill L2, an Act to incorporate The Mercantile Fire Insurance Company.—Hon. Mr. Lacasse.

### DIVORCE BILLS

#### FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill N2, an Act for the relief of Muriel Beatrice Brown Gray.

Bill O2, an Act for the relief of Joseph Gédéon Emilien Tanguay.

Bill P2, an Act for the relief of Mabel Marjorie Powter Johnston.

### EASTER ADJOURNMENT

Hon. Mr. DANDURAND: Honourable senators will have noticed that there is no further public legislation before us. It is not likely we shall receive any from the House of Commons until after Easter. So it is with no qualms of conscience I move that when the Senate adjourns this evening it do stand adjourned until Tuesday, March 30, at 8 p.m.

The motion was agreed to.

The Senate adjourned until Tuesday, March 30, at 8 p.m.

## THE SENATE

Tuesday, March 30, 1937.

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

Prayers and routine proceedings.

### CANADA-UNITED STATES INCOME TAX CONVENTION

#### RESOLUTION OF APPROVAL

The Hon. the SPEAKER: Honourable members, a message has been received from the House of Commons in the following words:

Resolved that a message be sent to the Senate to inform Their Honours that this House has adopted a resolution approving of a convention made between Canada and the United States of America concerning the rates of income tax, signed at Washington, December 30, 1936; and requesting that Their Honours unite with this House in the approval of the said resolution.

Hon. RAOUL DANDURAND: Honourable senators, this matter of the regulation of the income tax to be collected from residents of Canada who have stocks or interests in the United States, and from residents of the United States who have stocks in Canada, is familiar to us all, as it has been pending for a number of years.

The resolution reads:

That it is expedient that the Houses of Parliament do approve of the convention entered into at Washington on the thirtieth day of December, 1936, by the Government of Canada and the Government of the United States of America, concerning rates of income tax upon non-resident individuals and corporations, and that this House do approve of the same.

The convention begins as follows:

Convention between Canada and the United States of America concerning rates of income tax imposed upon non-resident individuals and corporations. Signed at Washington, December 30, 1936.

The Government of Canada and the Government of the United States of America, being desirous of concluding a reciprocal convention concerning rates of income tax imposed upon non-resident individuals and corporations, have agreed as follows:

Article I: The high contracting parties mutually agree that the income taxation imposed in the two States shall be subject to the following reciprocal provisions.

I might perhaps dispense with reading the terms of the convention and simply state its purport and effect. The United States imposed a tax of ten per cent upon incomes of Canadians derived from the holding of stocks in the United States; the Canadian Government collected five per cent on incomes derived by Americans from the holding of stocks in Canada. The collection of the ten per cent by the United States Government not only was hard upon Canadians who held securities in the United States, but it affected the Canadian treasury as well, inasmuch as the ten per cent deduction in the United States left less income from which the Canadian Government collected tax. Under this convention the United States have in effect agreed to reduce their impost from ten per cent to five per cent, thus bringing about an absolute parity as between the two countries.

The Hon. the SPEAKER.

I might read the whole convention, or might spend half an hour in explaining its workings, but I shall content myself with saying that under it Canada stands to gain by reason of the fact that her nationals will no longer be obliged to pay ten per cent to the American Government while Americans pay only five per cent on their holdings in this country.

With this summary statement I move the adoption of this convention.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am very glad the convention has been entered into. For a considerable time Canadian investors in American securities have been subject to a levy of ten per cent by the United States Government, and in estimating their income tax payable to their own Government they deducted this amount; so the real loser was the Government of Canada. A reverse provision prevailed in this country, but the rate payable in Canada was only five per cent. It is certainly well that some arrangement has been reached which equalizes the tax.

There are only two comments I wish to make. First, if my memory is correct, the new convention is effective as and from the 1st of January, 1936. Already since that date vast sums have been deducted through the ten per cent tax imposed by the United States Government upon Canadian holders of American securities, and there is nothing in the convention with respect to the return of the excess of five per cent. However, it is inconceivable that the United States Government will not deem it their duty to direct the return of that money. Otherwise that term of the convention is worthless.

The other comment I wish to make is this. The convention contains a clause providing for the violation of the agreement. It does not use those words, but it says that either of the parties may depart from the convention. In that event the only remedy the other party has is to depart from it also; so one may have considerable doubt as to the permanency of the arrangement. If the American Government were to start again next month to collect ten per cent, our only remedy would be to pass a new law authorizing the collection of ten per cent on our part; but I fancy considerations which restrained us from doing that before would likely restrain us again. Even though many of us on this side of the line do not look for anything very lasting in an arrangement of that kind, the agreement is worth adopting.

Of course this tax, which will be five per cent as long as the agreement is in effect, is not of the same character at all as other taxes which the United States Government have imposed, and of which there is no counterpart on this side. It is a most preposterous thing that the Canadian holder of a security in a Canadian company should be taxed in the United States simply because the security was bought, say, on the New York exchange and was afterwards sold there at a profit.

Hon. Mr. DANDURAND: I thought they had suspended their action—

Right Hon. Mr. MEIGHEN: They did suspend it, and started again. Whether or not it is suspended at this minute I do not know. Letters still keep coming in. I can think of nothing that is more calculated to destroy the friendship between the two countries than a tax of that kind.

The tax under consideration is a tax of a different stamp, and even though the Government could get nothing of a permanent nature I am glad it got as much as it could, and I congratulate the Canadian Minister.

Hon. Mr. DANDURAND: As the arrangement comes into effect as of the 1st of January, 1936, I surmise that those who are called upon to pay under the new convention will be able to arrange with the United States Government for the deduction of whatever has been paid over and above the five per cent, and that there will be an equalization.

As to the abandonment or denunciation of the present convention, what my right honourable friend has said is very true. If the convention contained a proviso stating that it was to remain in effect for three years we should feel that there was a certain security. However, I am convinced that under the present administration the convention will continue until the end of the term of the President of the United States, who is practising the "good neighbour" policy.

I move the adoption of the resolution.

Hon. C. MacARTHUR: I should like to ask the right honourable leader on the other side of the House (Right Hon. Mr. Meighen) whether he thinks the collection of taxes from Canadian investors who have bought or sold on the New York exchange is practicable. The Canadian investor does not make any return to the American Government. I have heard it said that there is very little in the contention put forward by the right honourable gentleman. Does he think the brokers in New York are going to show all the transactions with Canadians?

Right Hon. Mr. MEIGHEN: Very substantial sums have been paid under suggestions—I had almost said threats—of various kinds. The American Government, in respect of those claims, is in this position: it can impound the securities which a Canadian holds in an American company, and further, can refuse the right of sale on American exchanges. These powers have had the effect of inducing quite a number of Canadians, companies as well as individuals, to adopt the view that perhaps they had better pay and get clear as best they could.

Hon. Mr. MacARTHUR: Many do not pay.

The motion was agreed to.

#### MESSAGE TO COMMONS

Hon. Mr. DANDURAND moved:

That a message be sent to the House of Commons to acquaint that House that the Senate doth unite with the House of Commons in the approval of the convention entered into at Washington on the 30th day of December, 1936, by the Government of Canada and the Government of the United States of America, concerning rates of income tax upon non-resident individuals and corporations.

The motion was agreed to.

#### CANADA-UNITED STATES SOCKEYE SALMON FISHERIES CONVENTION

##### RESOLUTION TO APPROVE UNDERSTANDINGS

The Hon. the SPEAKER: Honourable members, a message has been received from the House of Commons in the following words:

That a message be sent to the Senate informing Their Honours that this House has adopted a resolution approving of the provisions of the convention between Canada and the United States of America for the protection, preservation and extension of the sockeye salmon fisheries in the Fraser River system, signed at Washington, May 26, 1930 (attached hereto), being administered upon the understandings set forth in said resolution, and requesting that Their Honours will unite with this House in the approval of the said resolution.

When shall this message be taken into consideration?

Hon. RAOUL DANDURAND: With leave of the Senate I move that the message be considered now.

The motion was agreed to.

Hon. Mr. DANDURAND: Honourable senators, the resolution reads as follows:

Resolved,—That, in connection with the exchange of ratifications of the convention between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries in the Fraser River

system, signed at Washington on the 26th May, 1930, it is expedient that the Houses of Parliament do approve of a declaration being made on the part of Canada to the effect that the provisions of the convention may be administered upon the following understandings:

(1) That the International Pacific Salmon Fisheries Commission shall have no power to authorize any type of fishing gear contrary to the laws of the State of Washington or the Dominion of Canada;

(2) That the commission shall not promulgate or enforce regulations until the scientific investigations provided for in the convention have been made, covering two cycles of sockeye salmon runs, or eight years; and

(3) That the commission shall set up an advisory committee composed of five persons from each country who shall be representatives of the various branches of the industry (purse seine, gill net, troll, sport fishing, and one other), which advisory committee shall be invited to all non-executive meetings of the commission and shall be given full opportunity to examine and to be heard on all proposed orders, regulations or recommendations;

and that this House do approve of the same; provided that nothing in this resolution contained shall be deemed to prevent the Governor in Council from exercising at any time any authority in him vested to make effective orders or regulations duly adopted by the said commission.

Honourable senators will notice that these understandings, which were added to the convention when it was adopted by the Senate of the United States, give the impression that the regulations cannot come into force until eight years from the time when the convention was adopted or ratified. That may be so. Yet it is hoped that if the commission is at last set up it may be able, before the eight years have expired, to arrive at some resolutions or conclusions by which the Governments of the United States and of Canada will abide. I know that to quite a number of Canadians it appears to be an unsatisfactory state of affairs that after waiting seven years we should have to wait eight years more. However, the Government believes that this is a step forward and one which will have to be taken, and that since we have waited seven years for ratification of the convention by the United States we may feel it is opportune and wise to adopt the understandings which I have just read. As I have said, it is hoped that eight years may not pass before some decisions are arrived at or some regulations proposed which will make the convention effective.

Right Hon. ARTHUR MEIGHEN: I understand the Government is desirous, for adequate reasons, that the resolution be adopted tonight. Otherwise I should have liked to see the matter laid over until the honourable senator from New Westminster (Hon. Mr. Taylor) was in his seat. As everyone knows,

Hon. Mr. DANDURAND:

he has given a great deal of attention and time to the whole subject of sockeye salmon production and control, and this session has had on the Order Paper a series of questions, to which I believe answers were recently given.

As the honourable leader of the House has intimated, the United States and Canada have been trying for a long term of years to settle on some method of preserving and protecting the sockeye salmon fisheries. Depredations that were going on had the effect of reducing the supply to a small fraction of its former abundance. Negotiations which had lasted for years were concluded in the early part of 1930, when representatives of the two countries arrived at terms embodied in the present convention. This convention, of course, had to receive assent by the United States, and though possibly assent by the Parliament of Canada was not legally necessary there was, according to our practice, a submission to us as well. Opinion was expressed at that time that before Parliament gave its approval it would be better to wait for assent by the American Senate. That course was not taken because, if my memory is correct, there was assurance, considered to be dependable, that that assent would be given. However, disappointment followed—for by no means the first time. The Senate failed to approve, and year after year has passed without any control at all being exercised over the fisheries. Evils of the former state of affairs simply continued, until recently the American Senate at last adopted the convention, subject to the three understandings, as they are described. They are really reservations.

In my judgment these reservations virtually cancel the treaty. What do they provide? They provide, first of all, that no regulations shall be agreed upon by the two countries' representatives under the terms of the convention until a sufficient time has passed to enable two runs of sockeye salmon to come and go. As we all are aware, two runs require eight years.

Hon. Mr. DANDURAND: That is so.

Right Hon. Mr. MEIGHEN: And am I correct in saying that the treaty has only fifteen years to run from the date of ratification?

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: So there would be only seven years left after the first regulations could be promulgated. Well, that is pretty serious. There will be another eight years without any control at all, and then there will remain a period of only seven years in which the treaty can have effect.

But that is not the worst reservation. Another one is that when regulations do come to be made, any having to do with the type of fishing net to be used cannot become effective if they conflict with the law of either the State of Washington or of the appropriate jurisdiction in Canada. What does that mean? If I understand English, here is what it means. Suppose that after eight years have passed the commissioners decide that a certain size of net is required so that young sockeye salmon may escape and propagate and this industry may be preserved. Then if it is found that that type of net is not in conformity with the law of the State of Washington, that state's law must prevail. What kind of treaty is that? It just means that after eight years have elapsed, after a study has been completed and the commissioners are in a position to promulgate regulations, any regulations in respect of this very vital matter of providing for escapement of sockeye salmon from nets will in reality be subject to approval by the State of Washington.

Hon. Mr. HARDY: And the Dominion of Canada.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. HARDY: The regulations have to be in conformity with the laws of Canada as well as of the State of Washington.

Right Hon. Mr. MEIGHEN: Yes, but that does not help a bit. It is really just the same as if only the State of Washington were mentioned, because regulations will have to comply with the law of that state.

Hon. Mr. HARDY: Quite right.

Right Hon. Mr. MEIGHEN: The third provision is one which I cannot regard so seriously, although I know that in some quarters it is seriously regarded. Nothing can be done except after consultation with an advisory committee of five members from each country. I do not think their approval is specified as necessary, but they must be consulted. Well, honourable members can feel sure that this consultation will mean further delay, if nothing worse. However, I set that third qualification or modification or reservation or understanding, or whatever you like to call it, to one side. These first two reservations simply mean the United States Senate has ratified on condition that the treaty is to have no effect. That is where we have arrived.

I do not know of any objection to approving this. Perhaps it is worth trying. The honourable leader of the Government (Hon. Mr. Dandurand) says that it is at least a

step forward. But it is a step so molecular that you would need a high-powered instrument to see it.

Hon. Mr. LYNCH-STANTON: Are we not rather silly to pass the resolution at all?

Right Hon. Mr. MEIGHEN: I do not know. I would not be opposed to the passing of it.

Hon. Mr. DANDURAND: To one who is not familiar with conditions on the Pacific coast there is a fact which appears very extraordinary. Under the convention a great asset, a natural resource, is to be shared in equally by the United States and Canada—

Right Hon. Mr. MEIGHEN: Although the source of the salmon is Canadian.

Hon. Mr. DANDURAND: —although the source of the salmon is the Fraser river. But when the salmon go to sea, not only do they fall prey to United States fishermen, but they may also fall prey to fishermen from Japan. I cannot understand why the United States of America and the Dominion of Canada should not do their level best to maintain and preserve for both countries that great asset—

Hon. Mr. LYNCH-STANTON: But they do not.

Hon. Mr. DANDURAND: —of which, under the convention, they are joint beneficiaries. While I recognize the force of my right honourable friend's statement, I would point out that perhaps after a commission has surveyed the ground it may be able so to stir up public opinion in both countries as to bring about better conditions. I move the adoption of the resolution.

Hon. G. H. BARNARD: Honourable senators, in view of the remarks of the right honourable leader on this side of the House (Right Hon. Mr. Meighen), I do not propose, as I had intended, to suggest adjournment of the debate to give the honourable senator from New Westminster (Hon. Mr. Taylor) an opportunity of discussing the matter. We have been given to understand that for some reason the Government is anxious that the treaty should be ratified at once.

It is a little difficult to see the need for such hurry. The original treaty was ratified by this Parliament some seven or eight years ago, and it was only after some years of discussion that the United States Government decided to make any overtures at all in connection with the matter.

In my judgment the people of British Columbia are not likely to receive this treaty

with any loud acclaim. The whole trouble has been with the State of Washington. Apparently those in control of the fishing industry in that state have been so eager to make money quickly that they have altogether lost sight of the advantage of conserving the fishery out of which they are making their money. Many persons with expert knowledge of the sockeye salmon have come to the conclusion that it would be better for the people of British Columbia to exhaust the fishery and get what they can out of it. They have absolutely no confidence that the people of the State of Washington will "play ball"—that they will try to conserve the industry.

However, this Government has taken the responsibility of asking for ratification of the treaty, in the hope that something beneficial may result. What that benefit may be it is hard to say. There is a request for an eight-year investigation. Why, experts have been investigating the sockeye salmon fishery for the last thirty years. I doubt very much whether the proposed commission will be able to add to our present knowledge after eight more years of investigation. But our Government says the ratification of this treaty will lead to the setting up of a commission which may do something to conserve the fishery. Well, the responsibility is on the Government, and I see no reason why it should be relieved of that responsibility.

For these reasons I shall not oppose the resolution. At the same time I would remind honourable members that we in British Columbia expect few beneficial results from the treaty. I am inclined to think that eight years from now we shall find ourselves virtually in the same position as we are in to-day.

Hon. H. H. HORSEY: Honourable senators, it may be that after the Canadian and American commissioners have conducted their investigation for two or three years they will reach a unanimous decision, and then the matter could be reopened. I think that in another place it was suggested that that course would be followed, and that the American Government would be so advised.

In 1930 the Americans had by far the larger part of the catch: I think they had roughly about two-thirds as against Canada's one-third. But last year, I understand, the positions were reversed. So if the object of the convention is to bring about approximate equality of catch by limiting the fishing in different parts, and so on, it would seem that the Americans would have good reason before long to make some move in that regard.

It is disappointing, especially to our Government, that these understandings or modifica-

tions or reservations—whatever they may be termed—in administration of the treaty should seem to hold up the matter for another seven or eight years. But, to me, it is unthinkable that we should, as suggested by the honourable member from Victoria (Hon. Mr. Barnard), consider destruction of the spawning beds of the sockeye salmon, and consequent destruction of the whole fishing industry. No doubt certain conditions in the State of Washington are creating considerable trouble, but I understand that a large majority of the fishermen on the Pacific coast are in favour of the proposed arrangement, and it seems to be the only forward step that we can make at the present moment.

Hon. Mr. BARNARD: Does the honourable member mean the fishermen on the Canadian or on the American side?

Hon. Mr. HORSEY: The fishermen on the Canadian side. Therefore I think it would be unwise for us to reject the treaty.

Hon. Mr. BARNARD: I may point out to the honourable gentleman who has just taken his seat (Hon. Mr. Horsey) that the depletion of the sockeye salmon fishery was brought about by the fishermen of the State of Washington, their indiscriminate use of fish traps resulting in a frightful waste of immature fish. They have for the time being abandoned the use of fish traps, but there is nothing in this treaty to prevent their resorting to that method again to-morrow.

Hon. Mr. HORSEY: The Americans have discontinued the use of fish traps for the present, but the Canadians are using four or five.

Hon. Mr. BARNARD: The honourable gentleman would not make that statement if he understood the actual conditions.

Hon. Mr. HORSEY: Perhaps not.

Hon. Mr. BARNARD: There is no relation between the fish traps used on the lower end of Vancouver Island and the fish traps which the Americans operated off the mouth of the river. I do not wish to be rude to the honourable gentleman, but I must say he betrays his ignorance of the local situation.

The Hon. the SPEAKER: It is moved by Hon. Mr. Dandurand, seconded by Right Hon. Mr. Graham, that it be resolved that, in connection with the exchange of ratifications of the convention between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries in the Fraser River system, signed at Washington on the 26th May, 1930, it is expedient that the Houses of Parliament do approve

Hon. Mr. BARNARD.

of a declaration being made on the part of Canada to the effect that the provisions of the convention may be administered upon the understandings set forth in the said convention. Is it your pleasure, honourable members, to adopt the motion?

Hon. Mr. BARNARD: On division.

The motion was agreed to, on division.

Hon. Mr. DANDURAND moved:

That a message be sent to the House of Commons to acquaint that House that the Senate doth unite with the House of Commons in the approval of the provisions of the convention between Canada and the United States of America for the protection, preservation and extension of the sockeye salmon fisheries in the Fraser River system, signed at Washington, May 26, 1930, being administered upon the understanding set forth in said resolution.

The motion was agreed to.

## UNITED KINGDOM TRADE AGREEMENT BILL

### FIRST READING

A message was received from the House of Commons with Bill 79, an Act respecting a certain Trade Agreement between Canada and the United Kingdom.

The Bill was read the first time.

### SECOND READING

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

He said: Honourable members, I would ask leave of the Senate to move the second reading of this Bill now. It contains the trade agreement modifying and extending the Ottawa convention of 1932. The agreement has not been amended in the other Chamber, and I am under the impression that no honourable senator would now desire to make any change.

May I give this concise explanation of the agreement? It is to come into force at a date to be agreed upon, and is to remain in force until August 20, 1940, and thereafter, subject to six months' notice by either Government. Reductions in duty on United Kingdom products became effective at midnight February 25, when article 9 and schedule E of the 1932 agreement were, by agreement with the Government of the United Kingdom, replaced by articles 6, 7 and 8 and schedules IV and V of the new agreement.

These are the advantages secured by Canada:

(a) Continuance of unrestricted free entry for all products except those which had been reserved under the 1932 agreement.

(b) Guarantee of margins of preference on scheduled list, including lumber, canned salmon, apples, dairy produce, tobacco and patent leather.

(c) Reductions in rate on natural silk stockings, and guarantee against any increase in duty on motor cars and parts.

(d) Assurance of opportunity for expansion of bacon and ham exports to annual maximum of 280,000,000 pounds.

(e) Safeguarding of exports of cattle and meat within framework of United Kingdom programme for regulation of meat supplies.

The advantages secured by the United Kingdom are as follows:

(a) Reduction in the Canadian customs duties on commodities under 179 tariff items. These include reduced rates, or free entry, on textiles, including those of wool, cotton, silk and artificial silk, as well as on clothing and wearing apparel, knitted goods of all kinds, blankets and carpets; on glass tableware and cut glass; on various primary forms of iron and steel, and on a wide range of processed steel goods, including machinery, vacuum cleaners and sewing machines, enamelled ware and electrical goods; on leather and leather products; on boots and shoes; on numerous paper products; and on paints and varnishes, earthenware, canned fish, soaps, brushes and silverware.

(b) Guarantee against upward revision of existing British preferential rates on commodities dutiable under 246 items of the Canadian Tariff. These bound rates may be reduced, but cannot be increased during the term of the agreement.

(c) Guarantee that margins of preference in favour of United Kingdom goods under 91 items of the Canadian Tariff shall not be reduced. Except as regards certain primary steel products (enumerated under 23 tariff items), this commitment to maintain fixed margins in favour of United Kingdom goods relates almost entirely to products not of a class or kind made in Canada. Important commodities upon which fixed margins are covenanted include various chemicals, vegetable oils, window and plate glass, printing presses, diesel engines, X-ray apparatus, cotton yarns for mercerizing, linen fabrics, anthracite coal, wide steel plate, tin-plate, galvanized sheets, black steel sheets for galvanizing or tinning, steel wire and finished structural steel.

Of course, when there is a reduction of duties on certain items, the industries concerned fear that they may be prejudiced; but I do not think any Canadian industries will be adversely affected by this convention. We all know that the Ottawa convention did not give British industries the openings in our markets that

they hoped to have; while we on our side considerably improved our position in the British market. It is recognized that no trade agreement can be arrived at without mutual concessions, and I am under the impression that in Great Britain as well as in Canada the agreement generally has been well received. It has been in operation since the budget speech was delivered, and I have yet to hear of any dissatisfaction with its operation.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I have always been a profound admirer of what are known now as the Ottawa agreements. I can say that with all the more emphasis because, although a member of the Government, I had absolutely nothing to do with their negotiation myself. They are, in my judgment, the best achievement for this Dominion that has been effected for many a decade.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: The achievement of 1932 was a tremendous thing. It was the great starting point of recovery from the depression. I do not want to modify my language a whit in expressing true and earnest appreciation of the great thing that was done at that time. Besides being great in itself, it inaugurated a policy of mutual preference. It adopted and embedded in our system a new principle, and it has contributed tremendously not only to the rehabilitation of trade within the Empire, but to the strength of the bonds of the Empire itself.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: Now, even though at this time we did not feel friendly to the variations made in the treaty and embedded in the arrangement before us for approval, this House would certainly be very chary about defeating the measure. Certainly we would not amend it. But the variations are not such as even to challenge our contention. The Bill is a sufficiently faithful photograph of the measure of 1932 to warrant everyone in this House, of whatever party, supporting it. There are a few chiselings here and there. There is just a little touching up around the eyes and the mouth, but if you stand six feet away you cannot tell this measure from the one passed in 1932; and we approve it with all the more alacrity because we stand in the shadow of what might have been. For four years we stood and shivered under the threat of cancellation of treaties, of a new Government wiping them off the slate. Having escaped that fate, we are rejoiced at having them revived in this form, and are almost inclined to praise the

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changes, though on the merits I do not think they are an improvement at all. I thoroughly support the measure, and would have supported it had I been in the other House, but in essence it is nothing more than Parliament's approval—four years after—of what was done in 1932.

Hon. Mr. DANDURAND: I do not intend to lessen in the slightest the pleasure of my right honourable friend in reviewing this measure. I simply desire to say that, commendable as was the action of the Government of which my right honourable friend was an ornament—

Right Hon. Mr. MEIGHEN: Purely an ornament?

Hon. Mr. DANDURAND: In this instance, yes; for the right honourable gentleman himself declared that he had taken no part in the making of the convention.

I desire to remind him of the fact that it was Sir Wilfrid Laurier and Mr. Fielding who first placed on the Statute Book a preference for British goods—to the tune of 33½ per cent—and that all parties had to await the day when the British Parliament would decide to impose duties on foreign goods. It was only after that action had been taken that the Government of Canada was enabled to say: "We have waited all the years from 1897 until now; we have given you a liberal preference; it is time for you to show some appreciation of our action." I mention this simply to show that since 1897 there has been no difference of opinion in Canada as to the advantage that would accrue if Great Britain could give us a preference.

Right Hon. Mr. MEIGHEN: Why did my honourable friend's friends vote against the agreements?

Hon. Mr. DANDURAND: I shall not go into the detail of the reasons why the matter was opposed. I only recall the fact that there have been two trends of thought in Canada, two policies since, I would say, 1878—high duties and lower duties. I have often affirmed that there was no free trade party in Canada. After the Conservative party had declared itself in favour of high protection there was a fair tariff or fair trade policy party. I remember that we went to the people—I think in 1908—with Sir Robert Borden's delightful expression "adequate protection" ringing in our ears—an expression which did not bind him to a high tariff at all. We have been discussing tariffs for a number of years, and I can quite conceive that the suggestion of Mr. Baldwin at the opening of the conference in Ottawa would have been met by the liberal

policy of the fair traders, who did not stand for high tariffs and who would have welcomed reciprocity on a low scale of duties. I confess that I do not recall all the objections raised to the treaty, but I am happy to find that this is a love feast and that the Bill is to pass unanimously.

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

### THIRD READING

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

Right Hon. Mr. MEIGHEN: Honourable members, I am not taking exception to the third reading, but I think it worth adding that I seem to recall the honourable member saying there was not entire satisfaction in England with the results of the last treaty.

Hon. Mr. DANDURAND: I do not think I said that. It may have been in my mind.

Right Hon. Mr. MEIGHEN: I think it was in the mind of the honourable gentleman. Less than a week ago I read an article by the Hon. Mr. Amery in which he gave exact figures as to the increase of British exports to the Dominions, and of Canadian exports to Britain.

Hon. Mr. DANDURAND: I read it.

Right Hon. Mr. MEIGHEN: If there is anything of advantage on the one side or the other, I think it is on the side of England. The percentage in her case was just as great as in ours. There was nothing of the one-sided character which, it was said, was going to give rise to friction between the Motherland and the Dominion. The treaty was pronouncedly and permanently beneficial to both parties to the bargain.

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

### APPROPRIATION BILL NO. 1

#### FIRST READING

A message was received from the House of Commons with Bill 81, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending 31st March, 1938.

The Bill was read the first time.

#### SECOND READING

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

He said: Honourable senators, this Bill provides for the voting of a sum of \$37,395,179.14. Clause 2 says:

2. From and out of the Consolidated Revenue Fund there may be paid and applied a sum not exceeding in the whole thirty-seven million, three hundred and ninety-five thousand, one hundred and seventy-nine dollars and fourteen cents towards defraying the several charges and expenses of the public service, from the first day of April, one thousand nine hundred and thirty-seven, to the thirty-first day of March, one thousand nine hundred and thirty-eight, 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 thirty-first day of March, one thousand nine hundred and thirty-eight, as laid before the House of Commons at the present session of Parliament.

Clause 3 says:

3. From and out of the Consolidated Revenue Fund there may be paid and applied a sum not exceeding in the whole sixteen million, ten thousand, five hundred and fifty-one dollars and seventeen cents towards defraying the several charges and expenses of the public service, from the first day of April, one thousand nine hundred and thirty-seven, to the thirty-first day of March, one thousand nine hundred and thirty-eight, not otherwise provided for, and being one-sixth of the amount of each of the several items to be voted, set forth in the Special Supplementary Estimates for the fiscal year ending the thirty-first day of March, one thousand nine hundred and thirty-eight, as laid before the House of Commons at the present session of Parliament.

As will be seen, Parliament is asked to vote two months' supply.

With the leave of the Senate, I move the second reading of the Bill.

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

### THIRD READING

Hon. Mr. DANDURAND: With leave of the Senate, I move the third reading of the Bill.

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

### CANADIAN NATIONAL RAILWAYS CAPITAL REVISION BILL

#### FIRST READING

A message was received from the House of Commons with Bill 12, an Act to provide for revision of the accounting set-up of the Canadian National Railway System.

The Bill was read the first time.

#### MOTION FOR SECOND READING

Hon. RAOUL DANDURAND: Honourable senators, with the leave of the Senate I would move the second reading of this Bill. The Bill presents various aspects which have been largely discussed in the other House and in the press, and which, I believe, should

be examined by the Committee on Banking and Commerce. Experts of the department and of the Canadian National Railways could then appear and enlighten us as to the advantages to be derived from this legislation. In these circumstances I will refrain from explaining the advantages that the Minister of Transport sees resulting from this legislation.

In moving the second reading now without going into the merits of the Bill, I am not asking the Senate to bind itself to the principle. I only ask for the second reading so that the Bill may go to the Committee on Banking and Commerce as soon as possible.

I understand that in another place there is a desire for early prorogation. The Senate of Canada is perhaps not greatly interested in this desire, and even though some of our members intend to go to the Coronation, I think we should do the best we can to dispose of legislation in a manner creditable to this Chamber.

If there is no objection, I would move the second reading of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, I regret very much that I think it my duty to object to second reading being given to-night without a sufficient explanation to make plain to a person of average intelligence just what this Bill does. Many members of the House are not members of the Banking and Commerce Committee, and at this stage they should have something approaching a clear conception of the purpose and effect of this measure. I know the Bill went through the other House, but there was some objection taken to it. I have studied the measure. I have read a large part of the debate on it, and I have read a good deal of the evidence given before the special committee of the other House, but I must confess that I could not explain the measure to this House. I do not suppose it would be any more difficult to understand than some other things if only those who discuss it would use plain English instead of the accounting jargon they insist upon adopting wherever they may be. If I could help the honourable Minister in explaining it to the House, I would, but I cannot. I venture to say that not 3 per cent of members of the other House understood this measure when passing it. If I voted for second reading now I should be voting in the dark. I do not think it is our duty to vote for something we cannot understand.

Hon. Mr. DANDURAND: I would not insist upon the motion to-night.

Right Hon. Mr. MEIGHEN: I knew the honourable gentleman would not insist. We may read the usual fulminations against the

Hon. Mr. DANDURAND.

Senate: "If you do not pass this Bill, Heaven help you!" These young fellows who write editorials from Ottawa for Toronto papers and have them published as news affect to know what the Bill means, but they know nothing about the real purpose and effect of the measure. I cannot understand it, and I think I am as capable of understanding it as they are. I am not saying the Minister does not know what the Bill means, but after reading his remarks I am unable to say whether he does or not, for he has got into the habit of using the same kind of jargon as accountants use.

I should like if the honourable leader of the House could try between now and to-morrow to get information not as to unimportant details, but as to the main thing that the Bill does. We are told that a whole lot of money which we have put up in the past, some of it voted by Parliament and some not, is being written off. That is said to be gone, but it will appear somewhere in the balance sheet. Some hundreds of millions that we have put up for capital will appear somewhere too. And all this which now is undoubtedly owing by the railroad to the Dominion is to be gathered into a pile, to repose in the lap of some securities trust and to appear in the balance sheet as a proprietor's equity. The Minister of Finance is going to hold, I think, five million shares of the securities trust.

Surely it is not necessary to get things into such shape that it would baffle the ingenuity of an auditor to state what we are doing. All we want to know is: will the result be an honest and faithful picture of the Canadian National? I do not know whether it will or not. There may be those in the other House who do, but I venture to say they are very few. I do not think we ought to pass second reading until we have at least tried to understand the measure.

The motion for second reading was withdrawn.

Hon. Mr. DANDURAND: I move, with leave of the Senate, that the motion for second reading be placed on the Order Paper for to-morrow.

The motion was agreed to.

## PRECIOUS METALS MARKING BILL

### FIRST READING

Bill 2, an Act to amend the Precious Metals Marking Act, 1928.—Hon. Mr. Dandurand.

### SECOND READING

Hon. Mr. DANDURAND: I suggest the second reading be taken on Thursday.

Right Hon. Mr. MEIGHEN: So far as I am concerned, the honourable gentleman can move second reading to-night. I have studied this Bill and do understand it. It is not very important. It simply adds two small classes to the various kinds of plating that come under the provisions of the Act; and it provides against representation of an article in any advertisement or circular by way of description which, if applied to the article itself, would be against the law. There is no reason why second reading should not pass now.

Hon. Mr. DANDURAND: Then, with leave of the Senate, I move second reading now.

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

#### PRIVATE BILL—DIONNE QUINTUPLETS

##### FIRST READING

Bill 19, an Act for the protection of the Dionne Quintuplets.—Right Hon. Mr. Graham.

##### SECOND READING

Right Hon. Mr. GRAHAM moved the second reading of the bill.

He said: Honourable senators, I am glad to sponsor the Bill, though I cannot just see why I am linked with this mass production. The appearance of these little folks has resulted in something new even in legislation. Under Ontario statutes a board of guardians was appointed for the quintuplets and has been acting since their birth. I have read that a large amount of money, somewhere around \$800,000, has been realized by the guardians through the use of the children's names, and so on. It now happens that the Commissioner of Patents at Ottawa has been asked to give them a trade-mark under which a great variety of things may be sold. A number of these things are such that even if they were mentioned some honourable senators would not know what they were. They include a wide range of ladies' and children's underwear, lip sticks, whiskies—

Hon. Mr. DANDURAND: Perfumes.

Right Hon. Mr. GRAHAM: Yes, but of course honourable gentlemen are not so much interested in those as in whiskies. The guardians now ask Parliament to pass legislation to vest the words "Quins," "Quints," "Quintuplets," or any other word or words that might mean the Dionne quintuplets, in the guardians. This Bill has been introduced for the purpose, I think, of preventing any

company from getting control of these words under any trade-mark granted by the Commissioner of Patents.

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

#### REFERRED TO COMMITTEE

On motion of Right Hon. Mr. Graham, the Bill was referred to the Standing Committee on Miscellaneous Private Bills.

#### NATIONAL RAILWAYS AUDITORS BILL FIRST READING

Bill 56, an Act respecting the appointment of Auditors for National Railways.—Hon. Mr. Dandurand.

##### SECOND READING

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

He said: Honourable senators, this Bill concerns the appointment of auditors for the Canadian National Railways by joint resolution of the Senate and House of Commons. The single clause of the Bill reads:

Notwithstanding the provisions of section thirteen of The Canadian National-Canadian Pacific Act, 1933, chapter thirty-three of the statutes of 1933, as enacted by section three of chapter twenty-five of the statutes of 1936, respecting the appointment of auditors by joint resolution of the Senate and House of Commons, George A. Touche and Company, of the cities of Toronto and Montreal, chartered accountants, are appointed as independent auditors for the year 1937, to make a continuous audit under the provisions of the said section, of the accounts of National Railways as defined in the said Act.

We passed a similar Bill last session and, I think, every session for some years back.

Hon. Mr. COTE: Are the auditors mentioned in this Bill the gentlemen who are responsible for Bill 12, which we had before us to-night?

Hon. Mr. DANDURAND: I could not say. I will answer my honourable friend to-morrow. If I am not mistaken, these auditors recommended to the Government once a new set-up of Canadian National finances.

Right Hon. Mr. MEIGHEN: I hope I may not be considered impertinent if I suggest we try to avoid that word "set-up." It is an awful word to use in the statutes.

Right Hon. Mr. GRAHAM: It is, I agree. But many business men find it is a convenient term to use. I do not know just what they mean by it.

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

THIRD READING

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

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

FOREIGN ENLISTMENT BILL

FIRST READING

Bill 23, an Act respecting Foreign Enlistment.—Hon. Mr. Dandurand.

ORDER FOR SECOND READING

Hon. Mr. DANDURAND: Honourable senators, with leave I move that the motion for second reading be placed on the Order Paper for to-morrow.

Right Hon. Mr. MEIGHEN: I am quite in favour of the motion and I have no objection to the Bill. But I suggest that there will be some amendments needed. I think there should be a definition of "friendly foreign state," and that parts of the measure should be modified to comply with that definition. A friendly state is, of course, a state which is at peace with our country, and that is so defined.

Hon. Mr. DANDURAND: My attention had not been drawn to that feature of the Bill. I should be inclined to think that there could be but two classes of nations: those with whom we are at peace and those with whom we are not at peace. I shall examine into the Bill and see what the term "friendly foreign state" means.

Hon. Mr. CASGRAIN: I think this is an appropriate occasion to point out that we were not a party to the Lausanne Treaty that King George made with Turkey. We would not have anything to do with that, if I remember rightly. So we are not friendly with the Turks at present. They do not know that we are still at war with them, I suppose, and I doubt whether many people in Canada know it.

Hon. Mr. BARNARD: I would suggest that the honourable leader of the House come armed with information to-morrow as to the extent of the evil which the Bill seeks to cure.

Hon. Mr. DANDURAND: I shall try to obtain that information. And I may say for the benefit of my honourable friend to my left (Hon. Mr. Casgrain) that I believe it has been clearly shown we are at peace with Turkey.

Right Hon. Mr. MEIGHEN: By the Treaty of Sèvres, which has been more or less disregarded. We signed it, but we declined to have any part in it afterwards.

Right Hon. Mr. GRAHAM.

Hon. Mr. DANDURAND: As to obligations arising from it?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: We did not sign it; we were not there.

Right Hon. Mr. MEIGHEN: Oh, yes. The Treaty of Sèvres was ratified by the Parliament of Canada on the motion of the present Prime Minister.

Hon. Mr. DANDURAND: I thought my right honourable friend was alluding to the Treaty of Lausanne.

Right Hon. Mr. GRAHAM: Preventive medicine is more effective than curative medicine.

The motion was agreed to.

CANADIAN NATIONAL RAILWAYS FINANCING BILL

FIRST READING

Bill 73, an Act to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred by the Canadian National Railways during the calendar year 1937, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railways.—Hon. Mr. Dandurand.

SECOND READING

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

He said: By the Bill power is given the Canadian National Railway Company to issue securities for expenditures on account of:

(a) Retirement of maturing capital obligations, miscellaneous maturing or matured notes and other obligations, secured or unsecured, and payment of sinking funds, not exceeding \$7,114,000;

(b) Additions and betterments including co-ordinations and acquisition of real or personal property, not exceeding \$23,607,700, estimated as follows:

General additions and betterments. . . . .	\$11,289,999
Less: Equipment retirements.	7,389,999
	<hr/>
Acquisition of securities. . .	3,900,000
New equipment purchases. . .	561,000
	<hr/>
	19,396,700
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	\$23,857,700
Less: Available from working capital. . . . .	250,000
	<hr/>
	\$23,607,700
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It is provided that for such purposes the aggregate principal amount at any one time outstanding of the securities which by the Bill the National Company is authorized to issue from time to time shall not exceed the sum of \$30,721,700, being the total of the items therein set out.

The Minister of Finance may make loans for refunding and capital expenditures.

The National Company may aid in any manner any other of the companies, and may for its own requirements and also for the requirements of any other of the companies from time to time apply the proceeds of any issue of securities in meeting authorized expenditures on its own account or on account of any other of those companies.

Then follow the form and terms and method of the guarantee.

Right Hon. ARTHUR MEIGHEN: Honourable members, the Bill contains nothing very unusual—that is, to those of us who are accustomed to seeing this form of bill year after year.

This Bill, however, does something more than I have been able to gather from the explanation given by the honourable leader of the Government (Hon. Mr. Dandurand). It provides that the Canadian National may issue its securities for the refunding of capital expenditures and, as well, that the Minister of Finance may make loans to the Canadian National direct for refunding and capital expenditures. It also provides that the Canadian National, having received the money—whether from the proceeds of its own bonds or direct from the Government, which borrows the money for the purpose of lending it—may distribute it among the company's subsidiaries and itself according to need. The Bill provides further that the Governor in Council, in respect of any moneys which the Canadian National raises by way of bond issue, may guarantee the bonds, and may determine as to the character of the guarantee, the terms, and so forth. The proceeds are to go to the Minister of Finance in trust for distribution in the usual way.

I do not doubt at all that the Bill must be passed. But if I have properly appreciated the other Bill which we had under discussion for a few minutes to-night, establishing a new balance sheet for the Canadian National Railways, I think it would be well for honourable members to keep in mind that if we advance the money it will no longer be an obligation of the Canadian National Railways to us. It will be found by anyone who is able to locate some securities trust, and will appear in the balance

sheet under the title of a proprietor's equity, and yet look for all the world like a distributable surplus!

Right Hon. Mr. GRAHAM: It will not be.

Right Hon. Mr. MEIGHEN: No.

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

### NATIONAL PARKS BILL

#### FIRST READING

Bill 75, an Act respecting the establishment of a National Park in the Province of New Brunswick and to amend The Nova Scotia and Prince Edward Island National Parks Act, 1936.—Hon. Mr. Dandurand.

### OTTAWA AGREEMENT BILL

#### FIRST READING

Bill 76, an Act to authorize an agreement between His Majesty the King and the Corporation of the City of Ottawa.—Hon. Mr. Dandurand.

### FISHERIES RESEARCH BOARD BILL

#### FIRST READING

A message was received from the House of Commons with Bill 77, an Act to repeal the Biological Board Act and to create The Fisheries Research Board of Canada.

The Bill was read the first time.

Hon. Mr. DANDURAND: Second reading on Thursday.

Hon. Mr. BALLANTYNE: Would the honourable leader be good enough to tell us something about this Bill?

Right Hon. Mr. MEIGHEN: The honourable member wishes to have some indication of the purpose of the Bill. A bill was passed in 1930 to establish a Biological Board for the purpose of conducting certain investigations. This Bill repeals that measure, and replaces the Biological Board with a Fisheries Research Board, to be differently constituted. Of the fifteen members of the new board two are to be appointed by the Government from the Department of Fisheries, two are to represent the fishing industry on the Atlantic coast, and two others the fishing industry on the Pacific coast, and the universities are to have certain representation. The board is to make researches in the fishing industry. Its members are to receive no salaries for their services, but are to be paid for travelling and other expenses. The chairman and the secretary, if not officers of the department, are to be remunerated as the Minister may

approve. I was impressed by the powers given to the Minister, some of which, it seemed to me, should be reserved for the Governor in Council.

Hon. Mr. DANDURAND: Second reading on Thursday.

#### FARMERS' CREDITORS ARRANGEMENT ACT—ADMINISTRATION IN PRINCE EDWARD ISLAND

##### ORDER FOR RETURN

Hon. C. MacARTHUR (for Hon. Mr. Hughes) moved:

That an order of the Senate do issue for a return showing copies of all letters, telegrams and other documents received or sent by the Government, or any member or official thereof, in connection with the administration of the Farmers' Creditors Arrangement Act in the province of Prince Edward Island.

The motion was agreed to.

#### DIVORCE BILLS

##### SECOND READINGS

On motion of Hon. Mr. Robinson, for Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill N2, an Act for the relief of Muriel Beatrice Brown Gray.

Bill O2, an Act for the relief of Joseph Gédéon Emilien Tanguay.

Bill P2, an Act for the relief of Mabel Marjorie Powter Johnston.

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

### THE SENATE

Wednesday, March 31, 1937.

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

Prayers and routine proceedings.

#### THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Right Honourable Sir Lyman P. Duff, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 5.45 p.m. for the purpose of giving the Royal Assent to certain Bills.

Right Hon. Mr. MEIGHEN.

#### PRIVATE BILLS

##### REPORT OF COMMITTEE

Hon. Mr. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill K2, an Act respecting The Premier Trust Company.

##### THIRD READING

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

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

Hon. Mr. LITTLE: With leave of the Senate, I move that third reading be given now. In view of the haste which is being made in the other House, I should like to get this Bill passed here and sent over in time for reference to the Private Bills Committee of that House.

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

##### REPORT OF COMMITTEE

Hon. Mr. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill L2, an Act to incorporate The Mercantile Fire Insurance Company.

He said: Honourable senators, this Bill has been considered by the committee, which reports the same with a number of amendments. For information of honourable members who are not on that committee I may say these amendments do not particularly affect the intent or nature of the Bill. Nevertheless, since they are numerous, I would suggest that third reading be not taken until at least another day.

The Hon. the SPEAKER: When shall this report be taken into consideration?

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

#### RIGHT HONOURABLE SENATOR GRAHAM

##### BIRTHDAY FELICITATIONS

Before the Orders of the Day:

Hon. CAIRINE WILSON: Honourable senators, my leader (Hon. Mr. Dandurand) has given me a very pleasant duty. In this he has been extraordinarily generous towards the minority in this House. But, of course, he could not have selected any one from among the majority, any honourable gentleman, because there would have been serious resentment by all other members of that majority. We are all united in congratulating our very distinguished member the right honourable senator from Eganville (Right Hon. Mr.

Graham) upon his birthday. I was told to speak from my heart and not to prepare a speech. However, as no time was allowed me, preparation was out of the question; and possibly it is just as well that that is so, because I might have seriously encroached upon the time of the Senate had I prepared a speech to extol the merits of the right honourable gentleman.

Some Hon. SENATORS: Hear, hear.

Hon. Mrs. WILSON: I should like to endorse a statement contained in a letter which I received this morning from the honourable senator from Halifax (Hon. Mr. Dennis). He said he considered himself very fortunate in that his birthday fell upon the same day as that of our best loved Canadian citizen. I think we all echo the sentiment expressed and hope that the Right Hon. George P. Graham may be with the Senate for many years to come.

Some Hon. SENATORS: Hear, hear.

Hon. IVA CAMPBELL FALLIS: I feel highly honoured to have been asked to follow my colleague (Hon. Mrs. Wilson) who has just extended the good wishes of the House to the right honourable senator from Eganville. I esteem it a privilege on behalf of those who sit on this side of His Honour the Speaker to express our felicitations. I should like more particularly to speak on behalf of the Conservative women of Canada, for we all know that the right honourable gentleman is beloved by the women of this Dominion. And may I add that I am no exception to the rule. While it is easy for the honourable senator from Rockcliffe (Hon. Mrs. Wilson) to express her feelings from the fulness of her heart—this might well be expected from an honourable member on the Liberal side of the House, if one may use such a distinction—I think it is something unique in the annals of this House that a member on the so-called Opposition side can truthfully say that during all the long years the right honourable gentleman from Eganville has occupied a conspicuous place in the public life of this country he has been beloved by those who have opposed him as well as by those who have supported him politically. The Good Book says, "Woe unto you, when all men shall speak well of you," but I am sure the warning does not apply in this case.

Right Hon. Mr. GRAHAM: It did not say women.

Hon. Mrs. FALLIS: That is quite right. So, as all women to-day are speaking well of my right honourable friend, I am sure he is quite safe. I can only add that we on this

side of the House hope that the right honourable gentleman will long be spared to give us the inspiration of his genial smile as we come into this Chamber.

Hon. RAOUL DANDURAND: I think that we mere men should insist on obtaining from the Right Hon. George P. Graham his recipe, since he is now always counting backwards.

Right Hon. GEORGE P. GRAHAM: Honourable members, there are occasions when in addressing this House we just say "honourable gentlemen." To-day, however, I might properly say "honourable ladies," to the exclusion of honourable gentlemen. I almost felt like quoting Scripture on this occasion, but the women anticipated me. I can see reasons why women should love my honourable leader here (Hon. Mr. Dandurand); but as for me, I am looking backward at him. In a word, he is, I think, a little mixed in stating that I am always counting backwards.

I appreciate more than you might imagine that one can live a long time and get along reasonably well with his fellow citizens of both political persuasions. Why men—and women, too, now—cannot engage in the duties of public life in a strenuous way and still retain their respect for one another I never could understand, though I admit that it is harder to do so in certain cases than in others. A lively discussion is quite proper, but when a man loses his temper in discussing public affairs he loses just so much influence, for there is nothing more upsetting than a political dog-fight.

Now, why honourable senators and others should continue to wish that I stay on earth longer I do not know. I shall have to look to the lady senators for an explanation. I do not think that in raising this question I can get much encouragement from my honourable leader (Hon. Mr. Dandurand). There is such a thing as living too long.

Some Hon. SENATORS: No, no.

Right Hon. Mr. GRAHAM: But I have no idea of wanting to quit yet, particularly since I am in the Senate.

But, to be serious, there is something enticing about public life. It gets to be a disease—a very agreeable disease if nurtured properly—and we who have carried on for a great many years can look back to it with a great deal of pleasure, and even, I think it is safe to say, to the scraps we have had, for as far as I have observed they do not leave any bitterness. While I do not like open warfare, which sometimes is a bit disgraceful in its tendencies, I think a little pep now and then is good for sluggishness; and while I am beyond

the pep stage I encourage young fellows like my leader (Hon. Mr. Dandurand) to throw themselves a bit.

I want to thank you all from the bottom of my heart. I trust that your wish may be gratified and that I may encumber the earth for a few years longer. Some of my happiest days—and perhaps without intruding I might say nights—have been spent in the Senate and in association with senators. I do not think I need particularize any further. We have had a changed atmosphere in this Chamber since the coming, first, of Senator Wilson, and then of Senator Fallis. Now that they have taken their places it is entirely natural that to them should be given the duty of speaking on the most important subject to come before the Senate.

Some Hon. SENATORS: Hear, hear.

#### APPROPRIATION BILL No. 2

##### FIRST READING

A message was received from the House of Commons with Bill 82, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending 31st March, 1937.

The Bill was read the first time.

##### SECOND READING

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

He said: Honourable senators, this is Appropriation Bill No. 2. It provides for the payment of a sum not exceeding in the whole \$40,903,880 towards defraying the several charges and expenses of the public service, from the 1st day of April, 1936, to the 31st day of March, 1937, not otherwise provided for, set forth in the schedule of the Bill. The schedule indicates the amounts to be paid, based on further supplementary estimates. The amount hereby granted is the total of the items in the estimates as contained in the schedule. Honourable members will notice that this is for supplementary estimates covering expenditure up to this date, the 31st of March, 1937.

With this short explanation I move the second reading of the Bill.

Right Hon. Mr. MEIGHEN: I was struck, indeed horrified, when the figure of forty odd million dollars was given by the honourable leader of the Government (Hon. Mr. Dandurand) as the amount of supplementary estimates for the year closing to-day.

Hon. Mr. CASGRAIN: And no election in sight.

Right Hon. Mr. GRAHAM.

Right Hon. Mr. MEIGHEN: And, as the honourable senator says, no election in sight.

Hon. Mr. DANDURAND: Perhaps my right honourable friend will find the principal items when running through the list.

Right Hon. Mr. MEIGHEN: I am running through the list right now. It is only within the last few seconds that the Bill has been placed in my hands. Forty millions is an appalling amount to come as supplementary estimates for a year which is now virtually closed. I used to become utterly discouraged, even under other governments, at the freedom with which these tremendous sums were requested. Now, when we are seeking to get into something more like a balanced position, the submission of a figure of this size almost makes one throw up one's hands and ask, "What is the use?" I find, for example, on page 7, under Governor General's warrants, one item of \$7,300,000, another of \$4,940,000, and so on; an aggregate there of \$12,540,000. I am mentioning these items not because I think they were unnecessary, for apparently they were for relief—no, not altogether, I see, but the larger part of this sum was for relief, while part of it was for other purposes.

I wonder what thoughts are running through the minds of honourable senators opposite. The previous Administration, knowing that the extent of visitations of Providence, or even of relief demands alone, could not be accurately forecast, asked Parliament for authority to take care of these situations as and when they arose. And what cries were raised throughout the country and in Parliament—not in this House, particularly—about defiance of the rights of Parliament by blank cheque legislation! Yet Parliament, of its own free will, simply gave to the Government authority to take care of necessities. That procedure was described as autocracy, usurpation of power and an assault upon our Constitution. But what method is employed by this Government, whose head is the man who chiefly made those charges? This Administration says, "We will not ask Parliament for authority at all, but when needs arise we shall look after them by Governor General's warrants, without authority of Parliament." Plainly and truthfully, the doctrine set up is this: it is a defiance of the rights of Parliament to act in pursuance of a statute, but it is full compliance with and obedience to the rights of Parliament to act without any statute whatever. That is exactly the way this Government has acted.

Would it not be a little better, a little more parliamentary, and show a little more

regard for the rights of Parliament, to have money voted and authority given before the Government acts? One would think so; one would think that the duty of every Government was along that line. But instead of that the attitude of the present Administration is: "We will not ask for authority at all. We will just go ahead and make expenditures." Yet the Administration is made up of the very people who were pleading for the so-called rights of Parliament just a few months before. What awful hypocrisy this is! I know the honourable leader (Hon. Mr. Dandurand) realizes it is that. I do not find fault with a Government for meeting an emergency by Governor General's warrant; sometimes that has to be done; but these are emergency requirements for relief, the very things for which there should have been authority, probably a blank authority.

Hon. Mr. DANDURAND: But if it were an emergency—

Right Hon. Mr. MEIGHEN: It is relief.

Hon. Mr. DANDURAND: —even relief, and money had not been voted—

Right Hon. Mr. MEIGHEN: Why not ask to have it voted? Why criticize a Government which did ask for authority?

Hon. Mr. DANDURAND: The amount voted for the current year was found to be insufficient.

Right Hon. Mr. MEIGHEN: Then this Government should have had authority of Parliament to go beyond the amount, as the previous Government had. The present Government did not get such authority, because its members had insincerely argued before that if you did not fix the exact amount when you got authority you were defying Parliament. That is the only reason. They should have had authority of Parliament to spend whatever amount was necessary, but they obtained no authority, just went ahead and spent the money. Then they say, "Behold! Look upon us, the angels of constitutional government."

It is pretty hard to analyse a Bill like this in a few seconds. I notice one item here of \$17,959,000, which is "the Dominion's contribution to a programme of adjusting the indebtedness of farmers living in the drought area of Saskatchewan." That, I presume, was—

Hon. Mr. DANDURAND: An emergency.

Hon. Mr. MURDOCK: Obligations authorized between 1931 and 1935.

Right Hon. Mr. MEIGHEN: Not authorized, were they?

Hon. Mr. MURDOCK: Read at the bottom.

Right Hon. Mr. MEIGHEN: Perhaps they were. But under the authority of what Acts? It is impossible for anyone to attempt even to outline to the House the exact authority, if there was any. I am disposed to think it is quite proper that this item should be here. But, with respect to relief expenditures, the other course would have been better. If there should be any reason to take exception to these, that could be done later. I have no objection to the second reading, with the third reading postponed until to-morrow.

Hon. Mr. DANDURAND: We have been informed that the deputy of the Governor General will be here this afternoon to give the Royal Assent.

Right Hon. Mr. MEIGHEN: I do not like voting for something that I have not had time to study or even to read attentively. Could third reading be postponed for half an hour?

Hon. Mr. DANDURAND: Oh, yes. We might pass second reading now and postpone third reading for, say, an hour, or until my honourable friend from Lunenburg (Hon. Mr. Duff) has been heard on the naval question.

Right Hon. Mr. MEIGHEN: We hope he will be more than an hour.

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

#### THIRD READING

Hon. Mr. DANDURAND: I would move to put this Bill down for third reading later this afternoon. We may take it up when convenient.

Hon. Mr. BLACK: Honourable senators, I should like to ask the leader of the House if it is necessary to have this Bill read a third time to-day. It is not often that I make objection to the rapid passing of a bill, but I should like to go through this one, as I am satisfied other honourable members would, and I have not yet had an opportunity of even seeing it. Copies have certainly not come through the mail to us. We should not pass legislation without knowing what it is, simply because the House of Commons wants it put through at once.

Hon. Mr. DANDURAND: As my honourable friend knows, supply bills generally reach this Chamber during the last hour preceding prorogation. Unless there is in such a Bill

something which would justify rejection of the measure, the Senate says Amen to the action of the House of Commons, which has the principal control of the public purse. The present Bill covers expenditures for the year ending to-day. I think it is quite proper that before we start another fiscal year, as we shall to-morrow, we should have this Bill passed.

I am quite sure that my honourable friend has enough confidence in the members on both sides of the House of Commons to abide by their judgment. The measure was passed there in fifteen minutes, after but a brief inquiry or statement made by the right honourable leader of the Opposition, I think, suggesting that the Government had followed a course which apparently had been denounced by the Liberal party when it was in opposition. That was all. I am quite sure that if my honourable friend were to ponder over the Bill for a week he would agree it should pass. Perhaps he would settle with his conscience by saying, "On division," but I doubt whether he would make even that reservation.

Hon. Mr. BLACK: My objection is not at all on the ground suggested by the honourable leader. We are continually receiving bills, at opportune and inopportune times, with the request to put them through without consideration. This is a special type of bill, and I agree with what the honourable gentleman has said about it, but that does not affect the principle which I am urging should be maintained, that this House should receive legislation in time to give honourable members an opportunity of considering it. We should not be expected to vote blindly on any matter. I am not questioning the bona fides of any item of the Bill, but am objecting to our being asked to pass the measure before we have had an opportunity of even seeing it.

Hon. Mr. DANDURAND: I may say, if the Senate will allow me, that I have been a member of this Chamber for more than thirty-nine years. On a good many occasions in that period the Senate has protested vehemently against receiving the Supply Bill within perhaps an hour or half an hour of the time announced for the arrival of His Excellency and the giving of the Royal Assent. Of course the Senate has a right to say it will not pass any bill after such a brief consideration, and that it will take a day or a week to discuss it, if necessary, but it has always happened that the Supply Bill was put through before the bell rang to call in honourable members to meet His Excellency. I have heard more than thirty times the same objection which is now being raised.

Hon. Mr. DANDURAND.

Hon. Mr. BLACK: I have heard the honourable gentleman make the same objection himself, with regard to almost the same type of bill.

Hon. Mr. CASGRAIN: The objection was not sustained, though.

Right Hon. ARTHUR MEIGHEN: I have run through the Bill now. I do not think the honourable senator from Parkdale (Hon. Mr. Murdock) is right. In what is by far the largest item of all there is nothing based on any previous legislation. No authority was given for it at all. It appears to amount to this. The Dominion is writing down, really cancelling, debts incurred by the province of Manitoba in respect of adjustment of indebtedness of those farmers who had to be moved from drought areas, to the extent of the comparatively small sum of \$804,897; and the Dominion is doing similarly with respect to the province of Saskatchewan, but to the extent of \$17,959,606.51, the limitation being that the sum is not to exceed in the aggregate the amount the Dominion has advanced to the province by way of loans for relief. We can make up our minds that the whole sum will be contributed, even to the 51 cents. The reason I call special attention to it is that, the amounts being so gigantic, surely some question of policy is involved. I do not know just why the Bill went through the Commons as it did.

Hon. Mr. DANDURAND: May I interrupt my right honourable friend to say this? My memory now allows me to state that the principal criticism—if it may be so termed—made by the right honourable Leader of the Opposition in the House of Commons was that Alberta had not received the same treatment as that given to Saskatchewan. That was the main criticism from the other side, if criticism may be inferred. The answer of the honourable Minister of Finance was that Alberta had not asked for the same treatment.

Right Hon. Mr. MEIGHEN: Alberta would not need any Social Credit if she got an amount approximating what Saskatchewan is getting; she would be in good shape, I should think. We are a long way from the day when the Hon. Edward Blake, I think it was, strongly supported by the Hon. David Mills, took the ground that financial arrangements between each province and the Dominion, as stipulated by the terms of the British North America Act, were part and parcel of the whole Confederation plan and could not be altered by the Dominion Government. For that position both those distinguished men

argued at great length, and indeed never has the position which they then took been found wrong. The Privy Council has held that the balance was permanent and could not be affected by the Dominion or by a province, and that grants beyond those so provided were unconstitutional. Well, in this day and generation there is not much use in contending we have to adhere to that position, for no Administration has ever pretended to adhere to it. The measure of largesse that has gone to this province to-day and to another province yesterday has had no relation whatever to the terms of Confederation, but has been determined merely by the estimate of need or of pressure. But this is the biggest of all; this is a gigantic step. It just means that the Western Provinces are to be relieved of tremendous liability. Perhaps it has to be done, but really I do not like to think the Bill has gone through the other House with very little consideration, and that we have just to endorse it with practically no consideration at all.

While on my feet I cannot help calling attention to two or three items that strike the eye with a bang. I notice among the Governor General's warrants there is an item of \$10,000, additional provision for the High Commissioner's Office in London. It is of course most unreasonable to think that that could have been foreseen. There is another item of \$45,000 to maintain that sacred and immortal Royal Commission on the Textile Industry—and no doubt to pay for the speeches of its counsel. That \$45,000, I hope, will return one-hundredfold—

Hon. Mr. LITTLE: A liquid asset.

Right Hon. Mr. MEIGHEN:—in its results to the suffering taxpayers of Canada.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I do not know whether there are any more royal commissions that we are paying for with Governor General's warrants and have to jam through in the course of two or three minutes.—Yes, there is another Governor General's warrant for the construction of a barn at an experimental farm in Fredericton, New Brunswick. As honourable senators from New Brunswick will realize, the need of that barn became known just overnight.

Hon. Mr. BLACK: It was burned down.

Right Hon. Mr. MEIGHEN: I was right. It could not have been foreseen, and could not wait until the estimate was put through in the proper way. Then there is something for the

Grain Commission inquiry. I think that is the seventh commission doing the same sort of thing, parading about from one place to another, hearing the same evidence, sometimes from different lips, sometimes from the same, supported by counsel at about \$200 a day no doubt, and the emergency was such that we have to provide \$103,000 to keep it going. These items for royal commissions, especially when they are repeating the work of other commissions, are surely items that are pretty hard to justify putting through by Governor General's warrants and submitting to the Senate in the last ten seconds before Royal Assent.

Hon. J. P. B. CASGRAIN: Honourable members, I have always thought it was most unfair to give large amounts to certain provinces, and I may say that I often argued the point with a very well-known lawyer, Mr. Aimé Geoffrion. The right honourable gentleman on the other side (Right Hon. Mr. Meighen) knows that perfectly well. For instance, when we were taking over railways that were being built thousands of miles from New Brunswick, or Prince Edward Island, or Quebec, I said: "Surely that is not fair. How can the Federal Government continue giving away money which, after all, comes out of the pockets of Ontario and Quebec?" What the other provinces put up is not much, for \$80 out of every \$100 of the federal revenue comes from Ontario and Quebec. I defy contradiction of that statement. Mr. Aimé Geoffrion said that the Parliament of Canada had the right to do that and there was no legal remedy that he knew of. If he does not know of any remedy, I do not know who does.

Hon. JAMES MURDOCK: Honourable senators, I think that this is the second time the right honourable leader on the other side (Right Hon. Mr. Meighen) has made reference to the Royal Commission on the Textile Industry. To-day he goes a little further and refers to the fact that in the Bill before us there is an item of \$45,000 additional for the expenses of that commission. The understanding is that the commission has cost the country approximately \$140,000 or \$150,000, with presumably not all the figures in yet. I do not know. But the right honourable leader opposite expressed the hope that the expense would repay 100 per cent. I want to prophesy here and now that to the underprivileged citizens of Canada it will repay more than 100 per cent. Honourable members have a right to ask me how that will be done. We have the answer in the two great provinces of Canada bringing down uniform minimum wage laws—why? In my humble judgment for no other reason than that this royal com-

mission ascertained, or so stated, that certain textile companies with approximately 3,000 employees were paying average yearly wages of between \$230 and \$270 to underprivileged, unfortunate citizens engaged in the industry. So I hopefully and confidently look forward to more than 100 per cent reimbursement as a result of this outlay, so called, of \$140,000. I thought that since the right honourable leader opposite had, as I understood, referred disparagingly to the enormous expense incurred by the Royal Commission on the Textile Industry, it was only fair at the moment to interpose this statement. No doubt a little later a great deal more can and will be said about the whole matter.

Hon. A. K. HUGESSEN: Honourable senators, I have a few words to add to what has been said by the honourable senator from Parkdale (Hon. Mr. Murdock). In a very literal sense the expense of the Textile Commission will be repaid. As a result of the inquiry a number of claims for income taxes, unpaid but collectable, have been made and will be collected from some of the companies concerned, exceeding by far the amount of \$145,000 which the inquiry will cost.

Hon. Mr. MURDOCK: Hear, hear.

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

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

### PRECIOUS METALS MARKING BILL

#### THIRD READING

Bill 2, an Act to amend the Precious Metals Marking Act, 1928.—Hon. Mr. Dandurand.

### CANADIAN NATIONAL RAILWAYS FINANCING BILL

#### THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 73, an Act to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred by the Canadian National Railways during the calendar year 1937, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railways.

He said: I have received a statement from the Deputy Minister of Transport in answer to a remark made by my right honourable friend (Right Hon. Mr. Meighen) in the debate of March 30. It is as follows:

In the Debates of this Senate of March 30, referring to the C.N.R. Financing Bill, Mr. Meighen's statement on page 239 is no doubt based on a misapprehension.

Hon. Mr. MURDOCK,

The items in the Bill were tabled in the House of Commons on March 30, and are available in Hansard, and will be seen to be items of capital expenditure or the refunding of maturing obligations. The Bill authorizes the Canadian National to issue their securities in payment thereof, but it also authorizes the Minister of Finance to make temporary loans to the railway company in advance of the issue of the securities, repayable to the Government out of the proceeds of the Canadian National securities as and when sold, and the full amount of the \$30,000,000, if issued, will appear on the liability side of the balance sheet of the Canadian National, either in the form of funded debt in the hands of the public or as temporary loans from the Government until such time as the Canadian National securities are fully issued. Such items obviously could form no part of the Proprietor's Equity or the Securities Trust.

Right Hon. Mr. MEIGHEN: That is the Bill to authorize advances to the Canadian National. It is not the Recapitalization Bill.

Hon. Mr. DANDURAND: Oh, no.

Hon. Mr. BLACK: I did not clearly catch the explanation of the honourable leader of the House, and I should like to ask if this Bill, No. 73, in any way refers to or is connected with Bill 12.

Hon. Mr. DANDURAND: No, no; it has no connection whatever.

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

### NAVAL AFFAIRS

#### DISCUSSION CONTINUED

The Senate resumed from March 16 the adjourned debate on the question proposed by Hon. Mr. Ballantyne:

That he will call the attention of the Senate to the training of naval cadets and the closing of the Naval College, and also to the sale of the training ship Aurora.

Hon. WILLIAM DUFF: Honourable senators, a few days ago we had the privilege of listening to a most excellent speech by the honourable senator from Alma (Hon. Mr. Ballantyne), a gentleman who during his term as Minister of Naval Affairs had perhaps—and I say this, of course, with due deference to my fellow members—a better opportunity than anybody else in this Chamber or elsewhere of sizing up the situation with regard to naval matters. I am sure we all appreciated the excellent speech which my honourable friend made. While, with his usual modesty, my honourable friend stated only that he would call the attention of the Senate to the training of naval cadets and the closing of the Naval College, I think I am right

in saying it was his intention that we should deal with a matter of most vital importance to this country.

We also had the privilege of hearing three other speeches on this subject. I must apologize to the House for my failure to follow my honourable friend from Alma (Hon. Mr. Ballantyne). This was due to the fact that I lost my voice for a considerable time. I was quite willing to give way to the honourable member from Edmonton (Hon. Mr. Griesbach), of whose brilliant career and record during the War we are all proud, and to the honourable senator from Toronto (Hon. Mr. Macdonell), and the honourable senator from Vancouver (Hon. Mr. McRae), who also had most enviable records. We listened with pleasure to the remarks of these gentlemen while they discussed this important matter.

Now that I have an opportunity of following these distinguished gentlemen I feel that I am placed in a rather embarrassing position because of the fact that I have not had the experience of the honourable senator from Alma (Hon. Mr. Ballantyne), who, as a Privy Councillor of this country, was closely associated with naval matters during a serious time in our history, and because, by reason of my age, I was unable to take any part in the great adventure overseas from 1914 to 1918. Nevertheless, I think this is a time when all of us should do something or say something with regard to naval affairs in this country. In the light of my experience in politics and in business during the last forty years I think that in order to arrive at a proper conclusion I should take honourable members of the Senate back to certain events which occurred in this country in the past.

Perhaps our first venture with respect to the defence of the Empire, which we all love, was made in 1899, when England was compelled to take part in what was known as the Boer War. At that time the people and the Parliament of this country decided that we owed something to Great Britain, and consequently a contingent was sent from Canada to help the Mother Country in her struggle with the Boers in South Africa. A few years later, after several Imperial conferences had been held in London, the Government of the day, in which Sir Frederick Borden was Minister of Militia, introduced into Parliament a measure proposing that we should take over the defence of this country as far as we could; and in 1904 an Act was passed authorizing the upkeep and maintenance of the fortifications at Halifax and Esquimalt and the taking over of the naval dockyards at those two places.

Right Hon. Mr. MEIGHEN: In 1910, was it not?

Hon. Mr. DUFF: The Act that authorized the taking over of the fortifications and the defences on both coasts was passed in 1904.

A few years later, after the British regiments had left this country and Canadian militiamen had taken charge, and subsequent to the Imperial Conference of 1908, it was felt that perhaps Canada should do even more towards defending her own coast-lines and assisting the British Empire. In 1909 Sir George Foster—that great statesman, now dead, who occupied a prominent place in this Chamber for many years—either because of his political acumen or because he had received a hint from somewhere that the then Government intended to do something with regard to the naval defence of this country, moved a resolution in the House of Commons on the 29th of March. Sir George, perhaps one of the most eloquent speakers this country has ever known, and a man who had the interest of the British Empire and of Canada at heart, feeling that it was the duty of all Canadians to stand by the British Empire, moved this resolution:

That in the opinion of this House, in view of her great and varied resources, of her geographical position and national environments, and of that spirit of self-help and self-respect which alone befits a strong and growing people, Canada should no longer delay in assuming her proper share of the responsibility and financial burden incident to the suitable protection of her exposed coast-line and great seaports.

In moving that splendid motion Sir George went on to say:

The first and greatest objection which I have to a fixed money contribution is that it bears the aspect of hiring somebody else to do what we ourselves ought to do; as though a man, the father of a family, in lusty health and strength, should pay his neighbour something per month for looking after the welfare and safety of his home instead of doing that duty himself. That seems to me, when you work it out, to be a basic objection to this form of aid. It goes still further than that. Suppose you contribute this year your sum, and next year your equal sum, and thereafter year after year. After ten or twelve, or twenty, or thirty years, you will have paid out an immense amount of money. You will have been protected in the meantime; but in Canada itself there will be no roots struck, there will be no residue left, there will be no preparation of the soil, or beginning of the growth of the product of defence. Yet some time or other, no one can doubt that with resources and with a population constantly increasing, we must and will have in this country a naval force of our own for our coast and home defence.

These were noble sentiments.

In reply Sir Wilfrid Laurier, who was the leader of his party in this country for many years, and whom I and thousands of others regarded with great respect and adoration, said this:

We are British subjects. Canada is one of the daughter nations of the Empire and we realize to the full the rights and obligations which are involved in that proud title. It has been, it is, it shall be our unalterable determination to meet and to carry out every duty which is implied by the title of "British subject."

May I say that only last week, after a period of thirty years, these sentiments of Sir Wilfrid Laurier were acknowledged in another place in this building. These are the words of a man who during the 1911 election was described in the English-speaking provinces as disloyal to the British Empire, and who in his own province was said to be a traitor to his race and creed. In these days even his opponents admit that he was right.

Sir Wilfrid Laurier went on to say:

Nay, more, not only will Canada fulfil every obligation which is implied by that title, but I think I may make bold to say that we will rise to every sacrifice that may be needed in order to maintain unimpaired the rank and status which is occupied by Canada in the British Empire and the rank and status which is occupied by the British Empire throughout the world.

Then Sir Wilfrid Laurier, after quoting from the report of the Imperial Conference of 1902, said:

The Canadian Ministers who were present attending that conference did not view that project with any favour.

He is referring now to the giving of a contribution to the British Navy.

They received it with respect, but they declined to accept it, and they presented their views in a state paper wherein they stated what they were prepared to do so far as Canada is concerned. Their views thus stated have often been quoted in this House, but I think it is opportune that I should quote them again. This is the statement:

"At present Canadian expenditures for defence services are confined to the military side. The Canadian Government are prepared to consider the naval side of defence as well. On the sea coasts of Canada there is a large number of men admirably qualified to form a naval reserve, and it is hoped that at an early day a system may be devised which will lead to the training of these men and to the making of their services available for defence in time of need."

In conclusion the Ministers repeat that, while the Canadian Government are obliged to dissent from the measures proposed, they fully appreciate the obligation of the Dominion to make expenditures for the purpose of defence in proportion to the increasing population and wealth of the country. They are willing that these expenditures shall be so directed as to relieve the taxpayer of the Mother Country

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from some of the burdens which he now bears; and they have the strongest desire to carry out their defence schemes in co-operation with the Imperial authorities and under the advice of experienced Imperial officers, so far as this is consistent with the principle of local self-government, which has proved so great a factor in the promotion of Imperial unity.

Then, after this matter was discussed, Sir Wilfrid Laurier moved the following resolution:

The House fully recognizes the duty of the people of Canada, as they increase in numbers and wealth, to assume in larger measure the responsibilities of national defence.

The House reaffirms the opinion, repeatedly expressed by representatives of Canada, that under the present constitutional relations between the Mother Country and the self-governing dominions the payment of any stated contribution to the Imperial treasury for naval and military purposes would not, so far as Canada is concerned, be a satisfactory solution of the question of defence.

The House has observed with satisfaction the relief afforded in recent years to the taxpayers of the United Kingdom through the assumption by the Canadian people of considerable military expenditure formerly charged upon the Imperial treasury.

The House will cordially approve of any necessary expenditure designed to promote the organization of a Canadian naval service in co-operation with and in close relation to the Imperial Navy, along the lines suggested by the Admiralty at the last Imperial Conference, and in full sympathy with the view that the naval supremacy of Great Britain is essential to the security of commerce, the safety of the Empire and the peace of the world.

The House expresses its firm conviction that whenever the need arises the Canadian people will be found ready and willing to make any sacrifice that is required to give to the Imperial authorities the most loyal and hearty co-operation in every movement for the maintenance of the integrity and the honour of the Empire.

Now, Sir Wilfrid Laurier was not the only one who expressed these views. Not only Sir George Foster, but also Sir Robert Borden said during the debate that it was necessary that something should be done for the naval defence of this country. While I should like to read part of Sir Wilfrid Laurier's speech, perhaps the resolution is sufficient. So I will content myself with reading what was said by Sir Robert Borden, a Nova Scotian who for many years had taken a great interest in public affairs in this country, and who afterwards was Prime Minister. Here are his words:

I come now to a consideration of the resolution which has been moved by the right honourable the Prime Minister, and I will say that with many portions of it I am in entire sympathy. But I would like to make one or two suggestions to the right honourable gentleman, and I do not make them in any party spirit or in any carping spirit, because if there is one thing more than another that I

would desire it is that the policy of Canada on this great question, and the resolution announcing it, should meet with the absolute and unanimous approval of this Parliament and of the country.

What suggestions I have to make, I make with the sincere desire that we may shape a resolution of which we can all approve and which shall go forth to the world as a ringing declaration that if the mother of nations has to fight the battle of her life, the people of Canada without distinction of party or of creed will stand by her side in that fight. This is too great a question for the introduction of party strategy; it is a question in respect of which we should all rise superior to all party motives, and so I purpose making to my right honourable friend one or two suggestions which I know he will receive in the spirit in which I make them.

The result was that Sir Wilfrid and Sir Robert got together, Sir Wilfrid's resolution was amended and the House unanimously adopted a resolution saying that Canada should take part in the defence not only of her own shores, but also of the British Empire as a whole, and that we should have a navy in this country. Because we had unanimity in this country as to what we should do regarding naval affairs at that time, the Liberal Government, or perhaps the then Minister of Naval Affairs, communicated with Great Britain and she put at our service the cruisers Niobe and Rainbow. The Niobe was a ship which had seen service in the British Navy, yet was still well suited for the purpose of training our young men. She came to this country in 1910 and was stationed at Halifax, while the Rainbow went to the Pacific coast and was stationed at Esquimalt.

The election was over. I do not need to dwell on what happened at that election in 1911. At that time I, like a great many others in this country, was a partisan. I took part in that election as a supporter of the man whom I regard as this country's greatest statesmen, Sir Wilfrid Laurier. I have never been ashamed of the support I gave to my leader then, any more than any member of the other party need be ashamed of the support he gave to his leader. But it is to be regretted, and especially at this time, that that election was not fought on the resolution I have read with regard to the Canadian Navy. Other things came up, with the result that Sir Wilfrid Laurier, a man who had given his life to the public service of the country, was referred to in the English provinces as an enemy of Great Britain, and in his own province of Quebec as a traitor to his race and creed. At that election, for some reason best known to themselves, certain people decided to go back on what they agreed to during the parliamentary discussion in 1909.

Right Hon. Mr. MEIGHEN: Will the honourable gentleman pardon me? I do not doubt for a moment that he is speaking in good faith. But I do want to say this and have it on the record. I took part in that election, in more than one province, and I never at any time heard anything of that nature said with reference to Sir Wilfrid Laurier in any province. It may have been said—no one could say it never was said—but I can say, certainly, that it never was said with the approval of the Conservative leader or of anyone of any importance in the Conservative party.

Hon. Mr. CASGRAIN: "La maudite marine à Laurier."

Hon. Mr. DANDURAND: We can only speak of things as we ourselves know them. I have had occasion more than once to say in this House that the Nationalist movement in the province of Quebec, which carried twenty-five seats by the slogan, "No contribution towards Imperial wars except for the defence of Canada," was conducted under the banner of Mr. Bourassa and Mr. Monk, a lieutenant of Mr. Robert Borden, and financed from A to Z by the Conservative party.

Right Hon. Mr. MEIGHEN: I think the honourable gentleman had better not have made that statement, for he does not know the facts and I do not think he is correct. However, I was not speaking on that point. I rose merely to make the one statement, because I did not think what the honourable gentleman from Lunenburg (Hon. Mr. Duff) was saying was fair to the provinces concerned.

Hon. Mr. DUFF: Of course, I understand that my right honourable friend would not stoop to those tactics.

Hon. Mr. PARENT: What the honourable gentleman from Lunenburg said was surely correct so far as Quebec is concerned.

Hon. Mr. DUFF: And so far as the English-speaking provinces are concerned I know of my own knowledge that because Sir Wilfrid Laurier tried to make an agreement with the United States under which our fish, among other things, could be sent to that country free of duty, he was held up as an enemy to Great Britain; and because he was willing to contribute to the British Navy he was held up in his own province as a traitor. I think perhaps the greatest tribute that was ever paid to Sir Wilfrid Laurier was paid a week ago, when the leader of the great Conservative party of this country was man enough to say,

virtually, that, after all, Sir Wilfrid's programme for the defence of Canada was the right one.

As I was saying, honourable senators, the election was over, and from that time until 1914 nothing was done to extend the naval defence of this country. We had the Niobe in the dockyard at Halifax and the Rainbow at Esquimalt, and when the War broke out in 1914 those ships were tied up at their docks, with the result that there sailed from Montreal a ship called the "Kronprinzessin Cecilie"—

Hon. Mr. BALLANTYNE: I know the honourable gentleman always wants to be fair, and so I may be permitted to point out that the Rainbow, on the Pacific coast, certainly was in commission and was cruising around looking for German cruisers which were in that district at the time. It was not until some years later that the Rainbow was turned into a depot ship.

Hon. Mr. DUFF: I am afraid my honourable friend is not referring to the same date that I am. I was dealing with the situation when the War broke out.

Hon. Mr. BALLANTYNE: That is the period to which I am referring.

Hon. Mr. DUFF: The Rainbow was not in commission, nor was the Niobe. One German ship sailed from Vancouver with \$3,000,000 of gold in her strong box and a cargo for Germany, and the Rainbow was not in position to go out from Victoria.

Hon. Mr. BALLANTYNE: I feel sure my honourable friend will be willing to take my word for it that the Rainbow was in commission at the time, and if he will communicate with the Department of National Defence he will be able to confirm that she remained in commission for a long time after war broke out.

Right Hon. Mr. MEIGHEN: May I draw to the attention of my honourable friend this statement, made in the House of Commons by Sir Wilfrid Laurier on the 19th of August, 1914, fifteen days after the outbreak of war:

We know that one of our battleships on the Pacific has been seeking the enemy, and if she has not yet engaged him it is because the enemy has eluded her pursuit.

Hon. Mr. DUFF: Of course, I am very glad to defer to those who know about this matter. But it is a well-known fact that up to 1914, when the War broke out, Canada had done practically nothing with regard to the naval defence of this country. One of the two ships which we had received from the British Admiralty in 1910 was perhaps in commission

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at Esquimalt, as my honourable friend from Alma (Hon. Mr. Ballantyne) says, but everybody in Nova Scotia knows that the Niobe was not in commission. She was put into commission about a month or six weeks after war broke out, and then had to be brought back to dock again because she was found to be unfit to be kept at sea. I am not endeavouring to be critical in this matter, because I think that perhaps both parties have fallen down as regards the naval defence of this country. If my honourable friend from Alma will wait a moment or two I shall pay him perhaps one of the greatest compliments ever paid to a public man in this country. It is my belief that if he had been taken into the Government in 1911, instead of in 1917, our naval defence would not have been in the condition it was in when war broke out. When my honourable friend took charge, in 1917, he was faced with an extremely difficult situation. While I criticized him in another place, because he happened to be at the time the Minister of Naval Affairs, I want to say to him now that he was not responsible for the condition of our naval defence. That condition was apparently due to the fact that for some reason or other no attempt was made from 1914 to 1917 to provide for our own naval defence, and we had to depend upon the United States and Japan to protect our shores.

Now, honourable senators, we come to the time when the War was over, and when my honourable friend from Alma was still Minister of Naval Affairs. Because of his responsibilities he thought that he should consult the British Government or that it should consult him with regard to the defence of Canada. And in 1920 he read to the House of Commons a memorandum in which he said:

The Government has had under consideration for some time the question of the naval defence of Canada, and the suggestion of Admiral Viscount Jellicoe in reference thereto.

In view of Canada's heavy financial commitments and of the fact that Great Britain has not, as yet, decided on her permanent naval policy, and of the approaching Imperial Conference at which the question of naval defence of the Empire will come up for discussion between the Home Government and the Overseas Dominions, it has been decided to defer in the meantime action in regard to the adoption of a permanent naval policy for Canada.

The Government has decided to carry on the Canadian naval service along pre-war lines—

I presume that meant along Sir Wilfrid's lines.—and has accepted the offer of Great Britain of one light cruiser and two torpedo boat destroyers to take the place of the present obsolete and useless training ships, the Niobe and the Rainbow.

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. DUFF: I agree with that. It goes on:

The Minister of Naval Service, in order to be free to thoroughly reorganize and place the present service on an economical and efficient basis, has issued orders for the demobilization of all officers and naval ratings and for the discontinuance of civilian help at headquarters, and at the naval dockyards in Esquimalt and Halifax. The Canadian officers who are in the Imperial Fleet and who are now being paid by the Canadian Government will be recalled and placed on duty with the Canadian naval service. The Naval College will also be continued.

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. DUFF:

After reorganization has been completed, only those officers and other ratings and civilians will be taken on who are absolutely necessary and possess the qualifications desired.

It may be asked why after 1920 the Government of this country decided that the Naval College should be closed and the splendid ship which my honourable friend had got from the British Government should be scrapped. I am not quite sure that either party should receive any praise with regard to these matters. During the years 1917 to 1920 I made a number of speeches in the House of Commons, in which I expressed the opinion that it was not necessary to spend very much money for naval services, and indeed that we could not afford to spend very much. Yet I do not think that one Government is more to blame, or is deserving of more credit, than the other. The Government which was in power before 1920 scrapped the Niobe and the Rainbow and the submarines CC-1 and CC-2; and when the Liberal party came into power at the end of 1921 it scrapped that splendid cruiser, the Aurora, which my honourable friend from Alma had arranged to get from the British Government. He had arranged to get not only that ship, but also the Patriot and the Patricia, two very excellent cruisers, and the submarines CH-14 and CH-15.

Perhaps the Senate will agree with me that in 1918, after the War was over, when the soldiers had come back from overseas, we felt justified in thinking that we had participated in a war to end war, a war to make the world safe for democracy. This country had made immense sacrifices. We had sent 600,000 men overseas, and 60,000 of them were buried on the fields of Flanders. We had incurred a debt of two billions of dollars and arranged for a pension scheme involving some \$50,000,000. So perhaps it was only reasonable that the Government of which my honourable friend from Alma was a member, and the Government that succeeded it, should

think that it was time "to beat our swords into ploughshares and our spears into pruning hooks." While my honourable friend regrets that the Aurora, that very fine training ship, was scrapped after 1922, and the Naval College was closed, yet I do not think any one party should be blamed, because all of us alike had good reason to hope and feel that there would be no more war in the future.

Now, honourable senators, perhaps it may be well to show here just what naval expenditures we have made for some years back. I have a statement of the figures before me, but instead of reading them all I will ask permission to place them upon Hansard.

STATEMENT OF EXPENDITURES ON NAVAL SERVICES, 1910-1935

Year	Expenditures
1910-11.. . . . .	\$ 1,790,017
1911-12.. . . . .	1,233,456
1912-13.. . . . .	1,085,660
1913-14.. . . . .	579,566
1914-15.. . . . .	512,806
(War)	3,096,125
1915-16.. . . . .	401,722
(War)	3,274,020
1916-17.. . . . .	578,581
(War)	3,806,329
1917-18.. . . . .	398,920
(War)	9,666,229
1918-19.. . . . .	228,728
(War)	13,385,346
1919-20.. . . . .	209,457
(Demobilization)	6,780,905
1920-21.. . . . .	1,999,362
(Demobilization)	239,329
1921-22.. . . . .	2,041,379
(Demobilization)	119,371
1922-23.. . . . .	1,378,927
(War Claims)	764,794
1923-24.. . . . .	1,354,527
(War Claims)	44,284
1924-25.. . . . .	1,399,056
(War Claims)	3,788
1925-26.. . . . .	1,488,908
(War Claims)	2,130
1926-27.. . . . .	1,667,848
(War Claims)	48
1927-28.. . . . .	1,725,195
(War Claims)	2,111
1928-29.. . . . .	1,836,488
(War Claims)	1,061
1929-30.. . . . .	3,013,396
(War Claims)	356
1930-31.. . . . .	3,597,591
(War Claims)	6
1931-32.. . . . .	3,043,201
(War Claims)	309
1932-33.. . . . .	2,167,328
(War Claims)	6
1933-34.. . . . .	2,171,210
(War Claims)	213
1934-35.. . . . .	2,226,439
1935-36.. . . . .	2,380,017.80

Honourable members will observe from these figures that from 1910 to 1935 succeeding administrations evidently felt there was not

much necessity for any great expansion of the Naval Service. I am not criticizing either one party or the other, but, I say, both Houses of Parliament endorsed the naval policy of the Government of the day.

The same remarks apply to appropriations for national defence purposes—Militia, Naval, and Air Services—from the fiscal year 1926-27 up to the present fiscal year, 1937-38. I submit a statement showing these appropriations for each of the fiscal years during that period.

APPROPRIATIONS FOR NATIONAL DEFENCE PURPOSES

Fiscal Year	Militia Services	Naval Services	Air Services (a)	Total
1926-27 . . . . .	9,177,000	1,600,000	2,198,000	12,975,000
1927-28 . . . . .	10,195,394	1,725,000	3,892,233	15,812,627
1928-29 . . . . .	11,065,800	2,725,000	5,042,731	18,833,531
1929-30 . . . . .	11,144,200	3,600,000	5,921,163	20,665,363
1930-31 . . . . .	11,087,800	3,600,000	7,475,700	22,163,500
1931-32 . . . . .	10,232,000	3,375,000	5,322,000	18,929,000
1932-33 . . . . .	8,850,588	2,462,000	1,750,000	13,062,588
1933-34 . . . . .	8,883,484	2,422,000	1,697,000	13,002,484
1934-35 . . . . .	8,882,864	2,222,000	2,262,000	13,366,864
1935-36 . . . . .	10,651,000	2,395,000	4,302,900	17,348,900
1936-37 . . . . .	12,018,926	4,855,500	6,809,215	23,683,641
1937-38 . . . . .	17,850,428	4,486,810	11,752,650	34,089,888

NOTE: (a)—“Air Services” include Civil Aviation and Civil Government Air Operations, except in 1937-38: Civil Aviation is now with Department of Transport.

Honourable members will notice that the appropriations during the fiscal years 1932-33, 1933-34 and 1934-35 were lower than those for the other years. The reason is apparent. During those years we were passing through a grave depression; and, besides, we all felt that there would be no more wars and that there was no reason why we should increase our expenditure on Militia, Naval and Air Services. The increase this year is due to the fact that for several years the Government allowed the supplies, etc., to get to a very low ebb.

But to-day, honourable members, this world is entirely different from what it was several years ago. Then the Great Powers were sick of war; to-day we see several of those powers spending vast sums of money on rearmament in preparation for war. If we were walking up the street and saw a mad dog approaching us, we should run for a gun and shoot that mad dog. It might be expected that everybody in this world, and especially in Europe, would be sick and tired of war, but in the last two or three years certain dictators in Europe have sprung up who apparently are determined, when they think the time is ripe, to provoke war to further their personal ambitions. Therefore I submit that not only Canadians and our fellow subjects in the other parts of the British Empire, but the Anglo-Saxon race as a whole must take cognizance of the fact that we are living in a world very different from what it was between 1920 and 1925. It is our duty, then, as loyal Canadians and loyal subjects of the British Empire, in spite of what we may have said

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in those years with regard to naval defence, to decide what we shall do about the defence of Canada and the Motherland.

With regard to land defence we should not spend one dollar more than is necessary. We shall never be attacked by our neighbour to the south. In fact the United States is more dependent upon Canada than we are upon that country. If Canada or the United States is ever attacked it will be from the sea, and, keeping this in mind, we should seriously consider what is necessary for defence. To-day the Naval Service is being maintained at its former strength of four destroyers and four mine sweepers. Just think of it! We have 7,000 miles of coast-line, including indentures, rivers and bays, from Grand Manan to Hudson Bay, and from Vancouver Island to Alaska, and to defend that extensive coast-line we have but four destroyers and four mine sweepers! Those four destroyers are the Saguenay and Skeena, built for the Canadian Government in 1931, and the St. Laurent and the Fraser, purchased in 1936 from the Imperial Government. In addition to those destroyers we have one mine sweeper, and four new mine sweepers are to be built. A training cruiser is also being built on the Atlantic coast for the more efficient training of naval recruits. This ship is intended to take the place of the Aurora and the Naval College for instructional purposes.

Surely, honourable members, Canada must do more than this. True, we can never afford to make expenditures sufficient to provide for the adequate protection of our own coast-

line. My right honourable friend opposite will perhaps laugh when I repeat a statement I made in another place in 1920, that Canada in case of war would have to depend to a greater or less extent on the Monroe Doctrine.

Hon. Mr. BALLANTYNE: Never!

Hon. Mr. DUFF: Very good. I do not think there is any need for us to blush or to feel inferior on that account. In my opinion it is more important to the United States than even to ourselves that Canada should never be conquered by a European power. The United States could not afford to allow Canada to be invaded. To prevent this the United States would either invoke the Monroe Doctrine or send cruisers to protect our shores as it did in 1917, after the War started. Naturally, no one objected then. Neither was there objection nor embarrassment when the Japanese Government sent cruisers to protect our Pacific coast. Consequently I do not see why any Canadian should feel humiliated by my suggestion that the Monroe Doctrine may help Canada in case of another war. I am willing that we should go the limit in protecting our own coast-line; but I go further, and in this I am backed up by the Marquess of Lothian. Speaking in the House of Lords recently, he stated:

If one could get an extension of the Monroe Doctrine and a combination of the democracies under the Monroe system with the British Commonwealth sufficiently closely integrated so as to be invulnerable and able to stand outside the vortex of a European war, one would create a centre of stability and peace in the world which might exorcize for ever the spectre of another world war.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DUFF: I am glad my right honourable friend approves that statement. So do I.

Right Hon. Mr. MEIGHEN: But we have not that yet.

Hon. Mr. DUFF: What, the Monroe Doctrine?

Right Hon. Mr. MEIGHEN: No; we have not what is asked for there.

Hon. Mr. DUFF: I know we have not; but is it not something we should pray for?

Hon. Mr. BALLANTYNE: No. If Canada is ever in jeopardy the Old Country will defend us, as she has always done in the past. The Hon. Anthony Eden only the other day said—I do not know whether my honourable friend read the statement in the press—that Great Britain's rearmament programme was for the preservation and maintenance not only

of the United Kingdom, but of the Empire as a whole. I admire my honourable friend opposite very much, but I do not agree with him when he says that if this country is in danger at any time we must take cover under the Monroe Doctrine. I say the British authorities will look after us.

Hon. Mr. DUFF: I am sorry if my honourable friend misunderstood me. I did not say we should take cover under the Monroe Doctrine. I think I am as good a Scotchman as he is—and the Scotchman is proud. I should not want anybody to fight for me, any more than my honourable friend would want anybody to fight for him. But I say that, in the first place, as he must realize, in the event of a European war occurring to-morrow we could not expect the British Navy to protect Canada. It could not do so now any more than it could in 1914, simply because with the vast ramifications of the British Empire it is impossible for Great Britain to protect all her colonies and the self-governing Dominions. What is the use of my honourable friend relying on what the Hon. Anthony Eden or anybody else may say? The British Navy cannot protect Canada. We must protect ourselves. Not only so, but we must rely upon our friendly neighbour; not because that friendly neighbour desires to protect us, but because it must protect us in order to protect itself.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: The United States can never allow a hostile power to come in by the back or side door. The United States' line for defence purposes extends from Grand Manan to Belle Isle on the Atlantic and from the Fraser river to Alaska on the Pacific. It does not end at Cape Flattery and Juan de Fuca strait on the Pacific, nor at Grand Manan and the St. Croix river on the Atlantic. I really do not think that my honourable friend and I are very much in disagreement. I am not saying we should expect anything from the United States which is not our due, but I do say it is not fair to expect the Mother Country to protect us if she is ever involved in another European war and the German Government or the Italian Government or some other belligerent power sends submarines to attack our ports and our mercantile marine. I contend that we should defend ourselves as far as we are able.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DUFF: Then, if necessary, we should have no hesitation in calling upon, or expecting help from, the United States. We should not be calling upon our neighbour to

help ourselves alone. The United States well knows that by defending us she is defending herself. Let me remind honourable members that I do not want to humiliate Canada in any views I have expressed about the Monroe Doctrine. President Roosevelt himself, at a Chatauqua meeting last fall, said that the Monroe Doctrine might apply to Canada. Those may not be his exact words, but they epitomize his remarks. He expressed the view that we in this western hemisphere, living together side by side, must not only live peaceably, but must also fight together.

Hon. Mr. HORSEY: If the American nation were attacked by one or two very strong dictator powers and hard pressed, does my honourable friend not think that we should go to the aid of our neighbour?

Hon. Mr. DUFF: I am flat-footed, as you know, but I have three grandchildren and I hope I may have more, and I think my honourable friend's sentiments are excellent. I agree with those who say that the worst mistake on this northern hemisphere was the Boston tea-party. We should be all under one flag from the Gulf of Mexico to Hudson Bay.

Hon. Mr. HORSEY: But we should help them out?

Hon. Mr. DUFF: Yes. But it is more important for the United States to defend Canada than it is for us to defend the United States. It is vital to the United States never to allow a hostile power to get a foothold on Canadian soil.

Hon. Mr. HORSEY: We do not want a foreign power to invade the United States.

Hon. Mr. DUFF: No, nor does the United States want a foreign power to invade Canada.

Hon. Mr. LYNCH-STANTON: That is the policy of the United States Government.

Hon. Mr. DUFF: Yes. Honourable senators, as I have already said, the situation to-day is very different from what it was after the Great War. We all thought then that that War was a war to end all wars; consequently our Government from time to time, whether Conservative or Liberal, did not do very much in regard to naval defence. But in my opinion the time has arrived when we must take a different view. We have a sense of pride—I think my honourable friend from Alma (Hon. Mr. Ballantyne) nods his head—and we feel that, subject to our economic condition, we should do everything within our power to protect our own coast-line. We cannot protect that coast-line with four cruisers and four mine sweepers.

Hon. Mr. BALLANTYNE: Four destroyers.

Hon. Mr. DUFF:

Hon. Mr. DUFF: Yes, four destroyers. We must go further. My only regret is that in the course of his splendid speech on naval affairs my honourable friend from Alma did not make any constructive suggestion. I am going to make good that deficiency, and I think he will agree with what I am about to suggest.

Hon. Mr. BALLANTYNE: Oh, no. I recommended to the Government that it adopt the minimum suggested by Lord Jellicoe, namely, three cruisers, four destroyers and four submarines.

Hon. Mr. DUFF: That is the minimum. I think we should try to arrive at a maximum, so that we all may hold up our heads and feel that we are not depending on any country to protect us against invasion.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: Therefore, honourable senators, I am going to make a concrete proposal as to how this might be done without costing the country very much money. I shall never forget the feeling that prevailed during the time of the trouble in Venezuela, in 1895 or thereabouts, when it was thought that Germany was going to proceed against that country. We were all very much agitated about what might happen if Germany sent cruisers to Venezuela. I shall never forget one night that I landed in Halifax from a schooner. As I was walking up the street I heard singing, and proceeding on my way I met a group of men and noticed that they were sailors from a squadron of British warships that had arrived in Halifax that afternoon. Those fifty or sixty men were being taken down to their boats by a lieutenant, a little fellow of sixteen or eighteen years of age. This was their song:

We don't want to fight, but by Jingo, if we do,  
We've got the ships, we've got the men,  
We've got the money too.

I shall never forget that incident. We in Canada have not got the ships. I suppose we have the money. If we have not, we have the greatest resources of any country in the world—

An Hon. SENATOR: We have credit.

Hon. Mr. DUFF: —and our credit is good. Consequently we need not worry about the money.

Hon. Mr. LAIRD: We have an admiral too.

Hon. Mr. DUFF: Well, we have one. But, honourable senators, if we are ever going to build up a navy we must have ships and men. There is no sense in building ships or buying them from the British Government if we can-

not man them. To-day we have not the men, and we never shall have men unless some system is devised by the Parliament of this country to encourage men to go not only into the navy, but into a practical business that will make them naval ratings.

What did Sir Wilfrid Laurier say in the speech he made in 1909? In discussing Canada's need of a navy he said this:

At present Canadian expenditures for defence services are confined to the military side. The Canadian Government are prepared to consider the naval side of defence as well. On the sea coasts of Canada there is a large number of men admirably qualified to form a naval reserve, and it is hoped that at an early day a system may be devised which will lead to the training of these men and to the making of their services available for defence in time of need.

That is what I am coming to right now. If we are ever going to build up a naval defence system we must have a policy which will provide men for naval defence. And there is only one place to get those men.

Hon. Mr. CASGRAIN: The province of Quebec.

Hon. Mr. DUFF: Surely. We want the boys from the north shore of the St. Lawrence to Red Bay and from the Gaspé coast down to the Bay of Chaleur, as well as the boys from the Maritime Provinces.

In order to build up a navy in this country we must do something—and now I want to talk to my honourable friend the leader of the Government in this Chamber (Hon. Mr. Dandurand), who has had a wealth of experience not only in this Chamber, but in the political and business life of this country. I am going to make a proposal that I hope he will carry to his colleagues in the Government. I am serious in this. I have no political axe to grind. I remember that when my honourable friend from Alma (Hon. Mr. Ballantyne) was Minister of Marine and Fisheries, even though we were opposed politically, he always listened to my views because he knew I was interested in the fisheries of this country. Therefore I say I want my honourable friend the leader of the Government in this Chamber to carry my proposal to the Government. If the Government and the people of this country are serious about naval defence, there is only one source of supply from which men can be secured, namely, the fishermen and the sons of fishermen in all the villages from Grand Manan to Cape North, and up to the St. Lawrence river and around to Belle Isle, and on the Pacific coast from Cape Flattery north to the Naas river.

My right honourable friend (Right Hon. Mr. Meighen) was rather critical, I thought, be-

cause a bill which came before us contained an item for relief. Perhaps he was right. Also, when he was arguing in support of the home improvement plan he spoke of "priming the pump." Well, it is useless to prime the pump unless the strainer is clear and the bilges are free of cotton waste and cinders.

We have spent millions of dollars in the last eight or nine years to relieve unemployment. My suggestion has two things in view. One is to provide permanent employment for thousands of men; the other is to build up a proper background for a Canadian navy. If we can afford to spend millions of dollars on the various items appearing in the supplementary estimates, if we can spend \$5,000,000 on a Bank of Canada building on Sparks street, and another three or four millions on a Supreme Court building—I am not objecting to this if we can do it—surely we can afford to spend money on an industry which is capable of the greatest of development, more especially as at the same time we shall be establishing a naval policy which will be a credit to Canada and will enable us to say that we are not dependent upon Japan, as we were in 1914, or the United States, as we were in 1916 or 1917. While we are willing to accept the co-operation of other countries, let us try to do our bit. I am going to show you where I think this country could spend money in such a way as to bring us millions of dollars of new wealth. My proposal, based entirely on the fact that we must do something to protect the sea coasts of this country, is as follows:

In view of the importance of the fishing industry in waters adjacent to the Atlantic and Pacific coasts of Canada, as well as in the Great Lakes and rivers; and

In view of the fact that this industry is capable of very great development and largely increased production; and

In view of the further fact that such development and production and consequent marketing of the various fish products, not only in Canada, but in the British West Indies and in foreign markets as well, would cause millions of new money to find its way into Canada; and

In view of the further fact that such development and increased production would mean permanent employment—

This is not like the home improvement plan, which will give a few days' work to the plumbers and carpenters. God knows no one has any use for the plumber.

—would mean permanent employment for thousands of fishermen on the sea, as well as employment for thousands of labourers in the different fish processing plants on shore, as well as the stimulation of the shipbuilding and kindred industries:

It is therefore submitted in the interest of the whole of the people of Canada and the economic well-being of the country that the Government should take immediate steps to

vote by Act of Parliament, or in the estimates, a sum of money not less than five million dollars for the purpose of stimulating the above-mentioned industry in the following manner, and in other ways which may suggest themselves to the Government or may be suggested to it by practical business men connected with the industry.

1. That a Bill be introduced in Parliament arranging for loans to fishermen, so they may build boats suitable for shore fishing, or vessels sufficiently large for deep-sea fishing, and also that fishermen may purchase engines or equipment and gear by obtaining said loans, the loans to be secured to the Government by mortgage on the boat, vessel or equipment and by marine insurance, and the amount to be advanced to the fishermen on said security to be from \$100 to a maximum of \$25,000 in each case.

2. Financial encouragement by way of outright gifts or loans to individuals or companies who will be willing to establish cold storage plants, processing and drying establishments, and cold storage for the proper care of bait fish, as well as rooms for cooling and freezing fish, with the understanding that at these points, and wherever assistance is given, the person or firm will guarantee to carry on a fish buying and selling business.

3. That, until such time as the fisheries industry, which suffered perhaps more than any other industry in the past number of years, is rehabilitated, a bounty of \$2 per quintal be paid on dry-salted fish of all kinds, \$1 per one hundred pounds on pickled fish for export, and 25 cents per one hundred pounds on fresh fish.

Where does France get the men for her navy? She gets them from among the fishermen of the country. How does she get those men? For the last fifty years France has paid a bounty of \$2 for every quintal of fish caught. If we are going to build up the naval defences of this country there is only one way we can man our boats, and that is to encourage the fishermen to go fishing for six or more months, thus producing wealth which will help to pay for the navy, and during the rest of the year to train on our ships so that they will be of some use in case of war. If France can do that, we can do it.

There is no doubt that during the last seven years the men engaged in the fishing industry have suffered more than those in any other industry in Canada. They have not complained very much; they took in their belts and held on. If they had enough money in the savings bank to bury them, instead of applying for relief they took the money out of the bank to keep them going, in the hope that conditions would change and times would improve.

One of the difficulties with boats and gear is that they wear out, and if the Government comes to the assistance of everybody else there is no reason, I say, why it should not

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come to the assistance of an industry which is capable of greater development than any other industry in this country. I admire the present Government and the late Government for the steps they took to rehabilitate the farmers in the dry areas of the West. They will get good value for every cent of money spent on that work. The same can be said of the fisheries of Canada. If the Government will vote money and lend it for the purchase or construction of boats, millions of dollars of new wealth will come into the country. In addition we shall have some people who will take an interest in our naval affairs.

My proposal continues:

4. That a bounty or an amount equal to \$1 per hoghead on salt be paid or remitted to the fishermen.

5. That the cost of living to the fishermen and the cost of gear and equipment, etc., for their boats and vessels, be reduced by lowering of tariffs and removal of restrictions on goods required by the fishermen, coming in from other countries where the products of the fisheries are now marketed; also that the Government, in order to encourage outside countries, make the necessary arrangements so that the products of said countries used in Canada are admitted to this Dominion at the lowest possible rate of duty; and also remove dumping duties, regulations, etc.

6. That an organization consisting of business men who are interested in the industry, and of fishermen, be established for the purpose of enlarging the home and foreign markets.

7. That the Department of Fisheries be reorganized, both in the inside and outside services, so that the officials appointed to the different positions in the department will have a knowledge of the industry, the efficiency of the said department will be thereby increased, and that department will have a capable staff, able to appreciate the difficulties of the situation and recommend to the head of the department remedial measures which will be beneficial to the industry.

Now, I do not say the Government should make gifts to the fishermen of this country, but if it can see its way clear to adopt this policy it should do so immediately. The matter should not be put off until next year or the year after, or left for an election year. It should be dealt with at once.

The wholesome sea is at her gates,  
Her gates both east and west.

I therefore say, honourable senators, that if we are to build up a navy we must all get together, no matter what our politics may be. We must have, not one or two little ships, but a navy. I am not criticizing my honourable friend (Hon. Mr. Dandurand) because we have purchased only two ships, the St. Laurent and the Fraser. I understand the difficulties of the Government. Nevertheless we must realize that the time has

come for all to get together and do something with regard to the defence of our coast-line. We may have to do a little less as far as the militia is concerned, and cut down on the appropriations for flying, except in so far as they relate to and fit in with naval affairs. I say the citizens of Canada must be made to realize that we owe a duty to the Empire, and I respectfully submit that the proposal I have made with regard to the development of the fisheries of this country will do more than anything else towards building up our naval defences.

I read the other day a book called *The Great Blockade*. The author tells the story of certain naval operations during the War. While perhaps he gives too much credit to the seamen who were on the boats engaged in blockade duties, yet one feels convinced after reading the story that if it had not been for those twenty-six or twenty-seven ships of the merchant marine which were commandeered by the naval authorities in Great Britain and which day after day and night after night for four long years patrolled the North Sea and kept the Germans from getting supplies, and if the crews of those boats had not been good seamen and had not done their duty, the War would have continued much longer.

Who were the men who made up the crews of those ships? Read *The Big Blockade* and you will find that while, of course, the officers were taken from the Royal Naval Reserve, the seamen and those who boarded the German and Norwegian ships that were attempting to carry goods into Germany were Newfoundland fishermen. It was they who took these ships into Kirkwall. And I say to honourable members that if there is any class of people in this country who deserve to be encouraged it is our fishermen. We can build up a navy only if the fishing industry of this country is encouraged. If the Government and Parliament are wise they will at the earliest possible moment do something to rehabilitate that industry, which is now in a very bad condition. It is an industry capable of contributing hundreds of millions of dollars of new wealth to this country, and it is one which does not ask to be given something for nothing.

I cannot too strongly urge upon honourable senators the fact that encouragement of the fisheries is necessary for the building up of a strong naval reserve. I have referred to the effective part played by Newfoundland fishermen towards saving the Empire during the War. I do not think it can be doubted that if we are ever going to build up a navy our fishermen must be part and

parcel of the scheme, so that if guns are ever fired again—I hope they will not be—the fishermen of the Maritime Provinces, of the St. Lawrence river and of the Pacific coast will be able to say, “Ready, aye ready.”

Hon. Mr. BALLANTYNE: I have been very much interested in listening to my honourable friend's very informative speech, but I must confess I was disappointed with regard to its termination. He said at the beginning that Canada was unable to protect her 7,000 miles of coast-line. He drew attention to the fact that we have only four destroyers. The largest guns on those destroyers are 4.7. Now, Canada undertook some years ago to defend her own coast-line and to protect her sea routes. I should like to ask the honourable gentleman what he suggests should be done at the present time with regard to increasing our naval forces. He possesses a great deal of information and is aware of the critical position in which Canada stands. Is he in favour of more light cruisers? Is he in favour of having the Naval College reopened? I agree with what he says about the training of certain ratings on fishing boats, but, as I pointed out in my first speech in this debate, men who desire to become officers have to go through a highly technical course of training. That can be obtained only at a naval college in this country or in England. Within a few weeks the Prime Minister and his colleagues will be attending the Imperial Conference, and one of the most important questions on the agenda will be the defence of the Empire.

I should like the honourable gentleman to tell this House what he thinks Canada should do in order to provide adequate protection for her own coasts. Will he tell us the types of ships, and how many of them, we ought to have? Does he not think that we ought to proceed towards getting them at once, instead of continuing to depend upon the British Government? And I should like particularly to hear my honourable friend's opinion about the advisability of reopening the Naval College.

Hon. Mr. DUFF: I am sure, honourable senators, that I appreciate the compliment which my honourable friend, a former Minister of Naval Affairs, has paid to the only admiral of the fleet. Perhaps it would not be quite fair for me, a layman and an ordinary business man, one who has no governmental responsibilities, to express an opinion as to what should be done. Yet it may be all right for me to make a suggestion.

Hon. Mr. BALLANTYNE: Certainly.

Hon. Mr. DUFF: Of course, anything I may say will not commit the Government, because I am not in its confidence. I can express nothing but my own view. I agree with my honourable friend from Alma (Hon. Mr. Ballantyne) that our present protection is absolutely inadequate.

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. DUFF: Some fifteen years or so ago, when my honourable friend and I had a gentlemanly argument, I felt we did not need any naval reserve nor boats. I believed at that time that there would be no further necessity to provide against a war. But to-day I agree with my honourable friend that we should do something. I repeat that our present protection is absolutely inadequate. I am told that our two cruisers are very fine ships, as are our four mine sweepers. But just think of four mine sweepers for 7,000 miles of coast on the Atlantic and 3,000 miles on the Pacific! I am not criticizing the Government. I am simply saying that the thing is ridiculous. We must go further and do something in order to convince the Government that it should provide more protection. After all, the Government is only the executive.

Hon. Mr. BALLANTYNE: What do you recommend?

Hon. Mr. DUFF: I should not like to recommend anything.

Hon. Mr. BALLANTYNE: What do you suggest, then?

Hon. Mr. DUFF: Nor should I like to suggest anything. But I do say to my honourable friend that we should go just as far as it is possible for us to go. It is useless to stop with four destroyers—two on each coast. If we provide no more protection than that, we have to depend on the Monroe Doctrine. I do not want Canada to do that; I want it to be independent. I want it to be able to say to the United States, "While we are very friendly with you, we will bear our own burdens to the best of our ability."

Hon. Mr. BALLANTYNE: What about the Naval College? Do you agree that should be reopened?

Hon. Mr. DUFF: Well, my honourable friend will admit that from the time we were boys, he and I, we never wore a white collar until we got into the Senate. While I am in favour of training schools, both on the Pacific and the Atlantic, I am rather afraid of a naval college. I think we should have a training ship on the Atlantic and one on the Pacific, and that some further training should

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also be provided on cruisers. In addition there should be a training depot on shore for the teaching of things that cannot be taught at sea. I am willing to go as far as the people of this country want us to go. I have entirely changed my view with regard to what we should do in the matter of naval defence, because conditions are different from what they were. It would be presumption on my part to suggest anything to the Government, but if the Government should wish to consult my honourable friend from Alma and myself—and I do not know from whom they could get better advice—I certainly should be willing to express my opinion.

Hon. Mr. BALLANTYNE: What do you say with regard to Lord Jellicoe's suggestion?

Hon. Mr. DUFF: That was made some years ago.

Hon. Mr. PARENT: Why does the honourable gentleman from Alma (Hon. Mr. Ballantyne) not ask for endorsement of 14-inch or 16-inch guns?

Hon. Mr. DUFF: My friend and I are just having a friendly discussion. I am willing to go as far as possible in doing anything I can. If my advice is worth anything the Government is welcome to it, and can have it without a cent of cost. It would not be fair for me to suggest here, though, that the Government should buy a certain number of ships. I do say that by doing what the people want to have done, and by building up the fishing industry as I suggested a few moments ago, the Canadian nation within a few years, and probably before war strikes again—if it ever does—would be able to hold up its head, independent of the Monroe doctrine and all other outside help.

Hon. J. P. B. CASGRAIN: Honourable senators, I do not want to take any long part in this discussion. The honourable senator from Alma (Hon. Mr. Ballantyne) says that while the Naval College at Halifax is closed it is necessary to send naval cadets to training colleges in England. I am sorry to disagree with him on that point. I have agreed with some things he has done. For instance, I agree with his Canadian navy. There were few in our party who did, and I was one of them.

Right Hon. Mr. MEIGHEN: I know that.

Hon. Mr. DANDURAND: A friend in need.

Hon. Mr. CASGRAIN: The honourable senator from Lunenburg (Hon. Mr. Duff) has given us a great deal of information. I do not think I have heard a better speech in the Senate for many years than the one he has

just delivered. It was a magnificent speech. What he says is absolutely correct.

As to scientifically and technically trained officers, to whom the honourable senator from Alma has referred, it must be remembered that for every one of these it is necessary to have fifty or one hundred seamen.

It would be the easiest thing in the world to establish a naval branch at the Royal Military College in Kingston. Ever since the time of the Mackenzie Government that institution has been turning out men who have become this country's pride. Sir Charles Tupper complimented me on some relatives of mine who had been trained there and distinguished themselves in the Imperial services. These young men who go through the Royal Military College are qualified as civil engineers, land surveyors, and so on. They have to be much more precise in some of their work than naval officers are required to be. For instance, a land surveyor has to measure to an exact point on the ground, but if a naval officer can see the shore he can direct his ship without having to take observations on the sun or to look at his chronometer.

My honourable friend from Lunenburg has made some suggestions. I should like to add this one: that a naval branch be added to the Royal Military College at Kingston. That could be done without the expenditure of any money.

Young men who graduate from Kingston are, or used to be, selected for four commissions in the British service: in the Royal Engineers, in the cavalry, in the artillery and in the infantry. I am glad to say that someone I knew well was recommended for selection years ago, through Sir John A. Macdonald, and he acquired a great deal of distinction in the service of England and of the Empire.

It would be a fine thing if we could arrange some plan for encouraging the fishing industry and at the same time helping to build up a naval reserve, as suggested by the honourable senator from Lunenburg (Hon. Mr. Duff). The fishermen are able sailors, and no better men could be obtained for the navy. But I must say I was surprised to hear the honourable senator say that France pays a subsidy of \$2 per quintal of fish caught by its fishermen. For half that cost you can buy a quintal of fish anywhere along the Gaspé coast. So France should buy it there and save a dollar on every quintal. But I suppose she knows her business.

The men who come to St. Pierre and Miquelon are wonderful sailors. With the navy highly mechanized as it is to-day, you must have scientific men in the service, so the

ships will not be run ashore—as was done in the Bay of Chaleur by a certain gentleman who at one time was head of our Naval Service here. We should instruct a limited number of men by putting them through a special course at Kingston. This would necessitate a small addition to the staff, a professor or two, but the expense would not be great, for, as we know, professors are not paid very high salaries. I agree with the honourable gentleman from Lunenburg (Hon. Mr. Duff) that you need sailors to man these ships. You could get any number of able seamen from Quebec, Nova Scotia and New Brunswick—the finest sailors in the world.

We all remember the days when the ships of Nova Scotia and New Brunswick were noted on the seven seas. The *Lightning*, a celebrated clipper ship, was built by the McKays. She and the *Thunderer* and the *Cutty Sark* were wonderfully speedy, and sailed between England and Australia. The *Lightning* made the trip in seventy-eight days. A tramp steamer to-day could not do much better. When I told the story in this House honourable members thought that perhaps I was exaggerating, but the late Senator Roche said that he remembered the ship very well, for when he was a lad his father took him by the hand to inspect her. When the ship was finished in Nova Scotia she was taken over to England and about \$10,000 was spent in decorating the dining-room. That ship was less than 3,000 tons, about the tonnage of one of our canal boats, yet she carried to Australia five hundred passengers and freight. How it was done is still a mystery to me.

Those fine old sailing ships have disappeared. It may seem strange to some honourable members that noted marine architects of England and Scotland are of opinion that the future freighters will be large sailing ships with fore and aft rig, which means six or seven masts, and sails from the boom to the truck, of eighty feet, all operated by electric winches, with small motive power, so that if the ship is becalmed and the man in the crow's nest sees a little breeze stirring the ocean a few miles away, the ship can be propelled slowly to that point. When we do come back to sailing ships I know of no better place than New Brunswick and Nova Scotia and Quebec along the Gulf to supply the finest seamen in the world.

Hon. Mr. LYNCH-STAUNTON: May I ask the honourable senator from Alma whether, in order to give the necessary training to those who desire to become naval officers, it would not be far better to send them to English naval schools rather than reopen our Naval College?

Hon. Mr. BALLANTYNE: There is no reason why that should not be done, but when the Naval Act was placed on the Statute Book in 1910 the Naval College was open and so many cadets a year were taken into the British Navy. On the two occasions when I visited the Admiralty they complimented Canada very highly on our Naval College and on the efficiency and alertness of our cadets. Therefore in my opinion it would be better to reopen the Naval College.

Hon. Mr. LYNCH-STAUNTON: Would they not get a better naval education in England?

Hon. Mr. BALLANTYNE: No.

Hon. Mr. LYNCH-STAUNTON: I think they would.

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

The Senate adjourned during pleasure.

### THE ROYAL ASSENT

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

An Act respecting alteration in the law touching the Succession to the Throne.

An Act to amend the Canadian and British Insurance Companies Act, 1932.

An Act to amend the Militia Pension Act.

An Act to amend the Dominion Franchise Act.

An Act to amend the Dairy Industry Act.

An Act to provide for Appeal to the Court of Appeal of the province of British Columbia in Divorce and Matrimonial Causes.

An Act to amend the Weights and Measures Act.

An Act to increase employment by encouraging the Repair of rural and urban Homes.

An Act to amend the Canadian Red Cross Society Act.

An Act to amend the Prairie Farm Rehabilitation Act.

An Act for the relief of Joseph Neilson Blacklock.

An Act for the relief of Francis Hector Walker.

An Act for the relief of William Edward Connor.

An Act for the relief of Annie Nemchek Cohen.

An Act for the relief of James Gordon Ross.

An Act for the relief of Florence Anna Iverson Salberg.

An Act for the relief of Charles Marsh Doxsey.

An Act for the relief of Phyllis Stanners Kitchin, otherwise known as Judith Stanners Kitchin.

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An Act for the relief of Ivy Jackson Beaulne.  
An Act for the relief of Charlotte Opal Moore Norton.

An Act for the relief of Mildred Tannenbaum Sufrin.

An Act to incorporate Federal Fire Insurance Company of Canada.

An Act to incorporate Gore District Mutual Fire Insurance Company.

An Act to incorporate Sterling Insurance Company of Canada.

An Act to incorporate Toronto General Insurance Company.

An Act to incorporate the Sons of Scotland Benevolent Association.

An Act to amend the Government Harbours and Piers Act.

An Act to amend the Old Age Pensions Act.

An Act respecting a certain Trade Agreement between Canada and the United Kingdom.

An Act to incorporate Wellington Fire Insurance Company.

An Act respecting the appointment of Auditors for National Railways.

An Act to amend the Precious Metals Marking Act, 1928.

An Act to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred by the Canadian National Railways during the calendar year 1937, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railways.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1938.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1937.

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

The House of Commons withdrew.

The sitting was resumed.

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

### THE SENATE

Thursday, April 1, 1937.

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

Prayers and routine proceedings.

### PRIVATE BILL—DIONNE QUINTUPLETS

#### REPORT OF COMMITTEE

Hon. Mr. TANNER presented the report of the Standing Committee on Miscellaneous Private Bills on Bill 19, an Act for the protection of the Dionne Quintuplets.

#### THIRD READING

Right Hon. Mr. GRAHAM moved the third reading of the Bill.

Right Hon. Mr. MEIGHEN: Honourable senators, there is one point which seems to me to deserve a little consideration. Perhaps it had attention at the hands of the committee. Under our Patent Act patents have a limited life, after which they become the property of the public, with right to their use, and so on. Does it seem quite right that this exclusive privilege should be permanent? If this right is granted it will prevail over the whole world, and therefore ought to be in conformity with the comity of nations on the subject of trade-marks.

Hon. Mr. MURDOCK: Under the provincial Guardianship Act the guardianship is to be maintained only until the quintuplets are eighteen years of age.

Right Hon. Mr. MEIGHEN: The powers of the board as guardians would then cease, but what would become of the rights granted? Does the Bill state that those rights lapse with the guardianship?

Right Hon. Mr. GRAHAM: If the guardianship disappeared, would not the rights given to that guardianship disappear as well?

Right Hon. Mr. MEIGHEN: I venture to say that if those rights prove of value, as probably they will, means will be taken to preserve the guardianship for the sake of preserving the rights.

Right Hon. Mr. GRAHAM: Of course, it would be necessary to amend the provincial statute in that respect. I imagine that would be a very grave step to take. I should think that under present conditions the protection would not continue longer than the guardianship, and if that guardianship were extended it would be with the full knowledge that it included rights granted under this Bill. This is a peculiar situation: there is no competition in this line in any country in the world, and there is not likely to be. However, if competition did occur and I happened to be in the House at the time, I should not be averse, as sponsor of this Bill, to our making it not applicable to any real competitors.

Hon. Mr. HARDY: Honourable senators, I think the preamble of the Bill may throw a little light on this question, because it recites that the Board of Guardians has been appointed by the Ontario Legislature and that certain rights are vested in that board. When the time comes for that Board of Guardians to be demobilized, or when its time expires upon the children reaching eighteen years of age, I should say all rights then held by the guardians expire.

Right Hon. Mr. MEIGHEN: The Ontario Legislature, which is the proper jurisdiction in respect of civil rights, says that all rights that appertain to these children become the rights of the guardians until the children are eighteen, at which time the rights revert to the children and whatever assets have been accumulated are theirs. Now, by this Bill, we create another right and vest it in the guardians. My apprehension is that when the other rights revert to the children the right we are granting under this statute will remain with the guardians, because this statute is permanent; and I question whether our legislation is in conformity with the spirit of the trade-mark convention.

It was my intention to attend the meeting of the committee and see that this matter was looked into, but I overlooked doing so.

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

## DEPARTMENT OF NATIONAL REVENUE BILL

### FIRST READING

A message was received from the House of Commons with Bill 55, an Act to amend the Department of National Revenue Act.

The Bill was read the first time.

Hon. Mr. DANDURAND: With the leave of the Senate I move that the Bill be placed on the Order Paper for second reading tomorrow.

The motion was agreed to.

## DIVORCE BILLS

### THIRD READINGS

On motion of Hon. Mr. Robinson, for Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the third time, and passed, on division:

Bill N2, an Act for the relief of Muriel Beatrice Brown Gray.

Bill O2, an Act for the relief of Joseph Gédéon Emilien Tanguay.

Bill P2, an Act for the relief of Mabel Marjorie Powter Johnston.

## CANADIAN NATIONAL RAILWAYS CAPITAL REVISION BILL

### SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 12, an Act to provide for revision of the accounting set-up of the Canadian National Railway System.

He said: Honourable senators, I do not know how much time the Senate will give to the study of this Bill on its second reading. I suggested two or three days ago that if honourable members were agreeable the Bill should be submitted to the Standing Committee on Railways, Telegraphs and Harbours for examination and report. I should mention now, for the information of the House, after consulting with my right honourable friend opposite (Right Hon. Mr. Meighen), that if second reading is passed this afternoon, I shall move that the measure be referred to that committee to be taken up this evening. We are rapidly moving towards the end of the session and I think we should lose no time in dealing with bills of importance that are coming from the House of Commons.

My right honourable friend has asked me to give some details as to the working of this Bill, which is entitled "An Act to provide for revision of the accounting set-up of the Canadian National Railway System," and which, if it goes into the Statute Book, will be known as The Canadian National Railways Capital Revision Act, 1937.

The balance sheet of the Canadian National Railways, made necessary by present accounting legislation, presents the debt of the railway in figures that are somewhat fantastic when compared with the actual investment of the Dominion Government in the property. Need for revision of the accounts has been emphasized by Sir Joseph Flavelle, first chairman of the railway, by two firms of chartered accountants who reported on the subject in 1925, by the Duff Commission in 1931, and in several reports presented to Parliament by the auditors of the railway.

Capital stocks of the Canadian Northern Railway and the Grand Trunk Railway are carried on the balance sheet at their par value. The Canadian Northern Railway has outstanding \$100,000,000 of common stock, which stands as a liability. When taken over by the Government it was worthless, but 60 per cent of that stock was estimated by a board of arbitration to be worth \$10,800,000, bringing its total value to \$18,000,000. It will be asked in this revision that \$82,000,000 be deducted.

Right Hon. Mr. GRAHAM: Was that valuation in the Drayton-Acworth report?

Right Hon. Mr. MEIGHEN: That was arrived at by the arbitration of 1917.

Hon. Mr. DANDURAND: The Canadian National has now outstanding \$165,000,000 of common stock, wholly owned by the Canadian Government. It has been declared in arbitration that this is worthless and should go by

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the board. Advances from the Dominion Government in payment of operating deficits are charged in the balance sheet as interest-bearing debt from a time prior to the acquisition of the properties by the Government up to 1932, when the practice of capitalizing deficits was discontinued by legislation. Interest on Government advances is being charged yearly, and now amounts to over \$500,000,000.

On the Government accounts advances for capital purposes are charged directly to the net debt of Canada, and no interest against the railway is set up. The result is that today the debts of the Dominion Government and the debts of the railway, as shown on its balance sheet, duplicate each other to an amount in excess of \$1,500,000,000. Canada is responsible for the railway debts as well as the public debt, and investors abroad usually magnify the obligations of Canada by the amount of this duplication, which is harmful to the credit of Canada abroad.

Financiers who add the two totals find obligations of	
Canada.. . . . .	\$ 5,750,000,000
In reality the obligations of	
Canada on both heads amount	
to about.. . . . .	4,250,000,000
	\$ 1,500,000,000

Interest alone, included as	
funded debt of the railway,	
has pyramided to.. . . . .	\$ 495,000,000

The present Bill undertakes to provide a balance sheet for the railway more in keeping with the actual investment by the Government in the property. The new balance sheet involves no increase in the net debt of Canada, and involves no elimination from the balance sheet of any moneys expended by the Government in building or improving the property. The new balance sheet does, however, recognize the fact that the Government is the owner of the railway, and advances from the Government to the railway for the construction of the Intercolonial and National Transcontinental and for improvements to the properties are shown as proprietor's equity rather than as funded debt.

In the new balance sheet the funded debt of the railway includes railway bonds in the hands of the public and such advances from the Government as are not now included in the net debt of Canada. Proprietors' equity shown in the balance sheet includes all sums expended on the property by the Government not included in the funded debt of the railway.

The new balance sheet eliminates advances to the railway to meet operating deficits and the interest thereon. These advances have

a certain priority as against certain unsecured obligations of the railway, and must therefore be preserved as a protection to the Government. For this purpose, a Securities Trust is established by the Bill to hold all claims of the Government against the railway. Shares of the Securities Trust will be wholly held by the Minister of Finance, and will be given a stated value equal to that part of the securities, held by the Trust, which represents investment in the railway property. The stated value of the shares will be shown in the railway balance sheet as part of the proprietor's equity. The purpose of forming a corporation to hold these shares is to permit the consolidation of their stated value in the railway balance sheet.

The Bill also provides for a consolidation of the component parts of the railway in one corporation. At present Canadian National Railways include the Grand Trunk Railway, with some sixty subsidiary companies. On the other hand, the Canadian Northern Railway, with some forty subsidiary companies, has a separate corporate identity. The stock of both railways is held by the Minister of Finance, and both railways have a common board of directors. Similarly, the Intercolonial and Canadian Government Railways are owned outright by the Dominion of Canada, and are entrusted to Canadian National Railways for management.

Unification of these three separate identities in a single corporate structure will facilitate reduction of the number of subsidiary companies and thus simplify the accounting.

I have stated that the need for a revision of the accounts of the Canadian National Railways had been emphasized by the first chairman, Sir Joseph Flavelle, as well as the chartered accountants who reported on the subject in 1925; likewise by the Duff Commission in 1931, and the auditors of the railway on several occasions. It is significant that every one who has had to do with the Canadian National Railways has urged the necessity for the procedure which is being followed in this Bill. We have first the Drayton-Acworth Commission of 1917. Then we have the two firms of chartered accountants who were appointed by the Government to make a report on the accounts as between the Government and the National Railway. Those accountants recommended the step which is now being taken. They are Edwards, Morgan and Company, and Peat, Marwick, Mitchell and Company. They recommended that the Government advances for deficits be not added to the investment account, but be absorbed in the consolidated revenue fund of Canada.

I am quoting now from the memorandum read by the Hon. Minister of Transport in the other House:

Then we have the report of the Duff commission of 1931-32 under the chairmanship of the Right Hon. Sir Lyman P. Duff, which made two significant statements on the writing down of the capital liabilities of the Canadian National Railways. In considering the earning power of the railway the commission said, at page 30:

"It is obvious that on this basis of earnings the capital liabilities would require a very drastic writing down."

In recommending the early attention of the board of trustees to the whole matter of the capital structure the commission further emphasized the need of liability adjustment as follows:

"This commission is of the opinion that it must be frankly recognized that a very substantial part of the money invested in the railways comprised within the Canadian National system must be regarded as lost and that its capital liabilities should be heavily written down."

Then we have the Canadian National-Canadian Pacific Act of 1933, passed by the late Government, which provided that "income deficits shall not be funded." We have the financial legislation since 1932 which specifically limits the borrowing powers of the railway to capital expenditures and refunding, and which specifically declares that deficit appropriations should be applied against the accountable advances. Then we have a very interesting letter from which I think I might take time to read a few lines, addressed to Right Hon. Arthur Meighen, then Prime Minister of Canada, by Sir Joseph Flavelle, Bart., dated Toronto, August 12, 1921. At the time Sir Joseph was chairman of the board of the Canadian National Railways. He pointed out his idea of the proper capital structure for the railway. On page 7 the letter says:

"The new National Railway Company to be formed shall have a nominal capital of say five million common shares and two million five hundred thousand six per cent preference shares."

The total share capital would thus be \$750,000,000, with the Government taking common shares at par in payment of its existing advances to the various systems. These, as of December 31, 1920, were \$320,000,000 of loans and \$33,000,000 of Grand Trunk Pacific debentures.

"The figure would no doubt be increased by December 30 next, or whatever date was fixed for taking over. The Government would turn over to the company the equity in the system"—There you will observe the Securities Trust.—"subject only to the bonds and debentures and guaranteed stock issued to the public, and to the fixed charges which may result from the Grand Trunk arbitration."

In other words, the debt of the railway was to be made a closed book, and advances from the Government were to be covered by common stock. The paragraph continues:

"Thus, the existing Government advances, excluding the capital cost of the Intercolonial and Transcontinental, were to be represented by common stock ownership only, and no part of the interest on it would be a fixed charge or would be cumulative."

Then we have the precedent of the accounting practice of the state-owned railways of Australia, New Zealand and South Africa. In connection with the Victorian railways, legislation passed December last provides for writing down of the railway loan liability by £30,000,000 sterling. It is a forty per cent write-down, which is very heavy depreciation. The interest on this capital write-down will no longer appear as a charge in the railway accounts. There is no accumulation of prior years' deficits in the 1936 balance sheet.

In the annual report of the South Australian railways for the year ended June 30, 1935, the commissioner suggests a capital write-down of £10,800,000 sterling and the elimination of interest on that sum. Deficits accumulated up to 1927 were written off by parliamentary authority in that year.

The 1936 balance sheet of the Western Australian railways shows no accumulation of prior years' deficits. The Queensland Railways had a capital write-down of £28,000,000 sterling under parliamentary authority in 1931. The interest on this capital write-down no longer appears in the railway accounts. There is no accumulation of prior years' deficits on the 1936 balance sheet. The New Zealand Railways had a capital write-down of £10,400,000 sterling under parliamentary authority in 1931. The interest on this capital write-down no longer appears in the railways' accounts. There is no accumulation of prior years' deficits on the 1936 balance sheet.

Now as to the Securities Trust. We are eliminating from the present indebtedness of the railway several items which I think we all agree should properly be eliminated. One item is some \$373,000,000 of accumulated deficits; another amounts to some \$530,000,000 of interest. We have claims here totalling about \$1,100,000,000, of which only \$270,000,000 was actually invested in the railway property. That \$1,100,000,000 has a value in that it establishes certain priorities in connection with any claims against the railway property made by anyone other than the Dominion Government, and for that reason we have thought it worth while to preserve those claims. Nevertheless we do not wish to burden our balance sheet with more than the amount of those claims representing the actual investment in the property. Therefore, as a matter of convenience only, we have set up a company to be known as the Securities Trust, which will hold all the claims, totalling something over a billion dollars. But we shall put a value on the Securities Trust representing the \$270,000,000 so invested in the property, and that amount we wish to include in the balance sheet of our railway as part of the proprietor's equity. Therefore we set up this company in a form which will permit it to be consolidated in the balance sheet of the railway, and we make the provision that this Securities Trust is a company within Canadian National Railways.

On the other hand, we place the stock and ownership of the company in the hands of the Minister of Finance, in lieu of the claims he formerly held, totalling over a billion dollars. We then say that we shall issue five million shares of stock representing ownership of the Securities Trust. After all, five million shares does not seem to be out of line with claims having a face value of over \$1,100,000,000. So there we have our Securities Trust, a company

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wholly owned by the Minister of Finance, a company within the Canadian National Railways in order that its stated value may be consolidated with the railway balance sheet.

The question arises what the net benefit of all this may be. It seems to me that it can be put concretely in a few words. In the first place we put a value on the property, the Canadian National Railways, which represents the total money invested in that property. Surely that presents a fairer picture to the public and the world at large than the present structure, enlarged as it is by operating deficits and interest thereon. It seems to me it is going to give the officers and employees of the railways a more reasonable objective to attain. Surely the earning power of a property must bear some proportion to the investment in that property. And setting up as the capital the investment in the property rather than a large inflated sum will, I believe, put new hope in those responsible for the operation of the property.

It also shows to the world a consolidated balance sheet of Canada and its wholly owned subsidiary which will give a real picture of the total indebtedness of the two. With this balance sheet we can say to the investor in the securities of Canada: "We have a certain debt which is shown in the net debt of Canada. We are responsible for a certain other debt, the funded debt of the Canadian National Railways, as shown in her balance sheet. If you add one debt to the other you have the total indebtedness of Canada, and when you buy a security of either the Government of Canada or the Canadian National Railways you are buying your proportion of that consolidated debt." When that picture is shown, I believe we shall be better able to say to the investor of Canada: "If you buy a bond of the Dominion of Canada or a bond of its principal subsidiary, the Canadian National Railways, you will be buying an obligation of the Dominion which, when due, will be met in full in the future just as it has been in the past."

Now, there is a warning which has gradually invaded and possessed my mind in connection with the many criticisms I have heard about this resetting of our financial situation. It is that some people in Canada who, from tradition, are opposed to State ownership, are fearful that we may show our assets in the Canadian National Railways in such a light as to give hope of securing some advantage not only for the country, but also for the Canadian National Railways. I have heard criticisms indicating a fear that even the slightest touching of the accumulated debts crowding upon the Canadian National Railways might lead the public at large to believe that better days were in prospect for those railways. This asset is our property. I believe that this vast investment by the ratepayers of Canada should be treated fairly, and I am convinced that the amount of money, about \$1,100,000,000, which would go into the trust represents what might fairly be called a shareholders' equity in the institution. I feel that it is a shareholders' equity in the operations

of the system. We must not forget that we are all shareholders in that system; that the money came from us; that it has been lost in the operations of the railway and that we, although carrying our load and repudiating none of our obligations as shareholders of Canada, should accept that as a national common stock equity.

Hon. Mr. LYNCH-STAUTON: Does the honourable gentleman mean that Canada has an equity in the Canadian National above its indebtedness of a billion and a half?

Hon. Mr. DANDURAND: No. I say that the amount we set down as practically lost—advances to meet deficits and interest upon deficits—is set aside in the equity trust simply to maintain our right of priority—

Hon. Mr. LYNCH-STAUTON: I understand that.

Hon. Mr. DANDURAND: —and to present, for whatever it is worth, a clear statement of what we have advanced in the years of depression up to date; that it will stand there for the purpose of giving a clear knowledge of the efforts made by Canada in railway building.

Hon. Mr. BLACK: May I ask a question? Aside from the \$227,000,000 to which the honourable gentleman referred in the early part of his remarks—

Hon. Mr. DANDURAND: \$270,000,000.

Hon. Mr. BLACK: I think there were some deductions. But aside from that, which is probably not a debt properly chargeable to the Canadian National Railways, are not these other two groups of figures—the one it is proposed to put into this trust and the one it is meant to retain as part of the railway—the debt of the railways of Canada to the people of Canada? The money was actually put in, was it not? It was expended by the people of Canada?

Hon. Mr. DANDURAND: Yes. The money was expended by the people of Canada, and they are supposed to have a claim against themselves as the owners of the Canadian National Railways. Whatever dead wood remains is kept because the people of Canada are the shareholders in the company, and because any other claims that might be presented are secondary to those advances. This claim represents to the shareholders of the company—my honourable friend and myself—a common stock equity.

Hon. Mr. BLACK: It represents, if I understand it, something over \$3,000,000,000 of actual money expended by the people of

Canada. What I want—for I must have some justification for supporting the Bill, if I do support it—is an explanation as to why, if we have over \$3,000,000,000 in this railway we do not show it. Why divide it up? I have not seen any explanation or any definite reason showing why we should split this debt which the people of Canada owe to themselves—if you wish to put it that way—and why we should try to allocate one part to the trust company and another part to the public accounts. It seems to me that we might as well keep it all in one account. I have not yet heard a satisfactory explanation for the subdivision of these figures.

Hon. Mr. DANDURAND: Possibly I have not made myself clear, but I have been supported in my argument by all the authorities, from Sir Joseph Flavelle down to those of the present day, who have had anything to do with the Canadian National Railways. They have said it was unfair to have what is apparently a separate entity carry an expenditure which has not brought any increase to the capital, but has been simply the payment of deficits and the accumulated interest upon them.

I may say to my honourable friend that when the Bill came from the Commons the other day I said that I would not ask the Senate of Canada to accept the underlying principle, but would simply ask that we give the Bill second reading and send it to committee, where the matter could be thoroughly sifted, and when the committee reported honourable gentlemen could express their opinions and challenge the report if they so desired.

Right Hon. ARTHUR MEIGHEN: Honourable members, when this Bill was up two days ago I confessed my despair after a vigorous effort to understand its purport and full effect. Even now, after the speech of the leader of the Government and after as many hours of concentrated effort upon it as I could give, I am not at all hopeful of making the full import of the measure clear to the House, the reason being that it is not clear to me. However, I have gone far enough to think I understand quite a little bit about it, and I will ask the House to bear with me while I attempt, as briefly as possible, to make clear what I do know of the measure.

It is almost impossible to overestimate the real significance of this legislation. It appears in a very engaging habit. One would think that it did not make much difference where we put the account of the Canadian National Railways; that by altering the balance sheet and writing down, as we are in the habit of

describing the operation, we do not take away a nickel from the organization and do not add a nickel to it.

Hon. Mr. DANDURAND: Hear, hear.

Right Hon. Mr. MEIGHEN: Because of apparent futility one is liable to think the Bill does not mean a great deal; but after some study I am convinced that it has very great significance.

I shall be pardoned, I trust, if I say a word as an aside. I do not believe any human being can gain any acclaim, much less popularity, by criticizing the measure. I do not think anybody is going to criticize it unless he thinks it is his bounden duty to do so. Certainly among the employees of the Canadian National he will get no favour. I do not doubt that every one of them, from the humblest workman to the most highly paid official—and some of them are pretty highly paid—is in favour of it and will raise both hands and cheer for it.

Hon. Mr. DUFF: They will want another ten per cent next year.

Right Hon. Mr. MEIGHEN: If you can make the balance appear favourable you will thereby gain for the company a certain measure of kind remarks on the part of the press and members of Parliament when the affairs of the railway are under review, and will make more easy the way of those in its employ.

What the Minister says we are doing, if I understand him correctly, is this—and it is true—that, first of all, we are trying to eliminate duplication. At present, he says, and truthfully, there appears in our public accounts a debt amounting to a billion dollars incurred by our advancing money to the Canadian National Railways or its subsidiaries, and naturally this appears also as a debt of the railway, because the railway owes the money to us. My honourable friend's contention is, I gather, that a casual observer, looking at the debt of the Canadian National Railways and the debt of the Government of Canada, would think we owed \$2,000,000,000 instead of \$1,000,000,000. But, I pause to ask, what is the purpose of the balance sheet of a company? Will any purpose be served by having a balance sheet show less than the amount the company actually owes, less than the amount that actually went into the company?

Hon. Mr. DANDURAND: Oh, no.

Right Hon. Mr. MEIGHEN: But the honourable member will see that that is what is being done.

Hon. Mr. DANDURAND: Not less money than went into it.

Right Hon. Mr. MEIGHEN.

Right Hon. Mr. MEIGHEN: Unquestionably.

Hon. Mr. DANDURAND: Every dollar that went into it will be shown. It is the deficits and the interest thereon, which did not go into the company, that will not appear.

Right Hon. Mr. MEIGHEN: To an extent the honourable gentleman is correct, but not altogether so, and in principle he is entirely wrong. What I am dealing with now is the wisdom of this desire of the Government as respects duplication. Will any purpose really be served by doing what the Government wants to do? Suppose it is true that the National Railway's debt shows money which is shown also in the Dominion Government's debt—money the Government had to borrow in order to lend it to the railway, and on which the Government has to pay interest. What is to be served by striking that sum out of the National Railway's debt? There may be some people ignorant enough to think, because the amount is shown among the liabilities both of the railway and of the Government, that twice as much is owed, but such people are not among those who underwrite Dominion Government bonds and Canadian National Railways bonds. The underwriters know perfectly well the exact amount owed by the Government and by the railway, and how much of the debt of each is duplication. One can imagine a financial house in New York, or a series of financial houses in Canada, which have had to do with the history of these obligations for decades and know exactly where we stand. It is these people who matter, for it is from them we borrow. They are our money market. Therefore, I do not think there is anything whatever in the duplication argument.

But I do not mean that there should not be some amendment to the balance sheet of the Canadian National. The purpose of a balance sheet is to reflect the exact truth. To the extent that it departs from the exact truth or does not reflect the substantial facts of the situation, it fails to serve the purpose of a balance sheet. I do not think the balance sheet of to-day does reflect the exact truth. I understand that when the Grand Trunk was taken over we acquired three series of preference stocks and the common stock, and that these stocks stood on the books of the company at their par values and we incorporated them in the books of the new company at the same values. The arbitrators found they were worth nothing, and there is no doubt that they are worth nothing. It does not seem to be a reflection of the real situation to have these stand on the liability side, representing capital liability, at any such

fictitious values. Consequently it is only right that there should be a write-down. Those figures do not represent money put into the system; they merely represent certain stocks taken over on the books of the system in 1920.

Hon. Mr. LYNCH-STAUNTON: How were those liabilities?

Right Hon. Mr. MEIGHEN: They were not liabilities. The capital liabilities of a company, common stock and bonds, all appear on the liability side.

Hon. Mr. LYNCH-STAUNTON: All that are held outside of the company.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. LYNCH-STAUNTON: But these are not held outside of the company.

Right Hon. Mr. MEIGHEN: They are held by the Government of Canada.

Hon. Mr. LYNCH-STAUNTON: As distinct from the corporation.

Right Hon. Mr. MEIGHEN: The corporation does not hold its common stock.

Hon. Mr. DANDURAND: It is held by the Minister of Finance.

Right Hon. Mr. MEIGHEN: Speaking subject to correction that may be necessary after further inquiry, I think a case can be made out for writing down in respect of that character of capital asset or capital liability, as it appears in the balance sheet. Now, the Minister seeks to fortify his position—

Hon. Mr. DANDURAND: Will my right honourable friend permit me? He has not spoken of the Canadian Northern. He has referred to the Grand Trunk stock liability only. Does he not apply the same argument to the Canadian Northern?

Right Hon. Mr. MEIGHEN: If there is a similar case in respect of the Canadian Northern I should be quite prepared to have similar adjustments.

Hon. Mr. LYNCH-STAUNTON: What is the liability of the Canadian National on any stock held by the Government? What is the monetary liability?

Right Hon. Mr. MEIGHEN: There is none.

Hon. Mr. LYNCH-STAUNTON: That is the reason I cannot understand how it is a liability.

Hon. Mr. DANDURAND: Yet it appears in the liability column.

Hon. Mr. LYNCH-STAUNTON: But it is not a liability.

Right Hon. Mr. MEIGHEN: It is not a liability in the sense of a debt.

Right Hon. Mr. GRAHAM: Would the right honourable gentleman permit me to ask him a question?

Right Hon. Mr. MEIGHEN: Certainly.

Right Hon. Mr. GRAHAM: Does he not think that the appearance of the liability for the Grand Trunk stock encouraged certain holders of that stock to enter an action against the company?

Right Hon. Mr. MEIGHEN: I have always wondered what in the world did encourage them to enter an action. That explanation is as good as any.

Right Hon. Mr. GRAHAM: We admitted it as a liability in our own statement.

Right Hon. Mr. MEIGHEN: I have always thought—it is more than a thought, because it is part of history—that that action was about as outstanding an example of poor sportsmanship as I have ever witnessed in my life. Those people came to us and on their knees told us they could not carry on, as they were at the end of their tether, and pleaded with us to take over the road. We made a proposal which, after months, they turned down. An alternative proposal, for arbitration, which we made at the same time, was accepted after some months. Its acceptance was recorded by vote of their directors and acquiesced in by their shareholders. They had as much to say in the choice of arbitrators and in the terms of the arbitration as we had, but after they lost they whined all over England that this stock was stolen from them by the Government, and finally they started an action. They wrote me about it, but they never published the reply that I sent them.

Right Hon. Mr. GRAHAM: I am not surprised at that. I just wanted to suggest that the fact of our carrying that amount in our own balance sheet as a liability would be an argument in convincing some of the shareholders, at least, that we admitted it was a real liability and that they had good ground for action.

Right Hon. Mr. MEIGHEN: It is possible, but I think those people were really better informed than that. I think they simply engaged in a little semi-blackmailing sport, trying to make a nuisance value. I do not think they had anything else in their minds.

Right Hon. Mr. GRAHAM: I had some experience with them.

Right Hon. Mr. MEIGHEN: And probably some of their number were engaged in the joyful occupation of making positions for themselves at the expense of the others.

Now I come to the arguments of the Minister of Finance for the proposal. He says, first, that everyone who has had anything to do with the railway, as president or auditor or investigator, has recommended that this revision be made. That is going too far. There is no recommendation on the part of any single one of them that this be done. It has been recommended that there be a writing down, that a real effort be made to remodel the balance sheet so as to reflect more faithfully the actual position of the company. Sir Joseph Flavelle wrote me in August, 1921. It may be that I was not as impressed with his appeal as I should have been. I should perhaps have realized that he knew more about those things than I did. But at that time I could not see any practical object to be served by what was proposed. And Sir Joseph Flavelle's views, too, matured later on. He was one of the main members of the Duff-Flavelle Commission of 1931, which made a recommendation. I have so much respect for that commission and so high an appreciation of the thoroughness with which its members studied the whole position that I should be disposed to accept that recommendation to its full extent. I should not like to take the responsibility of placing my judgment against that arrived at by men of such calibre after the study they made.

But I know this Bill goes a great deal farther than any recommendation made by Sir Joseph Flavelle in 1921 or by the Duff-Flavelle Commission in 1932. What is proposed here may be recommended by accountants, but that does not weigh in my mind at all. If this proposal were adopted the situation would then probably be simpler from the accountants' standpoint; but we must judge the situation from the standpoint not of accountants, but of Canadian taxpayers, and from the standpoint of taxpayers one thing is definitely demanded: that the balance sheet show the real situation, reveal all the money which has been put into the railway and remains owing to the country. If something was contributed in any other form than money, it should be shown at its real, not a fictitious value. That is the only form of remodelling which I think should be adopted.

For years the railway had deficits. In reality it has never had anything else. Those were sometimes met by treasury moneys handed over, so far as they were cash deficits. At other times they were funded by the railway in the form of bonds. The amount of deficits is fairly known, and up to 1927, I think, all those deficits appeared in the railway's books. Then, for some cause of which I am not aware, what is described as deficit

on the eastern lines ceased to be inserted at all. It seemed to be regarded as in the same position as the 20 per cent which the Government paid because of the Duncan award. Since 1933, I understand, no deficits at all have appeared, even though the money was supplied. This Bill does not provide for the appearance of those deficits; on the contrary, it provides that never more shall they be shown. Why is that? The amounts represent real money which the railway owes. Perhaps they should not be funded. I understand the Duff Commission recommended that they should not be funded and interest should not be charged upon them. Very well, but why should they not be shown?

The country has advanced capital to the railway in tremendous amounts. The actual capital advance, I think, is the amount which is intended to be wrapped into these sweepings and held by "The Canadian National Railways Securities Trust" at \$690,000,000. On that capital the railway has always owed us interest, the accumulated amount of which now aggregates about \$495,000,000. We have to pay interest on the money. This sum of \$690,000,000 is now to go into the Securities Trust in this way. The Minister of Finance sits in possession of the demand notes and other forms of obligation of the Canadian National Railways and its subsidiaries. The whole list of these obligations is given in appendices attached to the Bill. The Minister is in possession of them as trustee for the Dominion of Canada. He is going to assign them to a company called the Canadian National Railways Securities Trust, and he will hold all the issued stock of that company in lieu of the asset he is turning over to it. That asset of \$690,000,000 will appear in the books of the Canadian National Railways' new set-up, as we call it, as proprietor's equity, held in the name of this Securities Trust.

Honourable senators will realize at once that that Securities Trust will be a wholly-owned subsidiary of the Dominion of Canada. Likewise the Canadian National is a wholly-owned subsidiary, subject to its indebtedness. Why is this Securities Trust to be created? The honourable gentleman (Hon. Mr. Dandurand) says it is to be created in order that the Government may hold its priorities in respect of those obligations which are now in the name of the Minister of Finance and are the property of the Dominion. The Minister wants to hold the priorities and at the same time to reduce the capital; so he will put the obligations in the name of the Securities Trust at reduced values, and these lower figures will appear in the balance sheet.

Right Hon. Mr. MEIGHEN.

Section 22 of the Bill says this Securities Trust shall be one of the companies comprised in the National Railways System. This means that the accounts of the trust will be consolidated with those of the railway. Here are two subsidiaries of the Dominion of Canada: one, the Securities Trust; the other, the Canadian National Railways. The accounts of these two subsidiaries are to be consolidated. Who ever heard of a thing like that? It is all right to consolidate accounts of one subsidiary or a dozen subsidiaries of a parent company, but the proposal here is to consolidate accounts of two subsidiaries of the Government of Canada, neither of which owns any of the other's assets. Do honourable members know why these accounts are to be consolidated? The reason is that this is the only way in which the amount can be wiped out. The priorities would be retained just the same if the obligations were held in the name of the Minister.

Hon. Mr. DANDURAND: My right honourable friend will agree that the amount of money advanced for deficits, plus the pyramided interest, amounting in all to between seven and eight hundred million dollars, should not be a burden of debt upon the Canadian National.

Right Hon. Mr. MEIGHEN: I do not agree to that at all.

Hon. Mr. DANDURAND: I think most of the authorities I have cited agree that deficits which are met by the Government, together with accumulated interest, should not appear as a debt of the Canadian National. As it is important to have them remain as a prior claim, they must appear somewhere. That is why the Securities Trust has been devised.

Right Hon. Mr. MEIGHEN: What is to be gained by relieving the Canadian National Railways of an honest debt for money which it received?

Hon. Mr. DANDURAND: The debtor and the creditor are one and the same party.

Right Hon. Mr. MEIGHEN: There is the kernel of the whole matter. That the debtor and the creditor are one and the same party is no reason for doing it at all. We have a subsidiary, the Canadian National Railway Company. We own all its stock. It is important that the people of this country should know just how that entity is getting on, and they will never know if you provide that its balance sheet shall not show debts because those debts are already enormous. You are

simply providing in advance that the people shall not understand the operation of the National Railways from the balance sheet.

Hon. Mr. DANDURAND: Does my right honourable friend really think this adjustment will prevent the people from knowing how the National Railway System is operating?

Right Hon. Mr. MEIGHEN: You do not add a cent to nor take a cent out of the system's treasury, but you alter the appearance of its financial results, and you deal with them in such a way as to fail to disclose the facts. The money went into the system. What reason can be given for keeping that obligation out of the books of the Canadian National Railway Company? Simply that, as we have had to borrow the money, the obligation appears in our books. The only purpose of the Canadian National balance sheet is to show the system's position on a basis of reality. Wipe out any fictitious values there, for they are not a fair, true presentation, but do not wipe out real capital, nor interest on it. You are wiping out \$495,000,000. How, after this, can anybody know the actual result of the last fifteen years' operation of the National Railways? He cannot from the balance sheet if the proposed adjustments become effective.

I have a very earnest interest in this whole subject. I am not going into the history of the system, but honourable members on all sides know there have been periods of the grossest extravagance in management. I know the system was handicapped by taking over unnecessary roads, and I do not intend to discuss responsibility for their acquisition. But we had several years of revelling in railway operations, which resulted in an addition to the system's debt at a rate averaging \$100,000,000 a year. Now, if you adjust the balance sheet so as not to disclose the consequences of that debauch, you are going to invite another period of extravagance.

Hon. Mr. LYNCH-STANTON: That is right.

Right Hon. Mr. MEIGHEN: That will be the tendency, no matter what Government is in office. It is all very well for people to say: "That money is gone. What is the use of keeping it in the books?" I know it is gone.

Hon. Mr. DANDURAND: And will never come back.

Right Hon. Mr. MEIGHEN: It cannot come back. But I see value in keeping it in the books. I think a history should be a history, a record should be a record. There

should not be a distortion of the history, a blotting out of the record, in order that we may feel better and delude ourselves into the belief that we are living in a paradise. Such is apparently the effect of the Bill in many of its features. I do not oppose the measure; I think part of what is proposed ought to be done; but I do not want the Bill to go so far that it destroys the purpose of historical balance sheets, particularly as I know it would invite a repetition of the practices which in the main account for the disastrous position disclosed by the balance sheet to-day.

Hon. Mr. DANDURAND: If no other honourable senator desires to speak, I will proceed. I do not believe that my right honourable friend's argument is unanswerable. In his concluding words he touched upon a matter which, in theory, might be discussed from more than one angle. He fears that if we reset—I apologize for using the expression, because my right honourable friend thought it was not quite good English—he fears that if we reset the balance sheet of the Canadian National and so give the people of Canada a better impression of what has really gone into the railway—

Hon. Mr. LYNCH-STAUTON: A false impression, the honourable gentleman means.

Hon. Mr. DANDURAND:—they, through their Government, may in the years to come revel in a spending debauch. Well, my right honourable friend knows that in the last fifty years large and important railway systems in the United States have fallen into the hands of receivers. Those railway companies were private corporations. And the component railway systems of the Canadian National were private corporations before we inherited them. Those bankrupt American railways were taken over, and the new shareholders raised fresh capital and rehabilitated them. I wonder whether the original shareholders or their children now feel very much concerned over the difficult situation which those railways encountered fifty years ago.

Instead of allowing the Grand Trunk, the Canadian Northern and the other railways now consolidated in the National system to go into liquidation, so that they might be rehabilitated with new capital—

Right Hon. Mr. MEIGHEN: Where would the capital come from?

Hon. Mr. DANDURAND: You could always have found purchasers for those railways at a figure. Instead, we stepped in and took them over.

Right Hon. Mr. MEIGHEN.

Hon. Mr. LYNCH-STAUTON: Will the honourable gentleman allow me? The present case is not at all the same as the one he is setting up. The receiver would recapitalize, and would start the bankrupt company on a new capital liability. This Bill is not intended to deal with what took place before we bought the various railways now forming the National system. Its purpose is to deal with and, it seems to me, conceal the money we have put into the system since we acquired it.

Hon. Mr. DANDURAND: My answer is that instead of liquidating that situation we took over the various railways. I know my right honourable friend would tell me that the reason why we did not allow those railways to go into the hands of a receiver was that we were at war, and had we done so the national credit would have been severely shaken. That was the reason given to this Chamber when we were confronted with the necessity of voting for or against the purchase of the system.

Right Hon. Mr. MEIGHEN: Which system is the honourable gentleman speaking of?

Hon. Mr. DANDURAND: I am speaking of the Grand Trunk.

Right Hon. Mr. MEIGHEN: No; the War had been over for years.

Hon. Mr. DANDURAND: Yes, but we had taken over the Canadian Northern.

Right Hon. Mr. MEIGHEN: It could not have been operated if we had not taken it over.

Hon. Mr. DANDURAND: But we lent \$40,000,000 to the Canadian Northern.

Right Hon. Mr. MEIGHEN: That was before the War; in March, 1914.

Hon. Mr. DANDURAND: But we were then passing through a financial crisis. I need not deal with that phase. I simply say that, instead of allowing those railways to go into bankruptcy, we stepped in, took the shares and became owners. We have passed through several difficult years. The administration of the National Railways may have been costly, but it has not been much more so than the administration of the Canadian Pacific. Each system was extravagant in fighting and trying to out rival the other. We spent money largely to rehabilitate the Canadian National Railway System and put it on a first-class footing. We have had yearly deficits running from \$100,000,000 down to \$45,000,000 or \$47,000,000. I think one year the system met its operating expenses and paid interest on the debt due the public.

The question now arises, what would be the fair thing to do in setting up the capital of the Canadian National Railways. My right honourable friend says, "Yes, I admit it should be overhauled, and some things should disappear." I do not intend to enter into details of what debts should be struck out. I have suggested that we refer the Bill to committee and then discuss the situation so that we may determine what is the fair thing to do. We may not go the whole length of the Bill. It would be for the Minister and his accountants to justify before the committee the conclusions to which they have come. As my right honourable friend has said, there is not a cent to be gained by the country. I repeat, we have to consider what is the fair thing to do by the system, which, after all, is the property of the people of Canada.

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

#### REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: I move that this Bill be sent to the Standing Committee on Railways, Telegraphs and Harbours. It is a railway Bill, though its aspect is financial.

Right Hon. Mr. MEIGHEN: I think the Committee on Banking and Commerce would be more appropriate, but one committee is just as good as the other in its personnel.

Hon. Mr. DANDURAND: I should like to have the opinion of honourable senators.

Hon. Mr. MURDOCK: Surely the Bill should go to the Railway Committee.

Hon. Mr. DANDURAND: All right; we will say the Railway Committee.

The motion was agreed to.

#### FISHERIES RESEARCH BOARD BILL SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 77, an Act to repeal the Biological Board Act and to create The Fisheries Research Board of Canada.

He said: The Biological Board of Canada was established originally by Order in Council in 1898. It consisted of the then Commissioner of Fisheries, the late Professor Prince, and certain professors of universities then doing biological research work. Its first laboratory was a floating one. It was designed to be towed around the coast from place to place where work was being carried on. For many years the board confined its work to

investigations of the fauna and flora of the sea, or, in other words, to marine animal and vegetable life.

In the course of time the board's work was extended to both coasts and two important permanent stations were established, one at St. Andrews, N.B., and the other at Departure Bay, near Nanaimo, B.C.

In 1912 it was decided to establish the board by legislation and the Biological Board Bill was enacted. As time went on the board, at the instance of the department, undertook more and more investigational work not only into the natural history of fish, but also into problems arising in the preparation of fish for market.

By 1923 the board, the industry and the department were working so closely together that it was decided to amend section 4 of the Act so as to provide that the board should consist of seven members appointed by the Minister, in addition to the scientific members from the universities. After this amendment two representatives from the department and two from the industry, one from each coast, were appointed to the board, and it has since been so constituted that it represents the Administration, the industry and science.

The work of the board has been continually expanding. In addition to the scientific stations at St. Andrews and Departure Bay, there is now on each coast—at Halifax and Prince Rupert—what is known as a fisheries experimental station. These stations are designed to do for the industry all that an experimental farm can do for agriculture. They deal with problems experienced by the industry in preparing fish for market, and carry on investigations looking to the development of better methods of processing fish. They also conduct courses of instruction not only for our fishery officers, but as well for representatives of the industry.

More recently other sub-stations have been established, one at Bideford, P.E.I., for oyster development work, and another on the Gaspé coast to meet the requirements of the French-speaking portion of the fishing industry.

This is the present membership of the board: Professor A. T. Cameron, Winnipeg, Manitoba, Chairman; J. J. Cowie, Ottawa, Secretary-Treasurer; John Dybhavn, Prince Rupert, B.C.; Professor R. J. Bean, Halifax, N.S.; Professor A. H. Hutchinson, Vancouver, B.C.; Professor J. Playfair McMurrich, Toronto, Ont.; Professor W. T. MacClement, Kingston, Ont.; Professor H. G. Perry, Wolfville, N.S.; J. A. Rodd, Ottawa, Ont.; Professor W. P. Thompson, Saskatoon, Sask.; Professor D. L. Thomson, Montreal, Que.; A. Handfield Whitman, Halifax, N.S., and Professor Alexandre Vachon, Quebec City.

The legislation now proposed is requested by the board itself after it has given consideration to the matter from all standpoints. The main objects of the Bill are to constitute a board which will not become unwieldy in size, as it might under the present Act, and to give the board a name indicating the work in which it is engaged.

The present appropriation for the board is \$201,300. As this aspect of the matter will be open for consideration when the fisheries estimates are being dealt with in the other House, I will not discuss it now.

The explanatory notes in the Bill are so adequate that I assume honourable senators would deem further explanation unnecessary.

Hon. Mr. BALLANTYNE: I understand that the main purpose of the Bill is to change the name of the present board.

Hon. Mr. DUFF: That is all.

Hon. Mr. BALLANTYNE: The Biological Board was formerly a separate organization and did not come under the jurisdiction of the Minister of Fisheries. In 1920 I introduced in the other House a Bill to place the board under the Minister's authority. That Bill was rejected by this honourable Chamber after a very distinguished professor—he has since departed this life—had carried on an active lobby against it. Is this new organization to come under the personal direction of the Minister?

Hon. Mr. DANDURAND: Has my honourable friend read the Bill?

Hon. Mr. BALLANTYNE: No.

Right Hon. Mr. MEIGHEN: I think it does.

Hon. Mr. DANDURAND: The Bill says:

In this Act, unless the context otherwise requires,—

“Board” means “The Fisheries Research Board of Canada”;

“Minister” means the Minister of Fisheries;

“Department” means the Department of Fisheries.

There shall be a body to be called “The Fisheries Research Board of Canada” which shall be under the control of the Minister.

Hon. Mr. BEAUBIEN: That is it.

Hon. Mr. DANDURAND:

The Board shall consist of fifteen members appointed by the Minister as follows: two from the Department, two representing the fishery industry on the Atlantic coast, two representing the fishery industry on the Pacific coast, and nine scientists selected from a list including nominations which may be made by any Canadian university whose staff embraces scientists engaged in research work in any way bearing upon fishery problems; provided that for subsequent appointments of scientific members a list including nominations as aforesaid shall be supplied to the Minister by the Board.

Hon. Mr. DANDURAND.

Hon. Mr. BALLANTYNE: It is quite clear that it comes under the Minister. I am satisfied.

Hon. Mr. DANDURAND: I think this Bill was very closely studied by the members of the board. They are confident that we will endorse their work.

Hon. Mr. BALLANTYNE: In years past the Biological Board just went its own way, and very few problems were referred to the Minister or discussed with him. I hope that under this Bill the Minister, who is given the authority he should always have had, will keep very close personal supervision over the new board.

Hon. WILLIAM DUFF: Honourable senators, I do not intend to detain the House for more than a few moments. I agree with the honourable senator from Alma (Hon. Mr. Ballantyne) that all this Bill really involves is a change in the name of the board. From my knowledge of the old Biological Board I do not believe the new board can do any more than was done in the past. I remember distinctly the time when my honourable friend (Hon. Mr. Ballantyne) brought up this matter. Whether any credit is due to him or not, the fact remains that most of the men appointed to the board at that time were practical men. My only objection to this Bill—and I am not going to oppose it strongly, because it does not mean very much—is that it reduces the number of practical men on the board and provides for the appointment of scientists from the different colleges of this country. While, of course, we must have scientists, men of exceptional education and ability, it seems to me that the majority of the board should be practical men in the fisheries, not men from the universities.

The Bill says there are to be only two practical men from the Pacific coast and two from the Atlantic coast. On the old board we had men from the biological stations at Halifax and St. Andrews on the Atlantic, and Prince Rupert on the Pacific, and those men, working with Handfield Whitman and other practical men, did splendid work. Perhaps it was just as well that when they came to a decision they did not report to the Minister, but carried on by themselves. I am sure it would be just as well if there were no reports to-day, because practical men who understand the needs of the industry are in a better position to say what should be done than are some of the officials of the department.

The Bill says there are to be—

—nine scientists selected from a list including nominations which may be made by any Canadian university whose staff embraces scientists engaged in research work in any way bearing upon fishery problems.

If we are ever going to get anywhere with the fisheries of this country it will not be by engaging scientists from the universities. During the last forty-five years I have heard a good deal said about when the mackerel would be on the Atlantic coast, when the herring would come, and when the lobsters were going to crawl, but I have never yet known a scientist who could foretell those things as well as the old fisherman who was out in his boat in the rain and the storm from dawn to dark. Perhaps it is not worth mentioning, but all these professors do is to come here to have a good time. As far as anything of practical value is concerned it would be much better just to take the men at the Halifax, St. Andrews and Prince Rupert stations and have them work with the practical men who know something about the industry.

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

#### THIRD READING

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

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

### FOREIGN ENLISTMENT BILL

#### SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 23, an Act respecting Foreign Enlistment.

He said: Honourable senators, the Foreign Enlistment Act is an Imperial statute which, under its terms, extends to Canada and all the dominions, but under the Statute of Westminster Canada may repeal, change or amend it. The purpose of this measure is to repeal the Imperial Act and replace it by Canadian legislation. The provisions of this Bill are generally the same as those of the Imperial statute, but are made to harmonize with Canadian conditions in matters of administration and procedure, and are enlarged to cover modern methods of conveyance by land and by air. It has been felt that Canada should have such legislation on its Statute Book.

Right Hon. ARTHUR MEIGHEN: I have no objection at all to the motion for the second reading of the Bill, but by to-morrow I can

have one or two amendments ready which do not affect the meaning of the measure at all, but seem to me necessary as a matter of draftsmanship. I suggest that we go into Committee of the Whole on the Bill to-morrow.

Hon. Mr. DANDURAND: I shall move that the Bill be put down for Committee of the Whole to-morrow.

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

### NATIONAL PARKS BILL

#### SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 75, an Act respecting the establishment of a National Park in the Province of New Brunswick and to amend The Nova Scotia and Prince Edward Island National Parks Act, 1936.

He said: Honourable senators, perhaps it will be sufficient to read two clauses of the Bill which is before us. Clause 2 says:

The Governor in Council may, by proclamation, set aside as a National Park of Canada, such lands in the province of New Brunswick as the province and Canada agree upon as suitable for a National Park, provided that the province furnishes Canada with a clear title to the said lands, and upon the issue of such proclamation the said National Park shall be subject to the provisions of The National Parks Act, chapter thirty-three of the statutes of 1930.

Clause 3 says:

Section three of The Nova Scotia and Prince Edward Island National Parks Act, 1936, chapter forty-three of the statutes of 1936, is amended by adding thereto the following subsection:

(2) The Governor in Council may, by proclamation, withdraw from the said Park such lands in Cape Breton as may be agreed upon by the province of Nova Scotia and by Canada, and the Governor in Council may thereupon re-vest such lands in the province.

Then there are the explanatory notes:

New areas to be administered and developed as national parks under The National Parks Act can be established only by Act of Parliament.

No area has as yet been decided on in New Brunswick. A number of areas have been suggested, but it may be some time before a decision is reached as to what area is to be finally developed as a national park.

It is necessary, if development is to proceed this year, that legislation providing for the establishment of the area chosen as a park be passed at this session of Parliament.

The area set aside for a park in Cape Breton, Nova Scotia, as described in The Nova Scotia and Prince Edward Island Parks Act, 1936, was mostly in unsurveyed territory. A detailed survey of the boundary has since been

made, which necessitates certain changes in this boundary as described in the original Act to meet local conditions. It will be necessary to add certain areas, authority for which was provided in the original Act, and also to withdraw certain areas which the detailed survey discloses are not now necessary from a park point of view.

The provision herewith is to authorize the Governor in Council to withdraw from the park any areas which the official plan of the survey of the boundaries, which has not yet been issued, shows as lying outside the boundaries as finally selected and surveyed.

Right Hon. ARTHUR MEIGHEN: Honourable members, I would ask whether the Governor in Council, when land is taken out of a park, as contemplated by this Bill in respect of the Cape Breton Island Park, can convey it to whomsoever he wishes. I should think he must convey it back to the province which gave it.

Hon. Mr. DANDURAND: I should surmise as much, as it is the province that gives the land.

Hon. Mr. COPP: The Bill provides for re-vesting in the province.

Right Hon. Mr. MEIGHEN: Can I get any information as to where the park in New Brunswick is likely to be? All of New Brunswick that I ever saw is admirably suited for a national park.

Hon. Mr. DANDURAND: My right honourable friend's leader in the other House asked whether it would not be in his old county, and in reply the Minister said:

I suggest that my right honourable friend may still live in hope. The difficulty in New Brunswick is that there are several sites under consideration. Under the Parks Act the Provincial Government has to give to the federal authority with clear title the area set aside for a park. In the older settled provinces this involves the acquisition of the site. I had hoped to be in a position to state to the committee when this measure was brought down that a particular site had been selected, and what its boundaries would be, but unfortunately I am not in that position. We desire to get a start made on the park in New Brunswick, and we are asking in the Bill for authority to define the area by Order in Council.

So we are not much further advanced. The Minister has not stated the nature of the difficulties in the way of the New Brunswick Government offering a certain area.

The Minister added:

There have been some changes in Nova Scotia in the boundaries of the park as defined a year ago, the Provincial Government having discovered that it would be put to considerable expense to acquire some of the area included in the boundaries as defined at that time.

There are certain problems of mineral rights which they had not considered before, which might lead to an uncertain financial liability.

Hon. Mr. DANDURAND.

But we are adding an area to the park which, in the opinion of the parks officials who have examined it, will add to the usefulness and attractiveness of the park.

Sites are examined first by officials from the Parks Branch of the Federal Government, but my honourable friend must remember that the area has to be given to the Federal Government by the Provincial Government free of charge, with a clear title. That means that the Provincial Government has to be a consenting party to the area set aside.

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

### THIRD READING

Hon. Mr. DANDURAND: With the leave of the House, I move the third reading of the Bill.

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

## OTTAWA AGREEMENT BILL

### SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 76, an Act to authorize an agreement between His Majesty the King and the Corporation of the City of Ottawa.

He said: Honourable senators, the object of this Bill is to extend the agreement between His Majesty the King and the Corporation of the City of Ottawa, under which the federal treasury pays \$100,000 annually to the city.

Hon. Mr. COTE: Honourable senators, I do not wish to oppose the passing of this Bill, which provides for payment of \$100—

Right Hon. Mr. GRAHAM: \$100,000.

Right Hon. Mr. MEIGHEN: Perhaps \$100 is what my honourable friend thought it ought to be.

Hon. Mr. COTE: The Bill could not be much more unjust, I suppose, if it provided for payment of only \$100. I am rising to say that although the city is grateful for the \$100,000, that amount is a mere pittance in comparison with the value of municipal services which the Government enjoys with respect to its properties, which are immune from taxation. This sum is but a small fraction of what the Government would have to pay if all the property it owns in Ottawa were assessed and taxed as other property is. As stated in the explanatory notes accompanying the Bill, the agreement originally provided for an annual payment of \$75,000. It was obviously a one-sided agreement, because the Government was under no legal obligation

to pay anything. In 1925 the amount was increased to \$100,000. I know that the Mayor of Ottawa, members of the City Council and citizens in general think this amount is altogether inadequate and, I think I can say, quite unfair.

Right Hon. Mr. MEIGHEN: The honourable gentleman does not suggest that this represents everything the Government gives in return for services rendered?

Hon. Mr. COTE: No. The Government spends other sums in the city of Ottawa.

Right Hon. Mr. MEIGHEN: Vast sums.

Hon. Mr. COTE: It spends sums on—

Right Hon. Mr. MEIGHEN: Parks and improvements, for example.

Hon. Mr. COTE: The Government has set up the Federal District Commission, whose function is to improve the appearance of our city. This was done for the benefit not of citizens of Ottawa alone, but as well of all who come to the city—indeed, of the citizens of Canada as a whole. Even if the entire amount spent by the Government on improvements were added to this \$100,000, the total would still fall far short of what would be equitable taxation on Dominion property in the city.

Personally I do not think the city of Ottawa should be treated in this way. The difference between the cost of civic services rendered to the Government and the amount which the Government pays has to be made up by the citizens of Ottawa.

I can only repeat that this amount of \$100,000 is very inadequate. I hope that in the near future, when this agreement comes up for revision, the Minister who conducts the negotiations on behalf of the Government will not entrench himself behind the legal immunity from taxation which the Government enjoys, but will adopt a fair attitude. I recognize the principle of exempting the Crown from taxation, a principle which comes down to us from the Middle Ages. Since Crown property is held all over the land, I suppose that principle does not, in general, work out to the disadvantage of one community as compared with another; but surely some exception should be made in the application of that principle to a capital city, where the Government maintains its headquarters and administrative offices, vast holdings of properties which are used in the business of the whole Dominion. I submit, honourable senators, that the city of Ottawa should be paid a sum sufficient to compensate it to a reasonable extent for what it loses through non-taxation of Dominion property.

Hon. Mr. DANDURAND: I have previously expressed in this Chamber the opinion that the city of Ottawa should be made a federal district and should be administered by the Dominion of Canada as the District of Columbia is administered by the United States. I am unable to state off-hand just what advantages the citizens of Ottawa would receive through this change, but possibly they would be quite satisfied to live under the administration of a commission appointed by the Dominion Government.

Hon. Mr. COTE: Personally I should not object to a system of that kind. I should be rather in favour of it.

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

### THIRD READING

Hon. Mr. DANDURAND: Honourable senators, with leave I would move that the Bill be read a third time now.

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

### PRIVATE BILL

#### REPORT OF COMMITTEE

Hon. Mr. BLACK moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill L2, an Act to incorporate The Mercantile Fire Insurance Company.

The motion was agreed to.

### THIRD READING

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

Hon. Mr. LITTLE: With leave of the House I move that the Bill be read a third time now.

Right Hon. Mr. MEIGHEN: I understood the committee had recommended that the name of the company be changed by addition of the word "Canadian."

Hon. Mr. LITTLE: Yes. The name was changed in committee to "The Canadian Mercantile Fire Insurance Company."

Hon. Mr. MURDOCK: We have just adopted the committee's report, which contains a number of amendments, including that to the name of the company. If we pass the present motion we shall be giving third reading to the Bill as amended.

Right Hon. Mr. MEIGHEN: On the motion for third reading the Bill should have its correct title.

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

### DIVORCE BILLS

#### FIRST, SECOND AND THIRD READINGS

Hon. Mr. ROBINSON on behalf of the Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first, second and third times, and passed on division:

Bill M2, an Act for the relief of Norah Clara Simson Warden.

Bill Q2, an Act for the relief of Evelyn McCaughan McBride.

Bill R2, an Act for the relief of Marie Liette Fortier Mickles.

Bill S2, an Act for the relief of Cecile Snyder Rashback.

### RAILWAY COMMITTEE

On the motion to adjourn:

Right Hon. Mr. GRAHAM: I desire to remind honourable members that the Committee on Railways, Telegraphs and Harbours is to meet as soon as the House rises.

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

## THE SENATE

Friday, April 2, 1937.

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

Prayers and routine proceedings.

### SUPREME COURT BILL

#### FIRST READING

A message was received from the House of Commons with Bill 78, an Act to amend the Supreme Court Act.

The Bill was read the first time.

### LAW CLERK OF THE SENATE

#### RESOLUTION

Hon. Mr. RAOUL DANDURAND: Honourable senators, during the closing days of the session of 1935 arrangements were made with the Civil Service Commission to exempt from the provisions of the Civil Service Act the position of Law Clerk and Parliamentary Counsel of the Senate, and a few days later the Senate agreed to the appointment of Mr. W. F.

Hon. Mr. MURDOCK.

O'Connor, K.C., at a salary of \$6,000 per annum, and an Order in Council was passed authorizing payment. It is the opinion of the Civil Service Commission that the Senate should confirm that Order in Council by resolution. I therefore move:

Resolved that the Senate do approve of Order in Council No. 3015, dated September 25, 1935, fixing the annual salary of Mr. W. F. O'Connor, K.C., Law Clerk and Parliamentary Counsel of the Senate, at six thousand dollars per annum from July 5, 1935.

This is simply a confirmation of what we have done. We could perhaps adopt it now.

The resolution was agreed to.

### FOREIGN ENLISTMENT BILL

#### CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill 23, an Act respecting Foreign Enlistment.

Hon. Mr. Robinson in the Chair.

Hon. Mr. DANDURAND: I would suggest that if any honourable senator has any amendments in mind he should direct attention to the clauses affected, so that we may adopt the other clauses without discussion.

Hon. Mr. GRIESBACH: I wish to make just a general observation. There are a number of Imperial statutes in force in Canada, some of which are not unrelated to this measure, and they should be looked into by the law officers. My recollection is that the Army Act and the Mutiny Act, among a number of others, are applicable to Canada. All the law contained in the King's Regulations and Orders for the Canadian militia is largely from Imperial statutes. I suggest our law officers should ascertain what Imperial legislation, particularly such as deals with military matters, applies to this country, and revamp it to suit our needs. Unless that is done we may find ourselves in some difficulties in the event of an emergency. The matter could probably be attended to during the coming recess of Parliament.

Hon. Mr. DANDURAND: I understand that an inquiry along that line will be started by some officers of the Department of Justice and of the Department of External Affairs. I was surprised to hear that there are perhaps 100 or 150 Imperial Acts which are still effective with regard to the dominions and which it is necessary for our own Parliament to appropriate. I understand the intention is to have the inquiry completed before next session, though I am not sure that will be possible.

Should we report the Bill?

Right Hon. Mr. MEIGHEN: Not just yet. What I had in mind and now suggest is that the expression "friendly foreign state" should be defined. This expression occurs in section 3:

If any person, being a Canadian national, within or without Canada, accepts or agrees to accept any commission or engagement in the armed forces of any foreign state at war with any friendly foreign state, or, whether a Canadian national or not, within Canada, induces any other person to accept or agree to accept any commission or engagement in any such armed forces, such person shall be guilty of an offence under this Act.

The words "foreign state" are defined as including:

any foreign prince, colony, province or part of any province or people, or any person or persons exercising or assuming to exercise the powers of government in or over any foreign country, colony, province, or part of any province or people.

I am informed that in the British Act a friendly state is defined as a state at peace with His Majesty. There appears on the surface to be a difference between that term and the term "friendly foreign state" as used in our section 3. Why should not "friendly foreign state" be defined by a new clause (g) of section 2 as "a foreign state at peace with His Majesty"?

Hon. Mr. DANDURAND: I doubt whether there is any need for clarifying the expression "friendly foreign state" as contained in section 3. It seems to me it is synonymous with a foreign state with which we are at peace.

Right Hon. Mr. MEIGHEN: The British Act uses the expression "a foreign state at peace with His Majesty."

Hon. Mr. DANDURAND: Does it define what is a friendly state?

Right Hon. Mr. MEIGHEN: It does not use the term "friendly foreign state," which we have adopted. I admit quite frankly that I submitted this matter to Parliamentary Counsel. He thinks there is no danger in using that term, but I incline to the view that it is better to use terms which have always been used.

Hon. Mr. COTE: May I suggest that the reason for not adopting a definition was to get away from a difficulty which might be involved in accepting the definition in the British Act. This definition says that a friendly state is a state which is at peace with His Majesty. Of course, "His Majesty" means His Britannic Majesty the King of England, the King of Canada, the King of Australia, and so on. If we inserted the Imperial definition, and Australia only were at war with a foreign state—

Right Hon. Mr. MEIGHEN: That might be a state friendly with us?

Hon. Mr. COTE: Yes. Obviously, whoever drafted this Bill did not want to settle that moot and difficult point.

Hon. Mr. DANDURAND: Perhaps we had better accept the Bill as drafted.

Right Hon. Mr. MEIGHEN: We should not assume there can be war and peace at the same time in the same country.

Hon. Mr. DANDURAND: I have no objection to any amendment.

Right Hon. Mr. MEIGHEN: Should not the word "voluntarily" be inserted in clause 3 before the word "accepts"? Certainly it is against the law of nations for another country to compel a national of this country to enlist in its armed forces, but conceivably it might be done.

Hon. Mr. DANDURAND: Does not the word "accepts" cover the point?

Right Hon. Mr. MEIGHEN: Oh, no. He might accept an engagement under compulsion.

Hon. Mr. BLACK: He might be conscripted while in a foreign country.

Hon. Mr. GRIESBACH: He might be visiting his native country, the government of which did not recognize Canadian naturalization, and therefore would conscript him. When he came back to Canada he might be found guilty of foreign enlistment.

Hon. Mr. MACDONELL: No foreign nation can conscript a British subject.

Hon. Mr. BLACK: A somewhat similar condition did exist in the late War. Germans, nationals of the United States, who happened to be in Germany at the time war broke out were forced into the German army. The insertion of the word "voluntarily" before the word "accepts" would at least free our nationals from prosecution after they returned to Canada. If of German or Japanese origin it is conceivable they might be conscripted.

Right Hon. Mr. MEIGHEN: Germany disregards naturalization laws of other countries and would still treat those men as its own nationals.

Hon. Mr. DANDURAND: Well, we may put in the word "voluntarily." If it destroys to any extent the economy of the Bill, the House of Commons may express an opinion.

Right Hon. Mr. MEIGHEN: It does not.

Hon. Mr. HARDY: Would anyone who found himself caught in the toils of the Act not be allowed to plead compulsion? Who is to prove that it was not involuntary?

Right Hon. Mr. MEIGHEN: He is liable anyway, even if he succeeds.

Hon. Mr. HARDY: There is no way of proving that it is voluntary or involuntary.

Right Hon. Mr. MEIGHEN: That may be, but we should not make a serious offence of something that is not an offence at all. I move the insertion of "voluntarily."

The British Act contains provision for permits or licences to cover special cases, though I do not know whether it is availed of. Is the Government of Canada strongly opposed to adopting such a provision?

Hon. Mr. DANDURAND: I know the matter was discussed at length in the other Chamber. I do not recall the reasons advanced for the Bill as it is.

Right Hon. Mr. MEIGHEN: It is not likely there would be cases here.

The proposed amendment of Right Hon. Mr. Meighen was agreed to.

The Bill was reported as amended.

#### CONCURRENCE IN AMENDMENT

The Hon. the SPEAKER: Honourable members, the Chairman of the Committee of the Whole, to whom was referred Bill 23, an Act respecting Foreign Enlistment, has reported the Bill with a certain amendment. Is it your pleasure to concur in the amendment?

Hon. Mr. GRIESBACH: I was going to raise a question to see what the reaction of the leader of the Government would be. If Great Britain becomes involved in war and the present Government of Canada carries out its policy of taking no action until Parliament can be assembled and its views ascertained, and if the Government, for the purpose of bridging the period between the outbreak of war and the decision of Parliament, decides to issue a proclamation of neutrality, would it be the intention of the Government to invoke the provisions of this Act to prevent Canadians from taking service under His Majesty in his right as King of the United Kingdom?

Hon. Mr. DANDURAND: As I read the Act I do not think the question would present itself.

Right Hon. Mr. MEIGHEN.

Right Hon. Mr. MEIGHEN: If under neutrality the United Kingdom is not a foreign state, why not define "foreign state" as I suggested?

Hon. Mr. DANDURAND: I have said that I have no objection.

The amendment was concurred in.

#### THIRD READING

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

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

#### DEPARTMENT OF NATIONAL REVENUE BILL

##### SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 55, an Act to amend the Department of National Revenue Act.

He said: Honourable senators, this is a very short Bill, which may be explained in the following terms. Civil servants who are about to be superannuated because of age are granted leave of absence for a certain period. In all departments of the Government except the Department of National Revenue the superannuation payments start when the period of leave expires; in the Department of National Revenue they start at the beginning of that period. Thus there is a difference of treatment between employees of the National Revenue Department and those of other departments. The purpose of this Bill is to provide that officers in the Department of National Revenue shall receive the same treatment in this respect as other civil servants.

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

##### THIRD READING

Hon. Mr. DANDURAND: With the leave of the House I move the third reading of the Bill.

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

#### BUSINESS OF THE SENATE

Hon. RAOUL DANDURAND: Honourable senators, we meet optimists in this world, and even in this capital I have met people who assert that we shall have prorogation by Wednesday evening. I am not so optimistic as to come within their class, but I must take notice of the possibility; so I shall move that when the Senate adjourns this evening it stand adjourned until Monday next at 3 o'clock in the afternoon.

The Hon. the SPEAKER: I do not think any notice of motion is required.

Hon. Mr. DANDURAND: Well, this is the first time I have had to abstain from a motion.

Before moving the adjournment of the House I would remind honourable members of the Standing Committee on Railways, Telegraphs and Harbours that the committee will meet just after His Honour the Speaker leaves the Chair.

The Senate adjourned until Monday, April 5, at 3 p.m.

## THE SENATE

Monday, April 5, 1937.

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

Prayers and routine proceedings.

### TRANS-CANADA AIR LINES BILL

#### FIRST READING

A message was received from the House of Commons with Bill 74, an Act to establish a corporation to be known as Trans-Canada Air Lines.

The Bill was read the first time.

Hon. Mr. DANDURAND: Honourable senators, there may be in the hands of His Honour the Speaker three or four bills from the Commons. I would suggest that they be put down for second reading this evening. Honourable senators will have an opportunity of perusing the bills in the meantime, in order to be in a position to discuss their merits on the motion for second reading.

I move, with the leave of the Senate, that this Bill be placed on the Order Paper for second reading at a later stage of this sitting.

The motion was agreed to.

### CUSTOMS BILL

#### FIRST READING

A message was received from the House of Commons with Bill 84, an Act to amend the Customs Act.

The Bill was read the first time.

Hon. Mr. DANDURAND: I make the same motion with respect to this Bill.

Hon. Mr. HAIG: Honourable senators, I have received some protests against this Bill, and should like to have it follow the regular procedure. I want to look into the merits of these protests before I waive my rights.

Hon. Mr. DANDURAND: I, too, have received protests. Perhaps we can have some light shed on the Bill this evening, and my honourable friend will then have something to ponder during the night.

The motion was agreed to.

### BUSINESS PROFITS WAR TAX BILL

#### FIRST READING

A message was received from the House of Commons with Bill 85, an Act to revive and amend the Business Profits War Tax Act, 1916.

The Bill was read the first time.

Hon. Mr. DANDURAND: I make the same motion.

The motion was agreed to.

### DEPARTMENT OF TRANSPORT

#### STORES BILL

#### FIRST READING

A message was received from the House of Commons with Bill 88, an Act respecting Department of Transport Stores.

The Bill was read the first time.

Hon. Mr. DANDURAND: I make the same motion as to this Bill.

The motion was agreed to.

### CANADA-URUGUAY TRADE AGREEMENT BILL

#### FIRST READING

A message was received from the House of Commons with Bill 86, an Act respecting a certain trade agreement between Canada and Uruguay.

The Bill was read the first time.

Hon. Mr. DANDURAND: I make the same motion.

The motion was agreed to.

### LIBRARY OF PARLIAMENT

#### AMENDMENT TO ORGANIZATION OF STAFF

The Hon. the SPEAKER: Honourable members, I have the honour to inform the Senate that I have received the following recommendation from the Joint Librarians of Parliament:

The Joint Librarians of Parliament have the honour to recommend the following amendment to the organization of the Library of Parliament:

That the organization of the staff of the Library of Parliament, as heretofore authorized, be amended, as from April 1, 1936, by,

(a) Striking out one position of Library Assistant,

(b) Adding one position of Senior Library Assistant.

(signed) M. Burrell,  
Parliamentary Librarian.

(signed) Felix Desrochers,  
General Librarian.

I might explain that the proposed amendments would mean no increase in the staff, but \$45 increase in salary, for which there is provision in the estimates. I might further state that the recommendation has been passed upon by the other House.

Hon. Mr. ROBINSON moved that the recommendation be adopted.

The motion was agreed to.

## SUPREME COURT BILL

### SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 78, an Act to amend the Supreme Court Act.

He said: Honourable senators, the purpose of this Bill is merely to clarify the meaning of the present section 37 of the Supreme Court Act. Under that section there is a right of appeal per saltum when parties agree and consent is given by the court of final resort in the province. This Bill is intended to make it clear that the appeal must be from a judgment which is applicable to that court of final resort as well.

Per saltum appeals are appeals that are allowed to jump over one tribunal, as it were, and to reach a higher tribunal directly.

I may say that the interpretation of the present section 37 has given some difficulty to the Supreme Court of Canada, because part of the section is anything but clear. The Court has suggested the clarification which is the object of this Bill. I can and will give the Senate further information as to the difficulty which the justices of the Supreme Court have had in interpreting this section, but I feel that when I have finished honourable members will not be much more enlightened than they are after the short explanation I have given so far. I am citing from a memorandum of the Minister of Justice. Section 37, which is to be amended, and which is reproduced in the explanatory notes to the Bill, is the section of the Supreme Court Act that provides for per saltum appeals. The other sections deal with appeals de plano. When in 1930 the section was amended, the intention was that the leave

of the court of final resort in the province should be required, as well as the consent of the parties, as a condition precedent to an appeal being permitted without the case going to the court of appeal of the province. But the language of the section does not express the intention as clearly as it should have been expressed. Perhaps I had better read the present section 37:

Where the amount or value of the matter in controversy in the appeal exceeds the sum of two thousand dollars, subject to section thirty-eight, an appeal shall lie directly to the Supreme Court from any final judgment of a provincial court, whether of appellate or original jurisdiction, other than the highest court of final resort in the province, pronounced in a judicial proceeding, which is not one of those specifically excepted in section thirty-six,

(a) by leave of the highest court of final resort having jurisdiction in the province in which the proceedings were originally instituted; and

(b) by consent in writing of the parties, or their solicitors, verified by affidavit and filed with the registrar of the Supreme Court and with the registrar, clerk or prothonotary of the court to be appealed from—

This amendment was made in 1930 at the request of the judges of the Supreme Court themselves, and the intention was that both conditions should be fulfilled, namely, the consent of the parties to pass over one tribunal, plus the leave of the court of final resort; but apparently it has been considered by some that the conditions were alternative, and this is the kernel of the difficulty. Cases in which the two conditions have not been complied with have come to the Supreme Court here. Although the Supreme Court has maintained that it was intended both should be required, it is thought better to clarify the situation so that no ambiguity may continue to exist.

The purposes of the present amendment are expressed very clearly. The judges of the Supreme Court had a hand in the preparation of the Bill. Those purposes are: first, that no suitor who has obtained judgment in his favour in a provincial court shall, without his consent, be brought by way of appeal before the Supreme Court without the opportunity of having judgment pronounced upon his case by the court of last resort in the province; second, that on public grounds the consent of the parties shall not in itself be sufficient to entitle either of them to come before the Supreme Court per saltum, but shall be supplemented by leave of the provincial court of final resort; third, that there shall be no right of appeal per saltum except upon some question of law, for it seems obvious that questions of fact, before coming to the Supreme Court, should be pronounced upon by the court of last resort in the province; and

The Hon. the SPEAKER.

fourth, that there shall be no appeal per saltum from provincial tribunals presided over by persons appointed by authority of the Provincial Legislature. Such tribunals, as a rule, are mainly concerned with controversies relating to matters which are solely administrative in their character. Of course, this applies only to appeals per saltum and not to appeals de plano, when there is a final judgment by the court of last resort in the province. The main purpose is to provide that when there is no appeal to the court of final resort in the province there shall not be an appeal to the Supreme Court of Canada. I think the aim of the Bill is merely to clarify the situation that already exists, which has created some difficulties and been the cause of some litigation.

Hon. Mr. GRIESBACH: Which court will determine whether there is a right of appeal—the Supreme Court or the court of highest jurisdiction in the province itself?

Hon. Mr. DANDURAND: As I read the explanations given, my answer would be that both the highest court in the province and the Supreme Court would give assent.

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

### THIRD READING

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

Hon. Mr. COTE: Are we to understand that leave must be obtained both from the highest court of appeal in the province and from the Supreme Court itself?

Hon. Mr. DANDURAND: I will read the clause:

37. (1) Subject to section thirty-eight hereof, where the amount or value of the matter in controversy in the appeal exceeds the sum of two thousand dollars, an appeal shall lie directly to the Supreme Court in respect of a question of law alone from a final judgment pronounced in a judicial proceeding by a provincial court of which the judges are appointed by the Governor General, upon leave being granted to that effect by the highest court of final resort in the province in which the proceedings were originally instituted, and provided that the consent in writing of the parties, or their solicitors, verified by affidavit is filed with the Registrar of the Supreme Court and with the registrar, clerk or prothonotary of the court to be appealed from.

(2) No such leave shall be granted by the highest court of final resort unless an appeal would lie to such court of final resort and also to the Supreme Court from the judgment of such court pronounced in such appeal.

(3) Save as provided by this section, but subject to section forty-four, no appeal shall lie to the Supreme Court except from the highest court of final resort having jurisdiction in the province in which the proceedings were originally instituted.

As I read the explanation, I took it for granted that application had to be made to the Supreme Court.

Hon. Mr. COTE: But there is nothing in the section as amended which refers to the necessity of obtaining leave from the Supreme Court itself?

Hon. Mr. DANDURAND: No; but all the same I believe there must be application to the Supreme Court for leave.

Hon. Mr. COTE: At any rate, if such a necessity exists, it exists by virtue of some section not touched by this Bill.

Hon. Mr. DANDURAND: Yes.

Hon. Mr. LEGER: I think the explanation is fully given in the note on page 2. It would seem that permission to appeal to the Supreme Court would be required only when the provincial court had negatived the right to appeal.

Hon. Mr. DANDURAND: Of course, it goes without saying that the Supreme Court, when applied to, would see that all these conditions had been complied with.

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

### NAVAL AFFAIRS

#### DISCUSSION CONTINUED

The Senate resumed from March 31 the adjourned debate on the question proposed by Hon. Mr. Ballantyne:

That he will call the attention of the Senate to the training of naval cadets and the closing of the Naval College, and also to the sale of the training ship Aurora.

Hon. J. P. MOLLOY: I assure honourable senators that it had not been my intention to take part in this debate, and my only reason for speaking is that in the course of his speech the honourable senator from Edmonton (Hon. Mr. Griesbach) made use of one word which impels me to say something in reply.

The debate was opened by the honourable senator from Alma (Hon. Mr. Ballantyne). He held the portfolio of Minister of Marine throughout a very troublesome period. I am sure he will not object if I call him the first Civil Lord of the Canadian Admiralty in days gone by.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MOLLOY: He was followed in the debate by three generals. They all distinguished themselves in the Great War, and to-day have seats in this House. I listened to them attentively and found they agreed to disagree. They were followed by my honourable friend of many years' standing,

the Admiral, the irrepressible senator from Lunenburg (Hon. Mr. Duff). At the conclusion of his address there was a dialogue between him and the honourable senator from Alma. At first I thought they were at least in partial agreement, though, so far as I know, they have not agreed in the last twenty years. It seemed to me that they were both more loyal than the King, more catholic than the Pope. However, they both concluded as "continuing Presbyterians."

I have known my honourable friend from Alma off and on for the last twenty years. I listened with close attention, as I always do, to every word of his. He spoke in a cool, calm and collected manner. He said he believed that Canada should provide a certain degree of naval defence for the Dominion. He was mild and modest. His mildness and modesty carried me back to many years ago when I was in my native county of North Wellington. At that time there also lived there an old rough-necked Irishman. He had a wonderful daughter, but nobody came to claim her. So the old man proceeded to do a little missionary work among his neighbours, and he would always conclude his praise of her fine qualities with the words, "You know, my Maggie is mild wid modesty." Certainly the honourable senator from Alma was mild and modest in his proposal. I say to him that I would take no objection to his proposal being adopted if circumstances warranted and the finances of this country permitted.

But the honourable senator from Edmonton (Hon. Mr. Griesbach) is different. There is nothing mild or modest about him. I am beginning to think that my honourable friend has the mentality of destruction, not construction. It appears to me that he must have the mind of Attila, the Hun, who boasted that the grass never grew where his horse trod. Apparently my honourable friend would be only too happy if this and every other country on the face of the globe were engaged in nothing but war and all the carnage incident to it.

I have no doubt that most honourable members have seen the splendid screen version of Abie's Irish Rose. It will be remembered that Abie was born at sea and his mother died. In the misery of his grief the old father clung to his son. The son grew up to manhood. Then came the Great War. He enlisted. The day came when along with his comrades he had to embark for overseas. Among the cheering crowds on the sidewalk was an old man with a long beard—Abie's father. As the column passed the father joined Abie to have a parting word with him. He said to his son, "Abie, you be

a good boy and take care of yourself—you stay near the generals."

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MOLLOY: I do not believe we are going to have another war, but I say here and now that not only the British people but every great nation are doing everything to bring about war; they talk of nothing but war. Every night on the radio and every day in the newspapers we get reports of the civil war in Spain. Perhaps after a while we shall become war-minded.

A famous French marshal once said, "If you want war, arm for war." That is quite logical. I am not a strategist nor a war expert, and I have no connection with the war lords of this or any other country, but it does seem to me that in 1914 it was not the assassination of an Austrian grand duke and his wife that brought about the Great War. The time was ripe for a terrific explosion, an explosion which shook the very earth. Nation after nation since, you might say, 1870, after the Franco-Prussian war, had been seeking an excuse to make use of their vast armies and armaments, and the Sarajevo tragedy provided that excuse.

War, honourable senators, is a very expensive thing. It is like a lawsuit: if you win you lose. I have been a party to three lawsuits. I won them all, but they were costly victories, and I wish I had settled the disputes out of court.

Let me say this. Canada did her share, and more than her share, in the last World War. We, a nation of less than 10,000,000 people, enlisted 619,000 men. We sent overseas 424,000 soldiers. Of that army 60,000 were killed and 140,000 wounded. I am giving round figures.

About two years ago I happened to turn on the radio in my home. A lady was speaking. She had for some time been a member of the Board of Aldermen of the city of Winnipeg. She had the leisure and the means to make a European tour. She is interested in public affairs, and she felt it incumbent upon her to describe what she had heard and seen while in Europe. She was near the end of her speech, and what she said I shall always remember. She made this striking statement regarding the Great War: the per capita cost to Great Britain was £156; to France £56; to Germany £8. Then she put this arresting question: Who won the war?

I was more than pleased to listen to my old-time friend from Lunenburg when he took part in this debate last week. It brought back to my mind the words used by the Hon. Edward Blake on the motion to appoint Mr.

Hon. Mr. MOLLOY.

Ouimet Speaker of the House of Commons. He said, "Why should I, a fellow-rebel and fellow-traitor of years gone by, oppose the elevation of the honourable gentleman to the speakership?" Just twenty years ago the honourable member from Lunenburg (Hon. Mr. Duff) and many others, including myself, were classed as rebels and traitors. Speaking to you as a rebel of 1917, I want to say that no member sits in this House, or ever will sit in it, who is prepared to do more for the defence of Canada than the gentleman who is addressing the House at this moment. The honourable senator from Edmonton (Hon. Mr. Griesbach) quoted the Prime Minister of this country and the Minister of Justice, and referred to the use of the word "alone." A few years ago a bootlegging ship called the "I'm Alone" got into a lot of trouble, and I am prepared to get into all the trouble that is coming to me, for, as far as anything I say in regard to this matter is concerned, I am speaking for myself, and myself alone.

As I said a moment ago, there is no limit to what I will do, provided circumstances warrant it and the finances of this country will permit. There is no quarrel for the moment between the honourable senator from Alma (Hon. Mr. Ballantyne) and myself. We are in perfect agreement. But I cannot follow the honourable senator from Edmonton (Hon. Mr. Griesbach). What does he want? He wants a terror fleet on the Atlantic and the Pacific, and a challenge fleet in mid-ocean, to convoy our products to the warring nations, whoever they may be. Where is he going to get the money for them? I know it is not to be found at the moment in the Dominion treasury. My honourable friend is a native of the province of Alberta, and should be proud that he is, for I imagine that his only hope would be that he could get the money in that great province. He cannot get it from the taxpayers of Canada, because they already are paying all they can pay.

As I have said, there is no limit, as far as I am concerned, to how far we shall go in the defence of Canada. I believe the governments of the day—to me it does not make any difference what governments they have been—have done all they could do for the defence of Canada under the conditions that have existed. We are told we must declare ourselves; that shortly there is to be an Imperial Conference and the Government of Canada must take a stand. I wish to assure honourable members that I believe our affairs are safe in the hands of the Prime Minister of this country and his colleagues. I believe that what they do will be worthy of the positions which they occupy, and worthy of the

citizens of Canada. I believe as firmly as a man can—I may be mistaken; I hope not—that the Government of the day will say to the War Lords, the strategists and perhaps the Jingoos of Great Britain, supported by the Jingoos of this country, "We are willing to do as much as we can, and that much we will do."

This country, you must remember, is a very wide one and very sparsely populated. Not more than fifty per cent of the people of this country can claim British birth. We have brought here many people from many lands. We have one people here above all others, a people who are the descendants of those who came here more than four hundred years ago. What do they say? They say, "Go so far and no further, unless our interests are vitally affected." I am prepared to support any policy, whether it comes from the other side of the House or from this, that will be in the interest of this country, and—to use the word my honourable friend from Edmonton (Hon. Mr. Griesbach) emphasized so strongly the other night—this country alone.

Before I forget, I wish to compliment the honourable member from Edmonton on his speech. It was clear and it was calm; it was collected and connected. He spoke from his point of view. With that I have no fault whatever to find. Again I congratulate him. But because he thinks along a certain line is no reason why I should necessarily follow him. Surely we all have some opinions of our own. Surely we have some knowledge of what the public of this country thinks, and of what it wants us to do. I should like to tell my honourable friend—and I do so with all humility—that I believe I am well within the mark when I say that ninety per cent of the people of this country are opposed to Canada taking any further part in European wars. I will go further and say that 99.9 per cent of those in attendance at the schools of learning and the universities of this country are opposed to the thing he mentioned and which caused me to rise to my feet, namely, conscription. I shall deal with that a little later.

There has been quite a little furore, a semi-frenzy, of late, in regard to the naval protection of the Dominion of Canada. I was a member of the House of Commons years ago when the Laurier naval plan was under discussion. I was then, as I am now, just a buck private. I remember distinctly what was said at that time by the Hon. Mr. Foster, later Sir George Foster. I remember distinctly the amendment that was moved by the uncrowned king of Canada, Sir Wilfrid Laurier, which enlarged upon Mr. Foster's

suggestion. Then we had the Naval Service Act of this country. What did it mean? It was sufficient to meet the wishes of the people of Canada at that time. Without any bitterness—for there is no bitterness in my heart—I would ask the honourable senator from Alma (Hon. Mr. Ballantyne) did he vote for that. I would ask the honourable senator from Edmonton (Hon. Mr. Griesbach) did he vote for it. I would ask the honourable senator from South Toronto (Hon. Mr. Macdonell) did he vote for it. Far from it. What did they and their friends do?

Hon. Mr. BALLANTYNE: Would the honourable member allow me to say that I was not a member of the House at that time? I had the honour to be a member of the Liberal party then, and was fully in accord with the Laurier naval policy.

Hon. Mr. MOLLOY: So much the worse for the honourable gentleman. After the Laurier bill of 1910 became law, a piece of legislation was introduced in the House of Commons on the 26th of January, 1911, by one of the greatest men Canada ever knew, the Hon. W. S. Fielding. I was sitting not far from him at the time. Now I am coming close to my honourable friend. He says that he was not a member of the House then. I am quite well aware that he was not a member until 1917; but in 1911 he was a power in the city of Montreal and in the province of Quebec. Did he support the "Old Knight" in 1911? No. He lined up with the Gordons, the Holts, the Flavelles and the Siftons; he went into league with the Monks, the Laverignes and the Bourassas, to destroy the greatest man and greatest public character Canada has ever known.

Hon. Mr. BALLANTYNE: Would my honourable friend, for whom I have the greatest respect, allow me a word? I differed with my old friend Sir Wilfrid Laurier on the question of reciprocity alone. I did not differ with him on the naval policy, and I took no part whatsoever in the 1911 election.

Hon. Mr. MOLLOY: I accept my honourable friend's word in toto when he says that he was in accord with Sir Wilfrid on the naval policy. But there is an old saying that silence is golden. By his silence the honourable gentleman won away support from Sir Wilfrid Laurier and helped to bring about the defeat of the naval policy and the reciprocity proposal as well.

To-day we have in this country and in this House woe and lamentation. Who was it who said, "There will be weeping and wailing and gnashing of teeth; there will be weeping

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and wailing and snatching of beef"? To-day there is no beef, or very little, for the Imperialists in Canada: the Nationalists ate it all in 1911. To-day we have no navy in this country. My honourable friend from Toronto (Hon. Mr. Macdonell) in closing his speech said the position of the Canadian people was a disgrace. Very well; if it is, the stigma cannot be attached to members who sit on this side of the House and who were in favour of the naval policy of 1911. It would be a good thing for Canada to-day if we had what was branded in the province of Ontario as the "tin pot navy of the Laurier Government." Are these facts or are they not? I say they are facts and cannot be denied.

The matter I am dealing with is not ancient history; it is recent history; and I do not intend to detain the House with it for very long, because, as I have said, I had not intended taking part in this debate at all. A few moments ago I mentioned the speech of the honourable senator from Edmonton (Hon. Mr. Griesbach). To certain aspects of that speech I take great objection. He spoke of neutrality. He said that if Britain was at war it followed in the natural course of events that Canada would be at war. That I absolutely deny. Whether or not Canada is at war will depend on the circumstances I mentioned a few moments ago. If Britain sees fit at any time to take part in a war in which we, as Canadians, have no interest, so far as I am concerned Britain will have to fight it out alone. That is where I stand. If we are to continue doing as we have done in the past, what is going to happen us? The World War was declared in 1914. This is 1937. If a European war were to break out to-morrow—I do not care who would be to blame; indeed, all would be to blame, because it takes more than one to make a quarrel—should we be bound, right or wrong, to take part in that war because we happen to belong to the British Commonwealth of Nations? I say no. Further, I believe the Canadian people have made up their minds that they are not going to do it. We had one experience, a pretty bitter one. I mentioned a while ago the number of Canadians who enlisted, the number who went overseas, the number wounded and the number killed. It was a mighty costly business in life and money. My information is that up to the present time the war and its aftermath have cost this small nation \$4,500,000,000.

At this session of Parliament there was introduced by the Government a Bill for the defence of Canada, to which Bill some objection was taken not only by members of a party in opposition, but also by members

within the ranks of the Government itself. Before my Maker I solemnly declare that I could not understand—and for some days the question bothered me—how a member of any party or any fragment of a party could object to the defence proposal of the Government. I said to myself that there must be a reason. And, honourable members, there is a reason: they are afraid of being drawn into the maw of the war machine, the cylinder of which is continuous in its revolutions and crushes and grinds down the citizenship, the common people of a country. I am always proud to state that I come of the common people. There may be some who think they sit here by divine right, that they are the chosen of the Lord's anointed. If there are any such, I would say to them: "Please dispel any such thought from your mind. Please remember that, after all, you are only common clay, common mud, and some of the mud is none too fertile at that." I stand here as a supporter of the man whose name I will remember longer than that of anyone else, and to whose memory I will pay tribute. But it would be impossible for me to express so great a eulogy of Sir Wilfrid Laurier as was expressed just a few days ago by the leader of the Conservative party. Sir Wilfrid Laurier's chief object was to do everything he could for the land he loved, and that explains why he introduced, supported and had Parliament pass the naval policy of this country.

There is in Canada to-day what I will describe as a Jingo element. It has always been here, and perhaps it always will be. Jingoism, or some of them, will say to you—or, if they do not say it, they will think it—that Laurier is dead. I reply to them that the name and the spirit of Laurier are still powerful, and that one hundred years from now his star will be more radiant and more resplendent than it was on the 17th of December, 1917, when his combined enemies succeeded in defeating the greatest character that I have ever known in the public life of this country.

Now, before I close I want to give a word of warning to my honourable friend from Edmonton (Hon. Mr. Griesbach). He told us, in words that to me were impressive, that if we were living in other lands we could not take the course that we are taking. He said that if we were in France we should be conscripted, taxed and made to do whatever the Government of France ordered. In answer to that, let me say to him that we are not in France and that we never will be under the flag of France so long as the sun shines and one Canadian is left alive. My honourable friend says that in that country there is liberty. I say to you, honourable members, that in any country where conscription is the

law there is no liberty. And, should it ever become necessary, I will devote the remaining days of my life, whether they be many or few, to trying to insure that conscription never again shall be the law in this country. We had one bitter experience with that law.

My honourable friend from Edmonton also said that if we tried to make effective a policy of neutrality in time of war, the result would be a civil war in this country. That is a strong statement, but I accept it. And I can tell my honourable friend of two things which would be much more expeditious than neutrality in producing a civil war in Canada: they are another War-time Elections Act and conscription, as introduced, supported and made law by a party that my honourable friend supported. If you want a civil war in this country—God forbid that there should be one!—another Act like that, and conscription, would be the shortest road to it. If it ever does happen, Canada will not want to experience another civil war for at least a hundred years. The War-time Elections Act—I know what I am talking about—prevented the mother of a man who is an ornament to the House of Commons, an ornament to the Government to which he belongs and an ornament to public life, from voting for her own son. Twenty years have gone by, and there is a new element in Canada to-day, an element which has informed itself upon what took place in 1917. Conscription is to me an ugly, a hideous, a bloody, a repugnant word. The blood within me flows a little faster when, in a country like this, where I believe we all are free men and women, I am told that we may again be subject to conscription—a thing which caused a wound so wide that the sutures of a generation have not been long enough or strong enough to bring together the opposite parts. Conscription would draw us into the war machine, whose revolving cylinders would grind and crush our freedom. Conscription would lead the flower of this country's manhood to the shambles and their mothers to the madhouse, just to make a holiday for the barbarians of Europe.

I say to my trusted and honourable leader on this side of the House (Hon. Mr. Dandurand) that all my life I have been a docile, faithful and loyal follower and supporter of the party to which we belong, and I would ask that if he speaks in this debate—as I think it is his duty to do—he will tell the young men and the fathers and mothers of this country whether, in the event of war, we shall have to endure again anything like what occurred in this country in 1917.

I have every faith in those who will represent us at the Imperial Conference. They will not pay any attention to what I say, nor is it necessary that they do so, but I hope that as Canadians they will do what they believe is in the interest of the country in which they and I were born.

Hon. Mr. CASGRAIN: Will the honourable gentleman allow me to ask him a couple of questions, which he can answer at his leisure? Is he aware of the words, "Si vis pacem, para bellum—if you want peace, prepare for war"? That has long been an axiom, and it is full of common sense. The Good Book teaches the same thing, that one will hesitate to attack a man who is well armed to defend himself. That is the first question I would ask my honourable friend to answer. Then, does he believe—

Hon. Mr. MOLLOY: One question at a time. My honourable friend says, "If you want peace, prepare for war." I quoted a few moments ago a famous French marshal who said, "If you want war, arm for war." It is not necessary that we should go to look for trouble. So why should we prepare for war? Nobody is interfering with us, nor are we interfering with any other nation on the face of the earth. Luckily for us, we live in a very favoured geographical position. We are on the northern half of North America. Who dare attack us, unless willing to fight not only England, but also the United States? I am not an anti-Imperialist, but I am a Canadian before being an Imperialist. I am for Canada first, last and all the time. I am for Canada, and Canada alone, and I refuse to take part in any further European war. Unless I am greatly mistaken, we never shall be asked to do so. I may tell my honourable friend that Australia, through the mouth of her ex-Prime Minister, Mr. Hughes, has already stated that she would refuse to send any men on another expedition to Europe. Why should we be drawn into the maelstrom?

Last night I listened to a speech over the radio delivered under the auspices of the Kelsey Club by Professor MacFarlane, Professor of History at the University of Manitoba. What did he say? He recommended that Canada should mind her own business. England has always minded her business, down through the centuries, and that explains why England is the power that she is to-day. "By sunny smiles of patriotism"—to quote words spoken by Sir Wilfrid Laurier some years ago—did she win India, South Africa and Canada? No. She won them all in the interest of her trade and commerce.

Now, what is my honourable friend's second question?

Hon. Mr. MOLLOY.

Hon. Mr. CASGRAIN: My second question is a very short one.

Hon. Mr. MOLLOY: The shorter the better.

Hon. Mr. CASGRAIN: I do not know about that.

Hon. Mr. MOLLOY: The better for me.

Hon. Mr. CASGRAIN: The honourable gentleman expressed very high praise of Sir Wilfrid Laurier. Well, no one liked Sir Wilfrid Laurier more than I did, and I doubt whether anyone here knew him longer or was more intimate with him than I. When I was a lad he came to my father's house. However, never mind that. I want to ask the honourable gentleman if he will deny that Sir Wilfrid Laurier said, "When the Empire is at war, we are at war."

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MOLLOY: I will not attempt to deny that.

Hon. Mr. CASGRAIN: Did he say that?

Hon. Mr. MOLLOY: That was many years ago.

Hon. Mr. CASGRAIN: Never mind that. But did he say that?

Hon. Mr. MOLLOY: He did. My honourable friend thinks he is going to stick me, eh?

Hon. Mr. CASGRAIN: No.

Hon. Mr. MOLLOY: You are not. Sir Wilfrid Laurier also said that when England is at war it does not necessarily mean that we are in the conflict. Did he say that? Answer me.

Hon. Mr. CASGRAIN: Not that I know of.

Hon. Mr. MOLLOY: Well, my honourable friend ought to read Hansard. I know what I am talking about.

Hon. Mr. CASGRAIN: Then you are very lucky. Some years ago I was present at a meeting of the Interparliamentary Union at Washington, where the various countries of the world were represented. On that occasion there was one meeting at which, by invitation of Sir Robert Horne, who had been or was then Chancellor of the Exchequer of Great Britain, delegates were present from all parts of our wonderful Empire, which comprises one-quarter of the world's area and population. A delegate from Ireland got up and proposed exactly what my honourable friend has been proposing, that in the event of England becoming engaged in war the Dominions could remain neutral. Sir Robert Horne, in a very mild way, answered: "It would be very convenient if one part of the Empire, by its

mere ipse dixit, could remain out of a war like that. Of course, we should have less territory to defend. But what about the belligerent? He would not be prevented from attacking any Dominion simply because that Dominion happened to say that it was not at war. If the enemy decided to do so, it could try to take possession of that Dominion's territory, whether the people living there considered themselves to be at war or not." Suppose during the last war we had folded our arms and said, "We are neutral—we are not fighting." What would have prevented Germany from coming here and annexing this country? And, let me tell honourable members, I have good authority for stating that had Germany won the war Canada is the first country she would have annexed. One part of the Empire cannot say, "We are at war," and the other part say, "We are not at war." There is only one British Empire, and it is the greatest Empire the world has ever seen. The Roman Empire, vast in its day, pales before it and looks small. We should be proud to be a part of that great Empire. The old German colony in South-West Africa—a few Germans are still there—was mandated to South Africa. In case of another war the people there would not say they were neutral. No, this Empire must be united. One part cannot stay out of the fight while the other parts are fighting. No hostile belligerent is likely to consent not to attack a defenceless country.

Hon. J. J. HUGHES: Honourable members, a few weeks ago I read in a newspaper certain dispatches which had attracted my attention. The nations of the world, I think over seventy, led by Great Britain, were doing their best to isolate the civil war in Spain. A proposal was made to patrol the Spanish coast and the frontier between Spain and Portugal. Portugal, in exercise of her sovereign rights, at first objected to any foreign control of her boundary. However, after some consideration, she consented, but only on condition that Great Britain should be the patrolling power. All the other nations accepted the arrangement. So far as my reading of history goes, there never was another such tribute paid to a nation's honour and integrity. I am not inclined to be boastful—I like neither a boastful man nor a boastful nation—but I must confess that when I read those dispatches I thrilled with justifiable pride.

If the nations of the world have so much confidence in Great Britain, surely we should not doubt her honour. We are bone of her bone and flesh of her flesh. We cannot be fair-weather friends. That rôle would be more than cowardly; it would be the most dis-

honourable that any nation could play. We must be with the Empire in foul weather as well as in fair.

Hon. Mr. CASGRAIN: Hear, hear.

Hon. Mr. HUGHES: The world of late years has become very small. The conquest of the air and great scientific discoveries and inventions have made the most widely separated nations virtually next-door neighbours. The Prime Minister of Great Britain, a short time ago, stated that the frontiers of Britain were on the Rhine. I do not think that was a boast; if it were, I should object to it. He is not the type of man to boast. Conversely, the frontiers of Germany are on the Thames. Modern transportation has brought the nations of the world close together, and we cannot isolate ourselves even if we wish to.

Hon. Mr. CASGRAIN: Hear, hear.

Hon. Mr. HUGHES: It has been stated this afternoon that Canada occupies a very advantageous position in the world. Why? Because we are part of the British Empire—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HUGHES: —and because we are on this North American continent. But that does not relieve us from doing our duty. He who has power and influence has corresponding responsibilities. Every individual has responsibilities.

Hon. Mr. MOLLOY: Will my honourable friend allow me a word?

Hon. Mr. HUGHES: Yes, sir.

Hon. Mr. MOLLOY: I am afraid the honourable gentleman from King's (Hon. Mr. Hughes) is taking an unfair advantage. When British Empire interests and Canadian interests are vitally affected, then we will take our part, and a very decided part. But I say that in every war that may take place in Europe it does not fall to the lot of Canadians to go to anybody's rescue. When Great Britain or any other country on its own responsibility carries on a war of aggression, why should the honourable gentleman weep? We have no obligation to fight on either side unless the interest of Canada is vitally affected.

Hon. Mr. HUGHES: I am not quarrelling with my honourable friend's remarks.

Hon. Mr. MOLLOY: I do not want my honourable friend to put into my mouth words which I did not utter.

Hon. Mr. HUGHES: I appeal to the House. Now I have to refer to my honourable friend. I had not intended doing so, but now I have

no alternative, for I must make the matter clear.

Hon. Mr. MOLLOY: All right.

Hon. Mr. HUGHES: Did the honourable gentleman not say that we are not obliged to interfere in all the quarrels of Europe?

Hon. Mr. MOLLOY: That is what I said.

Hon. Mr. HUGHES: He said that we are not obliged to interfere in all the wars of Europe. We all know that; every sane, sensible man in Canada knows that. But who is to decide?

Hon. Mr. MOLLOY: We are; the Canadian people; no others.

Hon. Mr. HUGHES: I referred to the confidence placed by the nations of the world in the integrity, honour and justice of Great Britain, a tribute which, so far as I know, no other nation has ever received; and I added that if Great Britain was worthy of that tribute from the nations of the world, then we, at least, should not hesitate to trust her. Some part of the Empire has to be trusted. Each Dominion cannot of itself, as my friend from the unpronounceable place—

Hon. Mr. CASGRAIN: De Lanaudière.

Hon. Mr. HUGHES: As he very properly says, each Dominion cannot of itself make a declaration. Some central authority in the Commonwealth of Nations must take the lead.

Hon. Mr. CASGRAIN: Hear, hear.

Hon. Mr. HUGHES: Otherwise the Empire is a mere conglomeration. Anyone who surveys world affairs to-day must realize that the situation is most threatening. The conflict is on between Christianity and paganism, and I firmly believe that the British Empire—the British Commonwealth of Nations—and the English-speaking world are destined to be the defenders of Christianity.

Hon. Mr. CASGRAIN: Hear, hear.

Hon. Mr. HUGHES: Only to-day we read in the newspapers what is taking place in Germany. We all know what has taken place in Russia. That is an indication of the division of world forces. As my honourable friend from De Lanaudière (Hon. Mr. Casgrain) says, the strong man armed is the only man who can keep the peace. Not only can he keep the peace for himself, but he can contribute much to keep the peace for others. When Great Britain went too far in setting an example of disarmament to the other Great Powers she became weak and was not respected. She is now rapidly regaining her strength both on land and on sea, and is again

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respected by the Great Powers, and so is able to contribute much to the peace of the world. I am satisfied that a large majority of the Canadian people will trust the Motherland. I am convinced that should she ever happen to be engaged in a life-and-death struggle the people of this Dominion could not be restrained from rushing to her succour, regardless of every other consideration. We are one people, and we are strong because we are one people.

I go further: I say that we should participate in every great American conference and do our part on this continent as well as our part in the British Empire. We should at least pull our weight in the boat. That is all we are asked to do. If we are men we shall do it—and the people of Canada are men. We were not invited to the last Pan-American Conference, because, I believe, it was understood we would not attend. If it be understood that we are willing to attend any conference to promote peace and goodwill on this continent and in the world, then we shall get an invitation. We have a very responsible position to fill in the world. We are a part of the British Empire and we are friendly with the United States, and we can do much to bring these great powers together and to strengthen the English-speaking world, which stands for what is best in civilization.

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. HUGHES: I am sure that on this question the great majority of the Canadian people entertain pretty much the opinions I have expressed.

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

At 6 o'clock the Senate took recess.

The Senate resumed at 8 o'clock.

#### TRANS-CANADA AIR LINES BILL SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 74, an Act to establish a corporation to be known as Trans-Canada Air Lines.

He said: Honourable senators, the purpose of this Bill is the formation of a company to operate a first-class air service from coast to coast in Canada. I take it for granted that most of us are aware of the necessity for such a service. Canada is perhaps one of the few countries in the world without a national scheduled air service. The air services from our centres of population to areas not otherwise served by transportation take

second place to none, but we are woefully behind other countries in air services between centres of population. During the calendar year 1936 over one million people travelled in scheduled air flights in the United States. Canadian citizens, travelling from one zone to another in Canada, often find they have to use air lines in the United States, and there has been a very insistent demand for the establishment of a direct Canadian service.

Air mail stamps are sold in Canada and much of our mail is routed across the border, transported by the air services of the United States, and then brought back across the border at the point nearest to destination. The volume of this air mail is sufficient to warrant the establishment of a direct service in Canada. I believe such a service would prove of immense value for national purposes. Canada is a country of vast distances and sparse population, and the time needed to travel between the West and the East is considerable under present circumstances. If that time could be cut in three or four by a new air service, the people living at the extremes of this country would be able to travel more frequently to the centres of government, business and industry, and the interrelations of the country would thereby be facilitated. The need for a service of this kind has been recognized for some considerable time. As a means of relieving unemployment the construction of airports was commenced from coast to coast. The work on the airports has been continued since the labour camps were closed. It is expected that the airports from Winnipeg westward will be entirely completed by July 1 next, and the other fields by the end of the present year. The time has now come to undertake the flying of this route, and the Government has been faced with the question how it can best be done. Numerous applications have been received from companies willing and eager to perform this service. Pressure has been brought to bear on the Government on behalf of several of these companies, and also on behalf of companies which are performing similar services in the United States.

We had several examples to guide us. We had the example of Britain and its development of air services through Imperial Airways. The British Government owns twenty-five per cent of the capital stock; in addition, all the operations undertaken by direction of the British Government are subsidized by it. The method is to estimate in advance the deficit for the year and to pay over in advance to the company the money to cover the estimated deficit.

The United States have developed air services along different lines. There it has been a matter of competition, extending over some ten years. In the early days mail subsidies were granted which would now be considered very large; they amounted to about four times the present mail subsidies. Companies were authorized to fly certain services and the lines were built up in that way, the only form of subsidy being the contracts awarded for the carriage of the mail. This led to a somewhat chaotic experience. Companies have been formed, and have disappeared or been merged with other companies. Three or four years ago there was a general writing-down of mail contracts; they were suspended for a time, and the United States Government undertook to perform the service with its own planes, because the contract arrangement was not considered satisfactory. Subsequently new contracts were made with private firms, and to-day, I think, the United States is operating on a very efficient basis—as efficient perhaps as any country in the world. But it seems to me that this mode of arriving at the end desired could be bettered by a country like Canada, able to profit by the experience of others.

The company contemplated by this Bill is to be organized as a private corporation. It is not the intention of the Government to own directly any stock in the company. The agency for organizing the company is to be the Government's existing agency for the conduct of transportation business, namely, the Canadian National Railways. The Canadian National Railways will underwrite, in the first instance, the stock of this company and distribute it among firms at present engaged in aviation in Canada which wish to participate.

It might be argued that the Government should do this direct, but everyone here will appreciate the impossibility of working out a plan involving a great number of competitors when the Government itself does not know the plan, which it cannot know until one has been approved by Parliament. The Government has therefore decided that the proper course is to determine the form of the company, to entrust the underwriting to the National Railways, to ask that after the terms of the arrangement are known those desiring to participate will signify to what degree they are interested and will state what they can contribute towards the enterprise in the way of experienced personnel and perhaps equipment, and then to allow the company's problem to be worked out after the Bill has been passed.

This company will fly only the main artery of traffic across the country and such other arteries of traffic as are designated by the

Government as being of national importance. It is not the intention to interfere with any existing operations. The company will not undertake interurban services of any kind. It will be given an exclusive contract to carry mails, passengers and express over the specified routes. In the initial stages of the company, in addition to its having an air mail contract at a rate competitive with similar services on this continent, its deficits will be paid by the Government for two years, during which period we anticipate the personnel will be perfected, and at the end of that time it can reasonably be expected that an efficient service will be in operation. Subsequently the company will receive an air mail contract the basis of which will be determined by the operations of the previous year. The set-up is such that the company will be protected against loss, but its profits will be very strictly limited. In other words, it is organized to perform a certain national service, and it is expected that that service will be performed at or near cost.

As honourable members know, this Government is obligated to share in the proposed service now being organized between England, Ireland, and Canada to cross the north Atlantic. In that connection we have undertaken to be prepared to fly the mails across Canada, connecting with their flight across the Atlantic. For that reason it is urgent to form this company and get the organization under way, and obtain the necessary equipment to undertake the service.

It is estimated that the capital required to purchase the equipment necessary to perform the service in Canada is about \$1,750,000. In addition, about \$1,250,000 is required as part of Canada's capital for the transatlantic service. The balance of \$2,000,000 is provided to be called upon as required for the expansion of the services as national needs may indicate. The cost of operation of the service—the coast to coast service—is estimated at about \$1,000,000 a year.

This will represent the total operating cost. It is thought that from the start the mail contract and such passenger and express business as is immediately available should cover the cost of the service. We have made provision, however, for a subsidy to protect the service in that period. After 1940, as I have said, the subsidy provision expires, and the mail contract will be on the basis of cost of the service. I think that outlines fairly well the intention of the Bill. The whole matter can be more fully considered when the Bill is before the Railway Committee.

Hon. Mr. DANDURAND.

Hon. C. C. BALLANTYNE: I do not know a great deal about this Bill. When it was before the other House objection was taken to the Government not retaining control of the company. It appears that \$5,000,000 capital is necessary. It was first intended that the service should be operated and controlled by the Canadian National Railways. I understand that the honourable Minister has since made a change in the Bill, and that control is now vested in the Government. In other words, the Government will hold fifty-one per cent of the stock. Can the honourable leader state whether that is correct?

Hon. Mr. DANDURAND: Section 7 of the Bill provides:

7. (1) The authorized capital of the corporation shall be five million dollars divided into shares of one hundred dollars each, represented by share certificates.

(2) The shares of the capital stock of the corporation shall be offered for subscription to the Canadian National Railway Company at par.

(3) The Canadian National Railway Company is hereby authorized to subscribe for, underwrite, purchase, hold, and, subject to the provisions of this Act, sell and dispose of the shares of the capital stock of the corporation.

Provided however that the Canadian National Railway Company shall not sell or dispose of more than twenty-four thousand nine hundred shares except with the approval of Parliament.

The Canadian National Railway Company would retain control.

Hon. Mr. BALLANTYNE: I think my honourable friend will find that the honourable Minister of Transport met the view of the right honourable leader of the Opposition in the other House that the Government should control the company. That is my information.

Hon. Mr. DANDURAND: I am reading from the Bill itself.

Hon. Mr. BALLANTYNE: The Bill was amended.

Hon. Mr. DANDURAND: I am quoting from the Bill as passed by the House of Commons.

Hon. Mr. MURDOCK: Subsection 3 of section 7 surely gives Parliament absolute control.

Hon. Mr. COTE: What is the object in having private interests participate in this Government-owned company?

Hon. Mr. BALLANTYNE: Probably section 7 does cover my question, but I notice from the debates in the other House that, as introduced, the Bill did not give the Government control. If some of the legal gentlemen in this

House will tell us that it now actually gives the Government absolute control, I shall be satisfied.

Hon. Mr. MURDOCK: Read section 11 too. I think that clinches it. It says:

11. (1) The Minister shall, with the approval of the Governor in Council, be entitled at any time to acquire from the shareholders all of the shares of the capital stock of the Corporation on payment to the shareholders of the book value thereof, and the Governor in Council may by order vest the said shares in the Minister.

(2) The book value of the shares shall, in the event of disagreement, be determined by a reference by the Minister to the Exchequer Court of Canada.

(3) The Trans-Canada contract shall not be deemed to have any value or to be an asset to be taken into consideration in determining the book value of the shares.

(4) The shares shall, upon acquisition by the Minister, be held in trust for His Majesty.

Hon. Mr. BLACK: Honourable senators, if the Bill goes to the Committee on Railways, Telegraphs and Harbours, we can then go into all these matters and get the explanations.

Hon. WILLIAM DUFF: Honourable senators, what we have to consider is the principle of the Bill. The question involved, it seems to me, is whether we should embark on another publicly owned enterprise. I have always been opposed to public ownership, and I still am. It is for us to decide now whether we are going to agree to the principle of public ownership or not. What I cannot understand—and, upon my word, I am embarrassed, because if there is a Grit in Canada, a dirty, low partisan, I am that partisan.

Some Hon. SENATORS: No, no.

Hon. Mr. DUFF: Yes, I am. I have always been a partisan Grit and a supporter of the Liberal Government.

Hon. Mr. LAIRD: Not a dirty, low one.

Hon. Mr. DUFF: Yes. I have done some things I should not like to tell my mother-in-law about.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DUFF: I do not understand why an important measure like this should be thrown into the whirlpool of politics at the shank end of the session, when we are almost ready to prorogue. This is a very important measure, and deals with a matter that should have the consideration not only of this House, but of the people of the country.

I understand, of course, that we were compelled to take over the system now known as the Canadian National Railways. During the years governments of both political parties

gave subsidies and land grants to the railways; and, in the final analysis, when the railways got into difficulties we had to guarantee the bonds and take over those railways.

Under this Bill we are asked to authorize a brand new public ownership undertaking. And by whom? By a solvent concern? No. We are asked to authorize the Canadian National Railways to start a trans-Canada air line.

I am going to oppose the principle of this Bill for three reasons. First, I am opposed to public ownership; second, I am opposed to the undertaking of such an enterprise by the Canadian National Railways or any other company without resources which has to come to this Parliament year after year to ask it to vote millions and tens of millions of dollars to make up deficits; and thirdly, I am opposed to the Canadian National Railways taking over the trans-Canada air service, because in doing so they would be competing with themselves. It is the most ridiculous proceeding I ever heard of in my life.

A few days ago the Minister of Transport introduced into this Parliament a Bill to regulate rates on the Great Lakes and the Atlantic. He was so eager to get his Bill passed that he dropped one clause after another when the Senate objected to it, the result being that the Bill which came back here was so ridiculous that we voted against it, and quite properly so. Now the Minister comes along and asks us by this Bill to establish a trans-continental air service. What happens if Parliament adopts the proposal? Some body has to put up \$5,000,000. The first idea was that the Canadian National Railways, which have not a dollar in their treasury, but have to ask the taxpayers of this country every year to pay their deficits, were to subscribe fifty-one per cent. Where were they going to get the money? They had no money.

Hon. Mr. LAIRD: They were going to borrow it.

Hon. Mr. DUFF: From whom?

Hon. Mr. BALLANTYNE: The Government.

Hon. Mr. DUFF: Quite right; from you and me and everybody else. Is it right that a company without any reserve, a company that is in debt, should do that?

But that is not the worst feature. The worst feature, and what I object to most, is this. If we to-night vote for this Bill it will mean that the Canadian National Railways will compete against themselves. This Bill

says the trans-Canada air service is to carry express. The best paying business the railways of Canada have is the express business.

Hon. Mr. LYNCH-STAUTON: And passenger traffic.

Hon. Mr. DUFF: I am coming to that. The most profitable business they have is the express business. Of course I am not in the confidence of the Minister of Transport or his officials—and I do not blame the Minister of Transport or the Government for that—but there are some officials of this country who, instead of the ministers and Parliament, are running this country—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: —and somebody got the idea of presenting this Bill to allow the Canadian National Railways to compete against themselves.

As I say, the first thought was to ask the Canadian National Railways—which means the Government, which means the taxpayers of the country—to put up fifty-one per cent of the \$5,000,000. For some reason or other they would not subscribe one cent, and now you and I have to put up the whole \$5,000,000. For what? For the carrying of express which the Canadian National Railways carry to-day for the benefit of the public, and which they deliver in fairly good time. That is the first thing.

In the second place, this Bill says that the trans-continental air service is going to carry mail. I do not know how you gentlemen feel about it, but I wish to Heaven I never received a letter, whether it contains a bill or not. Already we get our letters too quickly. If they are sent by air mail we are going to get them more quickly than ever, and business will be taken away from the railways of the country.

Then there is the third point. Not only are the airways going to take express and mail away from the railways, but they are going to take passengers also. Surely we should stop, look and listen. Why should the Canadian National Railways go into competition with themselves? I say it is all wrong. If private companies want to risk their capital by investing in a trans-Canada air service, that is their business, and we as taxpayers and as shareholders of the Canadian National Railways cannot utter a word against it. But I say that we, as the custodians of the property of the people of this country, particularly in view of the load that has to be carried in respect of the Canadian National Railways, have no right to pass this Bill. At all events, before the Bill is passed

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it should be seriously considered by a committee of this House, and we should find out from the public whether they are in favour of the measure or not.

Hon. Mr. DANDURAND: Apparently my honourable friend did not hear me when in explaining the Bill I said it would go to the Railway Committee.

Hon. JAMES MURDOCK: Honourable senators, it seems to me that before saying the people of Canada should not have some reasonable control over the air service of this country we should take into consideration present-day conditions. Only yesterday I learned of a very striking incident illustrating the necessity of a service of this kind. On Monday of last week a prominent resident of the city of Ottawa received a telegram stating that a dear relative was sick unto death in Vancouver. This resident left here at one p.m. the same day and arrived in Vancouver at noon the following day. Five different planes were used on the trip across the continent, changes being made at Albany, Newark, Chicago, and Denver or Salt Lake—I am not sure which. Canadian money which would presumably have remained in Canada if a Bill of this kind had been passed, went into American channels. The relative, unfortunately, died a week ago this evening, and the person who left Ottawa by plane started back by train with the body, arriving here last Saturday evening. That, it seems to me, is a striking illustration of the changed conditions in the matter of transportation.

Will we not permit the great Canadian National Railway System to keep up to date by the establishment of an air service which will handle passengers, express and freight from one end to the other of this Canada of ours, if such a service would be of benefit to the railways and also to the citizens of Canada? I think we should be very short-sighted if we did not enable the railways to establish transportation facilities in keeping with modern conditions.

My honourable friend (Hon. Mr. Duff) will say, of course, "Let some private concern handle that business." I am not going to enter into an argument on that point. The question, it seems to me, is whether or not we will give the Canadian National Railways, under a law passed by the Commons and the Senate of Canada, a right to take advantage of the changes which have occurred in the transportation field within the last few years.

Hon. GEORGE LYNCH-STAUTON: Honourable senators, I object to this Bill for two reasons. We know that when a trans-continental transportation system was under-

taken in the old days we were told it would consist of one line across the continent, with herring-bone lines running out from the main line. Well, we bought a transcontinental railway—what is now known as the Canadian National Railways—and what did we do then? We bought every jerkwater railway there was in Canada to add to it. Everybody who had a railway that did not pay sold it immediately to the National Railways, and the cost was perhaps double what was originally contemplated. Now this airway is established, and it too has a lot of herring-bones—which are just about as valuable as ordinary herring-bones. I venture to prophesy that in the next five years we shall buy up every branch line of airways running into any mining camp in Canada.

Right Hon. Mr. GRAHAM: It is not necessary to buy any right-of-way, though.

Hon. Mr. LYNCH-STAUNTON: I think that if we pass a Bill of this kind we should have in it a section to provide that we shall not purchase any of what are called feeders to these lines.

These air lines will not only compete with the Canadian National Railways; they will also carry the mails. What do the mails consist of? Why are we in such a hurry to deliver mails across the continent? I think that if you divided mail matter into its component parts you would find that it usually consists of patent medicine advertising and—

Hon. Mr. LACASSE: Election circulars.

Hon. Mr. LYNCH-STAUNTON: —circulars sent out by members of Parliament to their constituents, and love letters. I do not believe that in every hundred pounds of mail there is one pound that is of any importance. Yet we seem to think there is so great a necessity for haste in delivering it that we should increase the speed of transporting it across the continent from 50 to 150 miles an hour.

Not only am I opposed to public ownership, but I have a constantly increasing regret that I ever voted for the Canadian National Railways at all. I might have known that once we went into the business we would adopt many things that we should not adopt in the way of transportation. Instead of being a benefit to Canada, transportation has become a burden to it. If we had built sufficient facilities for transporting our products across this continent, and no more, they would have been of great assistance to us. Had we stuck to the Canadian Pacific Railway, of which we all were so proud for many years, we should have given employment to a large number of our people in an undertaking that could pay them prop-

erly; but we have so bedeviled the transportation facilities of this country that they are now perhaps the greatest drag on Canada. Year by year we are adding fifty or sixty million dollars to our debt, and there is not the slightest chance of our ceasing to add that sum every year during the lifetime of any honourable member of this House.

Everybody knows in his heart that, beyond any doubt, the day will come when our transportation system will either destroy our credit or bankrupt our country. I know that all Canadians realize this to be a fact. Yet, no matter which party is in power, Parliament dare not do anything about it. It is afraid of the subject. Regardless of what the railway asks or proposes, the Parliament of Canada must bow down to it.

It is said that the Canadian National Railways want this Bill. I can hardly believe that. I do not think the Canadian National officials originated this idea at all. I think that for once in their lives, the only time since the system has been established, they are acknowledging that the Government is their master.

Hon. FRANK P. O'CONNOR: Honourable senators, I should like to say just a few words in regard to this Bill. I have not prepared anything at all, but I thought I might make a few observations based on my insignificant experience with transportation by air. Now, it has been said that a large part of our mail consists of patent medicine advertising, love letters—

Right Hon. Mr. GRAHAM: Candies.

Hon. Mr. O'CONNOR: —whatever the case may be. But I think honourable members would be glad to have the revenue, or even one-tenth of the revenue, that the Post Office Department receives for carrying mail in just one year. Just as there are means of producing that revenue, there must be means of increasing it. The modern way of stimulating business is to create your own opposition. Take for illustration the Imperial Tobacco Company. That company does not sit idle and wait for a competitor to bring out a new cigarette. No; it brings out one itself, a new brand, and in this way creates its own opposition. It will push the sales of that new brand just as hard as any competitor would, and make that new brand compete with all its other brands. What is the idea behind that method? It is to enlarge the jack-pot, so to speak, for the general benefit of the company.

Hon. Mr. LACASSE: It is the same with motor-car companies.

Hon. Mr. O'CONNOR: Yes. They do not sit idly by and wait for another company to take away a part of their business by bringing out a new car. No; they bring out a new car themselves.

Another reason for this Bill is that it will help us to control the transportation situation. I know, just as surely as I do that I am standing here, that I could get five men to put up \$5,000,000 right now for these air lines, if the people of Canada do not want the business. I am personally acquainted with those men. In fact, I should not mind taking a good share myself. The sale would be made overnight, if the Government were willing. There are several advantages in operating the air lines as proposed in this Bill. Honourable members will understand that I am speaking hurriedly and have not had an opportunity of preparing any points.

The best service will be obtained by having the planes make connections with the trains, and vice versa. Whether we realize it or like it or want it, we are going to have transportation by air. It may be that these air lines will help towards reducing the \$50,000,000 deficit of the Canadian National. Just because certain spur lines of that railway are not paying, we cannot simply wait with folded hands for better times. These spur lines are rendering a good service to the country. Like many departments of the public service in this and every other country, though they do not produce a profit, they are necessary in a civilized state.

The Canadian National is the child of Parliament, and we must do the best we can for it. It may be that by developing air lines as part of a general transportation system we shall be able to knock off \$10,000,000 from the present railway deficit. We shall never get anywhere by sitting down and taking this deficit on the chin all the time. We must create new ways of attracting business. As the honourable senator from Parkdale (Hon. Mr. Murdock) has pointed out, revenue that might be going to Canadian air lines is now going to United States lines. It takes three and a half hours to go from Toronto to Buffalo, yet you can go from Seattle to Buffalo in twenty hours. Travel by air is a very common thing in the United States and England now. In England a person thinks no more of flying to Paris than of dropping a letter into a mail box.

I for one am strongly in accord with the idea of a hook-up of our different transportation facilities. This new facility should be publicly owned, I think, because in that way we could have better co-operation with the railway and thereby give better service to the people; and besides we could keep control over

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transport by air. And, as I have already suggested, we ought to try to build up any modern development in transportation which may produce profits to offset railway deficits.

Right Hon. GEORGE P. GRAHAM: Honourable senators, my honourable friend from Hamilton (Hon. Mr. Lynch-Staunton) had somewhat to say about the purchase of herring-bones by the Government. As a matter of fact, though, those were private herring-bones that were taken over. Lines that were built by private individuals, not by the Government, are responsible for the Canadian National's troubles to-day.

When we have been in the Railway Committee, have we not repeatedly heard this question from persons who have given a great deal of study to the transportation trouble: why did the railways not get into the truck business themselves instead of allowing that business to go to outside competitors?

Hon. Mr. DANDURAND: Hear, hear.

Right Hon. Mr. GRAHAM: If the two railroads had gone into the truck business they would to-day have control over most of the transportation by land. But they had not the money nor the inclination—perhaps they did not realize the situation quickly enough—to forestall their highway competitors. Now the railways are instituting what they call a pick-up and delivery system, which competes in a way with the truck services. But this, though it is of great convenience to the public, represents but a small proportion of the trucking business as a whole. Our railways made a mistake; and our Government made a mistake in not urging the railways to keep control of this land transportation. Had the railways gone into the trucking business when that was in its early stages, there would not have been the competition from which they are now suffering.

Hon. Mr. LYNCH-STAUNTON: But they could not have gone into that business.

Hon. Mr. DANDURAND: Why not?

Hon. Mr. LYNCH-STAUNTON: Because it is a provincial matter. Does my right honourable friend say that this Parliament could have passed legislation which would have given the railways control of the truck business of this country?

Right Hon. Mr. GRAHAM: No, I did not suggest anything of the kind. I had in mind that it could have been done by business methods, not by legislation. The provinces would be just as happy if Canadian National

trucks were operating on the highway, and we should have less trouble if they were. However, the railways acted too slowly.

I do not know much about this Bill, but I am of opinion that since we realize we made a mistake in allowing a great deal of the transportation by land to slip beyond control of the railways, we should not make a similar mistake with regard to traffic by air.

Hon. Mr. LYNCH-STAUNTON: I do not like to interrupt my right honourable friend, but may I ask whether he can tell me how we could have stopped competition by truck?

Hon. Mr. HARDY: Why did we not go into the truck business?

Hon. Mr. LYNCH-STAUNTON: I do not understand my right honourable friend's point.

Right Hon. Mr. GRAHAM: I am sorry about that. What I am trying to say is that if the Canadian National and the Canadian Pacific had introduced a good system of truck services in the beginning, no one could have successfully competed with them.

Hon. Mr. HARDY: Hear, hear.

Hon. Mr. COTE: May I again ask the honourable leader of the House the reason for participation by private interests to the extent of 49 per cent of the stock of this publicly-owned company?

Hon. Mr. HAIG: While the honourable leader is looking for that information, will my honourable friend from Ottawa East (Hon. Mr. Coté) state where the Bill provides for public subscriptions?

Hon. Mr. COTE: As the honourable senator from Parkdale (Hon. Mr. Murdock) mentioned a moment ago, section 7 provides for it.

Hon. Mr. HAIG: No, it does not.

Hon. Mr. COTE: It provides that the capitalization shall be \$5,000,000, and that the shares shall be offered for subscription to the Canadian National Railway Company at par. Then subsection 3 reads:

The Canadian National Railway Company is hereby authorized to subscribe for, underwrite, purchase, hold, and, subject to the provisions of this Act, sell and dispose of the shares of the capital stock of the corporation.

The Canadian National Railway Company is authorized to subscribe for and sell the stock. Then follows a limitation on the power of the Canadian National Railway Company to dispose of the shares. It may dispose of not more than about 49 per cent—24,900 shares. It naturally follows that the Canadian National will be the owner of half, plus 100 shares.

That constitutes control. I have asked the honourable leader of the Government to tell me the reason for giving this option to the Canadian National Railway Company to sell part of the stock to private interests.

Hon. Mr. LYNCH-STAUNTON: To buy up the side lines.

Hon. Mr. DANDURAND: I am under the impression that, in the other House, the honourable Minister stated he desired to interest the lines now in the business to take shares in the Airway Company, but he thought that the Canadian National Railway Company should retain a majority of the shares.

My honourable friend from Lunenburg (Hon. Mr. Duff) says he is against state ownership. Perhaps he is not the only person holding that view, but I would remind him that in the past a vast majority of the people have voted for state ownership, and we must bow to the will of that majority. He declares that the one company which should not have control of this system of transport is the Canadian National Railway Company, because it has no money. My honourable friend knows very well that the Canadian National Railway Company has as much money as the Government of Canada may grant it; so when we say the Canadian National Railway Company we know we are speaking of our own concern. My honourable friend should not wonder as to who will be the bankers. We are the owners of the Canadian National Railway system; we are its bankers.

As my right honourable friend from Eganville (Right Hon. Mr. Graham) has said, transportation by air is a very important development. It now covers the whole of the United States. The Canadian Government has agreed with the British Government to handle by aeroplane across Canada the mails which will be brought across the North Atlantic by the proposed service now being organized between England, Ireland and Canada. Already \$7,000,000 has been spent on landing fields in this country. The question is, who should control the system. My opinion is that the one company which should control the system is the Canadian National Railway Company; that is, Canada. We have no idea of the development which this air service will take care of within a few years.

I agree with my right honourable friend from Eganville that what is now a competitive truck system should have been organized by the two Canadian railways in co-ordination with their own transportation facilities. In 1925 a committee of the Senate inquired into the whole system of transportation. The inquiry lasted several weeks. A representa-

tive of one of the American railways operating on the Pacific coast told the committee that the directors of his company had established an autobus system extending for 150 miles or more along highways paralleling their railway, so as to keep his company out of the red by preventing the loss of passenger traffic to competitive bus companies. As my right honourable friend has stated, our railways should have awakened sooner to the necessity of retaining their freight and passenger business by developing truck and bus services. The present situation is somewhat similar. Only two weeks ago we heard evidence before our Railway Committee of the amazing volume of freight and passengers carried by aeroplane companies in the northern mining regions. The air transport system across the continent from the Atlantic to the Pacific is capable of tremendous development and I am sure the Canadian National Railways will stand to gain by participating in that development.

Our Railway Committee will have the opportunity of hearing the honourable Minister of Transport, who is responsible for this proposal. Evidently he has not acted with his eyes shut. This is his statement of personal experience:

This is a very difficult problem, and before coming to a final conclusion I think I exhausted all available sources of information. I have ridden in every type of equipment used on the mail routes in the United States; I have discussed the problem with the heads of all the successful trans-American companies; I have had the privilege of discussing the problem with the General Manager of Imperial Airways and with officers of the British Air Ministry, and I have read every report in this connection that I have been able to lay my hands on. As a result of all this I have come to certain conclusions. The discussion we have had in the House to-night, all of which I know has been very friendly and offered in an earnest desire to bring about the best possible result, has brought out at least four different views as to how this work should be undertaken. After listening to the discussion I am convinced that this Bill offers the most practical solution that can be suggested. I believe we have safeguarded ourselves at every point.

When the honourable Minister of Transport appears before our committee we shall receive first-hand information on the subject-matter of the Bill.

I move second reading.

Hon. Mr. DUFF: Before—

Hon. Mr. DANDURAND: My honourable friend has already spoken.

Hon. Mr. DUFF: I have noticed that other honourable members have been allowed to speak a second time, and I cannot under-

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stand why my honourable leader is so desirous of shutting me off.

Hon. Mr. DANDURAND: It is not a question of shutting off my honourable friend. When I rose I looked around to see if any other honourable members desired to speak, and as no one apparently desired to do so, I proceeded to close the debate. If my honourable friend wishes to make another speech I shall have to reply to him, and there may be no end to the discussion.

Hon. Mr. DUFF: I do not object to my honourable friend replying to me, but certainly I should be given an opportunity to answer certain statements which have been made. I was courteous enough to defer to him, as he has had far more experience in this Chamber than I can yet claim.

My honourable friend's apparent conversion to public ownership reminds me of Agrippa's remark to Paul, "Almost thou persuadest me to become a Christian." A serious principle is involved. It is all very well for honourable gentlemen to say, "We must have this transportation system in order to compete with other people," but I would remind them that we must cut our garment according to the cloth. If a private company applied to Parliament for a charter to establish a trans-Canada air service, I for one should be delighted to vote for it. I object to this measure in view of the fact that for a good many years we have had to vote tens of millions of dollars to meet deficits of the Canadian National Railways, and now by this Bill we are asked to authorize the company to go still further into debt. I submit that that is not good business. My honourable friend from Scarborough Junction (Hon. Mr. O'Connor) says that he and four other gentlemen are willing to invest the \$5,000,000 required for this air service. I never expect to go up in an aeroplane, for I am not air-minded, but I agree with him we are living in progressive times and it is quite right that we should have the most modern transportation conveniences.

By the Bill the Canadian National Railway Company is authorized to subscribe the capital to carry on this service. I object to the principle involved because I am opposed to Government ownership. I do not believe that either the Government or the Canadian National Railway Company could carry on this enterprise as economically as could a private company. We know very well what happened a few days ago, and what happened then will happen again if this Bill is passed: the people of Canada will put up the money.

Someone has said we have landing fields. Well, they are open to private enterprise. They were built to give employment to people

who were out of work, and they could be used by planes whether privately owned or Government owned; so there is nothing in that argument. The point is that we should not load the Canadian National Railway Company—which means the people of Canada—with any further debt. If private companies want to undertake this enterprise, let them do so under a Government charter. Why should the taxpayers of Canada assume a further burden? I say that we, as the representatives of the people of the country, should not vote for this Bill, nor should we agree to the principle contained in it.

Hon. Mr. MURDOCK: Honourable senators, I rise to a point of order. Is there to be a reasonable observance of the rules of the Senate of Canada, or are determined and stubborn gentlemen to be permitted to run riot? The honourable senator from Lunenburg (Hon. Mr. Duff) has spoken once on this subject. In speaking a second time he is transgressing the rules. He will have plenty of opportunity to speak before the Railway Committee. I submit that under our rules he has no right to speak a second time.

Hon. Mr. DUFF: Replying to the point of order—

The Hon. the SPEAKER: The honourable gentleman from Parkdale (Hon. Mr. Murdock) is quite right. The Hon. Senator Dandurand was supposed to have closed the debate. I am sure the honourable senator from Lunenburg (Hon. Mr. Duff) has been in public life long enough to know the rules even better than your Speaker. His transgression is probably due to the fact that frequently on the second reading of bills we are somewhat lax in our observance of the rules. I would ask the honourable gentleman to conclude his remarks as soon as he possibly can.

Hon. Mr. DUFF: I appreciate what has been said by His Honour the Speaker. I rise now on the point of order raised by the honourable senator from Parkdale (Hon. Mr. Murdock). I am going to ask the honourable gentleman to withdraw the remark he made about my being stubborn.

Hon. Mr. MURDOCK: I humbly apologize, and withdraw the remark. We all realize that my honourable friend is not stubborn.

Hon. Mr. DUFF: I suppose my honourable friend used the words he did because he was speaking from his own viewpoint.

Now, honourable senators, I do not wish to delay the House any longer. I would only say that during the eighteen months I have been here I have noticed that other members

have risen to speak even after the leader of the House has spoken to close the debate. I thought I might have the same privilege.

Hon. Mr. LITTLE: You have had.

Hon. Mr. DUFF: Do honourable members want me to go on or not? I may tell them that I am going to have more to say about this Bill on the third reading.

I will agree with my honourable friend the leader of the House that the Bill should go to a committee and be discussed by it. I conclude my remarks by saying that I am opposed to the Bill, opposed to public ownership, and opposed to the ratepayers of the country being saddled with another white elephant.

Some Hon. SENATORS: Question!

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

#### REFERRED TO COMMITTEE

On motion of Hon. Mr. Dandurand, the Bill was referred to the Standing Committee on Railways, Telegraphs and Harbours.

#### CUSTOMS BILL

##### MOTION FOR SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 84, an Act to amend the Customs Act.

Hon. Mr. BALLANTYNE: Honourable senators, a short time ago I received word from the right honourable the leader on this side (Right Hon. Mr. Meighen) asking me to request the honourable leader of the Government to be good enough not to proceed with the second reading of this Bill this evening, but to bring it up to-morrow.

Hon. Mr. DANDURAND: It will go over until to-morrow.

The motion for second reading stands.

#### BUSINESS PROFITS WAR TAX BILL

##### SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 85, an Act to revive and amend the Business Profits War Tax Act, 1916.

He said: Honourable senators, the explanation of this Bill, which comes from the other House, is as follows: The Business Profits War Tax Act was enacted in 1916 and was in force in respect of accounting periods ending in the years 1915 to 1920, both inclusive. By chapter 10 of the Statutes of 1924 it was enacted that all taxes, interest and penalties payable under the said Act should remain a tax owing to His

Majesty until fully paid and satisfied. This was the situation up to the time when the Revised Statutes of Canada, 1927, came into force and effect on February 1, 1928, by proclamation. The effect of the coming into force of the Revised Statutes of Canada, 1927, is set forth in chapter 65 of the Statutes of 1924, being an Act respecting the Revised Statutes of Canada. The said chapter 65 of 1924, after providing for a certified roll of the acts or parts of acts which are to be included in the Revised Statutes of Canada, provides in section 2 for a schedule of repealed enactments as follows:

2. There shall be appended to the said roll a schedule A similar in form to schedule A appended to the Revised Statutes of Canada of 1906; and the commissioners may include in the said schedule all acts and parts of acts which though not expressly repealed, are superseded by the acts so consolidated, or are inconsistent therewith, and all acts and parts of acts which were for a temporary purpose, the force of which is spent.

Then by subsection 2 of section 5 of the said chapter 65 of 1924 there is a provision for the repeal of the enactments contained in the said schedule A on, from and after the date when the Revised Statutes of Canada are proclaimed to have come into effect. Subsection 2 of the said section 5 provides:

5. (2) On, from and after such day, all the enactments in the several acts and parts of acts in schedule A above mentioned shall stand and be repealed to the extent mentioned in the third column of the said schedule A.

In the said schedule A appended to the Revised Statutes of Canada, 1927, the Business Profits War Tax Act, 1916, and all the amendments thereto are noted as "spent" in the third column of the said schedule. Other acts dealing with other subjects which were not repealed or consolidated are noted in the said column of schedule A as "not repealed or consolidated." Other acts which are included in the Revised Statutes of Canada are noted in the said third column as being consolidated. Still other acts which were repealed by enactments of Parliament prior to the coming into force of the Revised Statutes are noted as being repealed by the chapter number of the year of such repeal.

In no case, however, is an act such as the Business Profits War Tax Act, 1916, the force of which was spent in so far as current years' assessments were concerned at the time the Revised Statutes of Canada, 1927, came into force, noted as being repealed in the third column of the said schedule A; but by reason of the provisions of subsection 2 of section 5 of chapter 65 of the 1924 statutes, an act which is noted as being "spent" in the said third column is deemed to be repealed and as no

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longer having any force or effect. I may say that there is some doubt whether an act which is merely described as being "spent" is really repealed, but my own opinion is that it is repealed by being so described in that column.

Apparently it was the intention of Parliament, at least in 1924, to enact that taxes which actually fell due between 1915 and 1920 should remain taxes and be paid. I suggest that it was never contemplated in 1927 that the mere inclusion of this measure in the "spent" column meant that a person who owed taxes due in the period between 1915 and 1920 should not thereafter have to pay those taxes. This Bill revives the Business Profits War Tax Act of 1916 in so far as taxes which fell due during the period between 1915 and 1920 are concerned.

There are two other provisions which relate to those parts of the Business Profits War Tax Act giving a right of appeal to the taxpayer. The procedure for appeal under the Business Profits War Tax Act is very cumbersome. If a matter is at all complicated, as some matters that will have to be dealt with under the Business Profits War Tax Act, 1916, may be, appeals will prove very expensive. The provision in the Business Profits War Tax Act with reference to appeals is for the appointment of a board of referees. Then there are appeals from the decision of that board. The provisions for appeal in the Income War Tax Act are much more direct and much cheaper, both for the Crown and for the appellant, and it was deemed advisable to get rid of this board of referees provision. The referees, I might mention, are appointed by the Government. To conduct an appeal under those provisions the Government has first to appoint a board of referees, who will have to be paid, and they would have to select, I suppose, counsel, who might work for months in conducting the appeal, only to find at the end that there would be another appeal. So this Bill substitutes the appeal procedure of the Income War Tax Act for the appeal procedure in the Business Profits War Tax Act.

These are the reasons why this Bill to revive and amend the Business Profits War Tax Act is introduced. It gives the Government the right to claim whatever it believes is due from defaulters between 1915 and 1920, and to deal with any false statements made by those reporting to the Government.

Hon. Mr. BLACK: May I ask the honourable gentleman whether this Bill is going to Committee of the Whole or to a select committee?

Hon. Mr. DANDURAND: I had thought we could give it third reading. I have the statement of the Law Clerk of the Senate that

there is nothing in the form calling for revision. I have explained the only object of the Bill.

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

#### THIRD READING

Hon. Mr. DANDURAND: By leave of the House, I move the third reading of the Bill.

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

### CANADA-URUGUAY TRADE AGREEMENT BILL

#### SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 86, an Act respecting a certain Trade Agreement between Canada and Uruguay.

He said: Honourable senators, the object of this Bill is the ratification of a trade agreement signed in August of last year between Canada and Uruguay. The agreement is for a term of three years, and unless six months' notice is given before the termination of the three-year period it will continue in force until six months' notice is given some time thereafter.

The agreement provides for mutual most-favoured-nation treatment with respect to tariffs which, by the way, are of no benefit to Canada, as I shall explain. It also provides that there shall be no discrimination so far as the application of exchange control or the imposition of quotas is concerned. Preferences to other parts of the Empire are excluded from the operation of the agreement, together with any preferences that may be given by Uruguay to neighbouring countries such as Bolivia, Brazil, Paraguay and Argentina.

The trade with Uruguay is quite small. Canada's sales to that country in the year ended March 31, 1936, were \$368,000, while our purchases from her amounted to \$206,000. Our chief exports are both free and dutiable. The important free exports are newsprint and farm implements, though from the latter should be excepted ploughs. Our dutiable exports are rubber boots and shoes, tires and tubes, automobiles and sewing machines, together with some other small items. The benefits that will accrue to Canada are not, as I intimated previously, by way of tariff concessions, but this agreement accomplishes the removal of what I may call a potential menace so far as our treatment by Uruguay is concerned. A few years ago the Parliament of Uruguay empowered the Government of that country to impose a 50 per cent increase in duty on the countries which did not accord her most-

favoured-nation treatment. That has never been applied against Canada, though it has been applied against some other countries and there was always the possibility that it might be applied to Canada. By this agreement that menace is removed. Uruguay has also agreed not to discriminate against Canada in the application or allocation of exchange control, and, as I mentioned previously, she will not discriminate against us as far as quotas are concerned. That is, we are to receive treatment relatively equal to that accorded any other country.

The benefits that accrue to Uruguay are that she obtains most-favoured-nation treatment as far as our tariff is concerned. After the provisional agreement was signed last August she immediately obtained the benefits of our intermediate tariff. By our grant of most-favoured-nation treatment she gets in addition any benefits that may accrue by reason of the trade agreements that have been made with the United States, France and Poland. She sells to us more particularly canned meats, on which we have reduced the duty from 35 per cent to 30 per cent; wool, on which the duty has been reduced from 15 cents to 10 cents a pound; lard and lard compounds, on which the duty has been reduced from 2 cents to 1½ cents a pound, and hides and skins, which continue on the free list. Flax seed, bearing a rate of 10 per cent under both the intermediate and the general tariff, is not reduced under this agreement.

To sum it up, Uruguay is granted the same rates under the most-favoured-nation arrangement as are given to other countries which are her competitors.

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

#### THIRD READING

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

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

### DEPARTMENT OF TRANSPORT STORES BILL

#### SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 88, an Act respecting Department of Transport Stores.

He said: Honourable senators, the purpose of this Bill is to simplify the bookkeeping and handling of stores in the Department of Transport. It is believed that this measure would reduce the inventory of stores which are now carried on the books as an asset of

the Dominion. The difficulty to-day is that there are some ten separate appropriations in the department, and stores under each appropriation must be carried as separate stock.

Right Hon. Mr. GRAHAM: That is in the one department?

Hon. Mr. DANDURAND: Yes. The only means by which stores can be moved from one appropriation to another is the process of sale, which involves extensive book-keeping. The result is that we have sixty store depots from coast to coast—as many as three depots, and in one instance four being in the same city—and in these depots are five or six separate compartments. Goods purchased must be placed in one compartment, and used in that compartment under the appropriation, and cannot quickly be transferred to any other compartment where the same goods are required.

The department's annual purchases of stores are about \$3,000,000 and our stocks to-day are \$1,500,000, which of course is an absurd figure. The Minister states he has gone into the matter in an effort to have the stocks reduced, and it has been explained to him that it is impossible to reduce them without legislation of this kind to authorize combining them for the various services.

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

#### REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: According to the Law Clerk, a number of amendments are necessary in order to improve the form of some sections, and parts of the Bill will need to be redrafted. I therefore move that the measure be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

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

## THE SENATE

Tuesday, April 6, 1937.

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

Prayers and routine proceedings.

### DIVORCE BILLS

#### FIRST, SECOND AND THIRD READINGS

On motion of Hon. Mr. Robinson, for Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally

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read the first, second and third times, and passed, on division:

Bill T2, an Act for the relief of Albert Henry Pergley.

Bill U2, an Act for the relief of Suzanne Rosenthal Winnikoff.

Bill V2, an Act for the relief of Kate Mary Briggs Robinson.

Bill W2, an Act for the relief of Mildred Gordon Kahn.

Bill X2, an Act for the relief of Ernest Arthur Allen.

Bill Y2, an Act for the relief of Florence Rose Wright Clark.

Bill Z2, an Act for the relief of Constance Hope Davidson.

### FARMERS' CREDITORS ARRANGEMENT ACT

#### ADMINISTRATION IN PRINCE EDWARD ISLAND

On the question proposed by Hon. Mr. MacArthur:

That he will call the attention of the Senate to the administration of the Farmers' Creditors Arrangement Act in Prince Edward Island and inquire of the Government what action, if any, it intends to take in the premises.

Hon. J. J. HUGHES: Honourable members, the honourable senator from Prince (Hon. Mr. MacArthur) is ill and unable to be present to-day. As we are approaching the end of the session and this matter is of some importance, I would ask the House to permit me to open the discussion, which could be adjourned until to-morrow, when the honourable senator is expected to be here.

Hon. Mr. DANDURAND: Will my honourable friend be long?

Hon. Mr. HUGHES: No, I shall not be long.

Hon. Mr. DANDURAND: I would suggest that inasmuch as the honourable senator from Prince (Hon. Mr. MacArthur) is expected to be here to-morrow, my honourable friend from King's (Hon. Mr. Hughes) might postpone his remarks until his colleague is by his side.

Hon. Mr. HUGHES: Well, the discussion has to be opened some time, and I think to-day would be a convenient time.

Hon. Mr. DANDURAND: But there is important legislation before the Senate.

Right Hon. Mr. MEIGHEN: There will be some to-morrow, too, I suppose. I think, subject to correction, that the honourable member has the right to speak if he wishes.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: I am not encouraging long speeches, though. I know the necessities of the hour.

The Hon. the SPEAKER: May I suggest that the Senate should be careful not to set a precedent which it may not desire to follow in future? I think the motion should be moved and the debate opened by the honourable member in whose name the Order stands. It does not seem reasonable to proceed otherwise, because, if we did, the debate might be opened by an honourable member opposed to the motion. However, if it is the wish of the Senate, the honourable member from King's (Hon. Mr. Hughes) may proceed.

Right Hon. Mr. MEIGHEN: It is not a motion, Mr. Speaker; it is just an inquiry calling the attention of the Senate to certain matters. I do not think any senator is debarred from speaking on an inquiry on the Order Paper just because the honourable gentleman in whose name it appears is not present, or even because, though present, he declines to proceed. He cannot prevent it from being discussed merely by being absent or by not going on.

Hon. Mr. HUGHES: Honourable senators, I have put my remarks in writing so that I may make them as brief and coherent as possible.

Sometimes the performance of duty is neither pleasant nor agreeable. Nevertheless duty is or should be of paramount importance. I think I am justified in saying that party politics have but a small part, if any, in the work of this House; and this is as it should be. In order that my attitude towards the Farmers' Creditors Arrangement Act may not be misunderstood or misrepresented, I shall begin by saying that I supported the Act, and helped to put it on the Statute Book of the country. I think it was a well-conceived piece of legislation, which, if properly administered, would do much good. In this respect I am entirely in accord with the resolution passed by the farmers of Prince Edward Island at their annual meeting in Charlottetown last winter. The resolution reads as follows:

Be it therefore resolved that we, the Central Farmers' Institute of Prince Edward Island here assembled, believing that this Act, properly administered, is of great benefit to many of our farmers, would respectfully ask that this Act be continued and would suggest that official receivers under this Act receive a stated salary rather than be paid on a commission basis.

It is my belief that had the farmers who passed this resolution been aware of the manner in which the Act was being administered,

they would have condemned that administration without reserve. The farmers of Prince Edward Island, as a class, are not racketeers and do not believe in racketeering.

I have said that the Act was a well-conceived piece of legislation. But any legislation can be spoiled by maladministration. If I understand the Act aright it was intended to help the honest, industrious man who through no fault of his own could not meet his obligations in full as they matured, by giving such man time, or by reducing his obligations, or by doing both; but in no case was it to be an Act to encourage dishonesty on the part of anybody. And surely it was never intended to be a gold mine for the administrators. It was felt that it would be in the public interest to encourage men who were trying to make good on the land to remain on it rather than to leave it, and that this would perhaps apply more to Western Canada than to Central and Eastern Canada. It was also felt that wherever possible the administrators of the Act would bring debtors and creditors together and effect amicable arrangements. Wherever this was found to be impossible or impracticable, and where the creditors, or some of them, were found to be harsh or unreasonable, it was felt that the commissioners under the Act could themselves make a finding which to them seemed fair and reasonable, and which would be as binding as a court judgment on all parties concerned. This was, and is, in a rough way, my interpretation of the Act. If I am wrong I shall be glad to be corrected.

Now the question arises: Had the administrators of the Act on Prince Edward Island, particularly during the last twelve months, any conception of its provisions, or any conception of the mind of Parliament in passing it, or any conception of justice and common sense? I think not. I shall now relate some of the findings made by the board of commissioners, commonly called the Board of Review, which came under my own observation, and shall relate some of the almost incredible things I have heard, but which I believe to be true, to confirm what I have stated.

In the summer of 1935, Peter D. Peters, of Rollo Bay, made application to the Farm Loan Board for a loan. His application was turned down. No reason was given, so far as I know. I knew a mistake had been made, and I so informed Mr. J. D. MacLean, the commissioner in Ottawa. He admitted they were not mistake proof, and said he would have another appraisal made in the summer of 1936 by one of his best men. This was done and Mr. Peters was offered a loan of

\$2,500. This together with what he could easily sell off his farm last fall would more than pay all his bills in full. In the summer of 1936 the new Board of Review, being keen for business, and hearing by some means or other that Mr. Peters wanted a loan, or wanted to have his obligations adjusted, cited him and his creditors before them. I was one of the creditors and I appeared and asked the board whether Mr. Peters had made any application to them. Their Registrar not being with them that day, they could not tell, but thought they would hear the case anyhow. I then told them that Mr. Peters was both able and willing to pay his creditors in full, and did not want their interference at all. The chairman, Judge Saunders, asked Mr. Peters what he had to say. He declared he was able to pay his bills in full all right, but stated that if everybody else was getting a cut he thought he should get one too. Judge Saunders seemed inclined to agree with me, but Mr. Harding, the commissioner who represented the creditors on the board, strongly dissented, saying that inasmuch as they had come to Souris to hear this case they were going to hear it. Finally Judge Saunders agreed with Harding, and their decision was that Mr. Peters should sell \$200 worth of produce off his farm, not more, and that the creditors would have to accept this amount together with the \$2,450, or thereabouts, which the Loan Board would provide, as payment in full. And—would you believe it?—the Board of Review made this finding without ascertaining what Mr. Peters' liabilities then amounted to. After thinking the matter over, and talking it over with his creditors, Mr. Peters decided to disregard the Board of Review altogether and pay his obligations in full; which he did.

The board, during one of their sittings at Souris, decided another case which should be mentioned. A Mr. Gregory, living near Souris and owning a small farm with practically no indebtedness, died. He had two sons and a daughter. His wife had predeceased him. To one of the sons he willed the farm, stock and implements, with the provision that this son pay his funeral expenses and some other small bills, amounting in all to some \$20 or \$30, and pay to his brother and sister \$50 each. Within four months after his father's death the son who got the property applied to the Board of Review, under the Farmers' Creditors Arrangement Act, for a cut of fifty per cent in his obligations, and three years to pay them. The Board of Review set the provisions of the will aside, gave the applicant a cut of fifty per cent, and five years to pay his bills, without interest, I think. During a

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discussion of this case I heard one of the members of the Board, Mr. Darby, say that "perhaps the will was out of date," and neither of the other members of the board appeared to see the ridiculousness of the statement.

It must be hard for the members of this House to believe that a board of three men, with a Judge of the Supreme Court as chairman, could give such decisions, but such are the facts. With my own ears I heard Judge Saunders declare in open court that the Government was cutting the bills of all the farmers of Western Canada in two, whether the said farmers were able to pay their bills or not. When the court adjourned I went to the hotel and asked the Judge if I had heard him aright. He said I had, but after a little while added it was the Alberta Government he was thinking about. Nevertheless he seemed to think it did not make much difference what government was doing it; it would be a guide for the Board of Review of Prince Edward Island. Perhaps we have reason to be thankful that Judge Saunders did not take a wilder and more foolish man than William Aberhart for his guide. I could relate other instances of foolishness or worse, but I forbear.

I shall now mention some things I heard, some of which I know to be true. I have been told that the board held sittings and gave decisions when only two members were present, and that this is contrary to the express provisions of the Act. I have been told that some debtors had two sets of creditors, one set who gave credit before May, 1935, and the other set after that date; and that the board gave the debtor a cut on the bills contracted before May, 1935, and five years to pay them, and when the man who gave credit after May, 1935, refused to take a similar cut he was informed that he was debarred from collecting his bill, or even taking steps to collect it till the five years would be up. Some lawyers say this also is entirely contrary to the provisions of the Act. But what are the people going to do about it? I am also told that in some of the cases which some of the official receivers prepare and send on the Board of Review, the official receivers are themselves creditors. It can easily be ascertained whether this is true or false.

One more incident, and for this I have documentary proof. On the 5th of last month two members of the board, namely Messrs. Harding and Darby, held court at Souris and cited before them John J. Campbell, Jerome McEachren and Russell Peters as debtors, and a number of other men as

creditors. John J. Campbell made no application to the board for a hearing, because more than twelve months before that date he got a loan from the Farm Loan Board and paid all his creditors in full. Consequently neither he nor any of his former creditors paid any attention to the letters they got from the Registrar. This would look like a very keen desire on the part of an organization to drum up business and get work that pays so well. I am told that Jerome McEachren's case had been disposed of by the previous Board of Review, under the chairmanship of Judge Arsenault, and no one can tell why it was opened again. Neither Russell Peters nor any of his creditors attended court, because, I am informed, Mr. Peters made no application to the Board of Review, or any official thereof, and wanted no interference in his affairs. This trip to Souris would cost the taxpayers of Canada at least \$50 and expenses, and that seems to be the only reason it was undertaken.

I have not said anything yet about the tremendous cost of the administration of this Act. I have dwelt upon features which appeared to me to be of far greater importance. About a week ago I read in one of the Charlottetown newspapers an article which seemed to attempt to excuse or palliate the Prince Edward Island racket by saying that we were not worse than, if as bad as, some of the other provinces. We were compared with Nova Scotia, where the average cost per case was shown to be \$159.27 while the average cost per case on the Island was \$55.09. Every accountant knows that percentages can be made to prove almost anything if some of the factors in connection with the problems are withheld. Let us try to include all the factors. Nova Scotia is, I suppose, four or five times as large as the Island, and has—I am speaking from memory—four times the population. While only 113 cases were heard in Nova Scotia, 927 cases were heard on the Island. Evidently the Act was either greatly under-administered in Nova Scotia or tremendously over-administered in Prince Edward Island. Furthermore, where the cases are few and the distances to be travelled are great, the cost per case must necessarily be much larger than where the cases are numerous and the distances are short. If, for instance, only thirteen cases had been heard in Nova Scotia, the cost per case would be enormously enhanced. Let us compare the cost of administering the Act on Prince Edward Island with the cost of administering it in the whole of Canada, on a per capita basis. This would not be unfair to the Island province, I think, for the reasons already stated. The cost of administering the Act on Prince

Edward Island amounted to \$51,071.04. If the same cost per capita had been maintained all over the Dominion it would have amounted to more than six millions of dollars, whereas it really amounted to only \$1,424,772.69. I think the administrators in the other provinces were well paid; in fact, I think some of them were overpaid; but I leave that to honourable senators from the other provinces, if they wish to look into the matter. This comparison, I fear, shows not only that a great many things were wrong with the administration of the Act on Prince Edward Island, but also that the head office here in Ottawa had lost control of the situation on the Island, and had failed to keep any check on the expenditure there, or perhaps on anything else.

I have already stated that I consider the excessive expenditure in connection with the administration of the Act on Prince Edward Island the least serious part of the business. There are in this House many lawyers eminent in the profession. The two leaders of this House are outstanding men in law and business. I ask them in all seriousness to tell me if in their opinion it is possible for a judge of the Supreme Court in his right senses to deliver such judgments as Judge Saunders has delivered, or has allowed to be delivered, in connection with the working of the Farmers' Creditors Arrangement Act in Prince Edward Island. I assume, and I think I have a right to assume, that when Judge Saunders was appointed to the Bench he had a reasonable working knowledge of law and possessed a fair knowledge of business and a fair share of common sense. If he had these qualifications at that time, I am compelled to assume that he has lost them and is no longer able to do his work as a judge. This is a serious state of affairs and must be properly looked into.

Hon. Mr. DANDURAND: I feel constrained to dissent from an expression of opinion as to the fitness of a judge to act as head of a court. The trouble, to my mind, is that he is assailed in his capacity as chairman of a board, and I feel that the honourable senator (Hon. Mr. Hughes) is on somewhat delicate ground. I do not know whether the gentleman referred to is a judge of the County Court or of the Superior Court.

Hon. Mr. HUGHES: The Supreme Court, if that makes any difference.

Hon. Mr. DANDURAND: I desire simply to express my fear that the honourable gentleman is beyond what may be deemed to be the proper ethics of Parliament.

Hon. Mr. HUGHES: I am giving my reasons. I am almost through.

Hon. Mr. HARDY: Restrict it to the board and you can give all you want, I think.

Hon. Mr. HUGHES: I submit to this House that it will never do to let the people lose confidence in the integrity and ability of our courts. That is the serious part of the matter. I read a few days ago in one of the newspapers that the Law Society of New Brunswick had sent a petition to the Justice Department asking for the removal of one of the judges in that province because of physical defects. These things were not the judge's fault.

Now I make a suggestion. As so many of the Ministers are leaving for the Coronation, I do not think a proper investigation can be held immediately; but one should be held; therefore I suggest that the administration of the Farmers' Creditors Arrangement Act on Prince Edward Island be suspended for a few months, or until the Department of Finance, the Department of Justice, or perhaps the whole Government, can look into the entire situation and deal with it as it should be dealt with. Thank you, honourable senators.

Right Hon. ARTHUR MEIGHEN: Honourable members, the last thing I want to do is to delay the House, but I may be engaged elsewhere when the matter comes up again. I have received four or five communications on this subject. There seems to be no special reason why anyone should write to me. While these communications do not confirm the detail which the honourable member has given, they complain most bitterly of the administration of the Act in the Island. Had it not been for the source of one of these communications I should have been disposed to think they came from cranks. Knowing the source of one of them, I know they do not. I am sure that the Minister of Finance, who has charge of the administration of the Act, would not tolerate this kind of thing at all if he were convinced it was occurring. I am afraid it is. I am afraid the statement of the honourable member from King's (Hon. Mr. Hughes) is only too true.

Hon. RAOUL DANDURAND: Honourable senators, I am informed now for the first time of the statement we have just heard. I had seen a list of members or officials of the board in Prince Edward Island, but did not know what would be the nature of the criticism to be made. All I can say is that I will draw the attention of the Minister who presides over the department to the statement that has just been made.

Hon. Mr. DANDURAND.

Hon. J. E. SINCLAIR: Honourable members of the Senate, I do not think it is necessary to have this discussion of the administration of the Farmers' Creditors Arrangement Act in Prince Edward Island. Though I have never had anything to do with that Act, I have been in touch with it through what I have heard from those appearing as creditors or debtors, and those who have applied for consideration. I have listened attentively to the statement of the honourable senator from King's (Hon. Mr. Hughes). I know nothing about the cases he mentions, except that they are all in his own locality, and that he tells us he was interested in some of them. I know an effort was made a short time ago in Charlottetown, where the farmers hold their annual meetings in the month of February—

Hon. Mr. HUGHES: The month of March.

Hon. Mr. SINCLAIR: I think it was the last of February. An effort was made to secure an expression of opinion with regard to the result of the Act, and that expression was entirely in favour of it.

Hon. Mr. HUGHES: I read the resolution passed by the farmers, and I am entirely in accord with it. It says "if properly administered."

Hon. Mr. SINCLAIR: The whole criticism seems to relate to the administration of the Act. I have heard of the complaints referred to by the honourable senator from King's, but nevertheless I think the Act is performing a good service in Prince Edward Island.

I do not think it is wise to suspend the Act, as the honourable gentleman has suggested. If the cases mentioned have been the subject of such extreme treatment as he intimates, there is a remedy other than to bring the matter up like this, at the tail end of the session. It is quite open for the honourable member to ask for a committee of this House at a time when all these cases can be examined into. They are all on record in the office of the Superintendent of the Farmers' Creditors Arrangement Act; every detail of each case is on record in the Department of Finance. If there are reports of abuses, it is within our power to examine into them in a careful and deliberate way and find out whether or not they are correct. So far as I am concerned, there are several reasons why I would refuse to accept any statement as to whether they are right or wrong, until there was an investigation of that kind in regard to them. I know the learned judge who is at the head of the Board of

Review in Prince Edward Island at the present time, Mr. Justice Saunders, and I knew the judge who preceded him and who voluntarily resigned his position in 1935. I do not think it lies in the mouth of any member of Parliament or of any other person to say anything disrespectful of either of these gentlemen, who have given fair and honest service.

There was tabled in this House a few days ago a return showing the cost of administering the Farmers' Creditors Arrangement Act, which cost is borne by the Government. As honourable members know, the year before this measure became law we passed the Companies' Creditors Arrangement Act, which made it possible for companies and business houses to adjust their debts without having their assets sold and business wound up. The Government did not assume the cost of administering that Act. I think Parliament was wise, though, in deciding that the Government should bear expenses connected with operations of the Farmers' Creditors Arrangement Act, extending similar benefits to farmers. Honourable members will readily recall the hearings before our Banking and Commerce Committee. Representatives of mortgage companies, loan companies and other institutions throughout Canada were in favour of the measure.

I believe the Act has worked out well. It may be that among all the cases handled there are a few in connection with which our judgment would differ from that of the Board of Review; but as to each such case there would be simply an honest difference of opinion. I feel that the Board of Review in Prince Edward Island has given its best judgment in all the cases which have come before it, and that there are very few in which its action is subject to criticism by those conversant with the facts.

My honourable friend from King's (Hon. Mr. Hughes) made a comparison showing per capita costs of the administration in Prince Edward Island and other parts of the Dominion. That is not a fair basis of comparison for my province, which is largely agricultural. I should say that our industrial or urban population down there is only about 15,000 out of the total of 90,000. Honourable members can see that in these circumstances it is hardly fair to compare costs on a per capita basis with those of other provinces, where the percentage of industrial population is much higher, running in some cases to 50 per cent.

Official receivers, to whom reference has been made, were originally paid a salary. In January, 1936, the Department of Finance changed that system and provided for their payment by fees. An official receiver gets

\$20 for each case coming before him in which he formulates a proposal and makes a settlement with the creditor. If he is not able to make a settlement and the case goes before the Board of Review, he is paid only \$15. That change in the method of remuneration has meant a saving to the Government of \$258,000, and I think the administration of the Act is just as effective as when official receivers were paid salaries.

I have before me a lot of details, but I will touch upon only a few of them. The House may be interested to know that in the two years since the Act went into force, 3,955 farmers in Prince Edward Island interviewed official receivers and applied for some adjustment in their financial affairs. Out of this number of applications only 901 proposals were formulated. Voluntary settlements were effected through the instrumentality of official receivers in 217 cases. Cases referred to the Board of Review totalled 508, of which 458 have been disposed of, leaving 50 still to be heard as at the 10th of February this year. In addition, official receivers effected 190 settlements without formulating any proposal between farmers and creditors. Honourable members will see from these figures that while a comparatively large number of farmers applied for some adjustment, not one-fourth of them actually went forward with proposals.

Since the Act cannot apply to any debt contracted after May, 1935, except with the express consent of the creditor, it seems clear that if present conditions continue this legislation will automatically be resorted to less and less as time goes on. Applications for adjustment in Prince Edward Island averaged about 40 a month in the early part of last year, but, as there was a good crop, that average declined considerably before the year was over. In October there were about 40 applications, but in November there were only 33, and in December the number fell to 28. The figure for January of this year was even lower, and in February only 16 applications were made to official receivers.

I do not see that there is anything to be gained by making rash statements in regard to administration of this Act. We cannot expect the administration to be perfect, but I am satisfied that in Prince Edward Island it is as nearly perfect as it is in any other part of Canada. I am sure that my honourable friend who has some views to air in connection with this matter (Hon. Mr. MacArthur) would find, if the records and officials were examined before a committee of this House, that there is no justification for making such ado about the administration of the Act in Prince Edward Island.

Hon. Mr. HUGHES: I should be glad if an honourable member would move adjournment of the debate until to-morrow, for the honourable senator from Prince (Hon. Mr. MacArthur), who is likely to be present then.

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

## CUSTOMS BILL

### SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 84, an Act to amend the Customs Act.

He said: Honourable senators, this Bill proposes a certain number of amendments to the Customs Act. I need not go through them in detail, for they will be dealt with separately in committee. I would now simply draw attention to clause 3, which provides that certain values for duty shall be deemed to have been lawfully fixed. The clause reads as follows:

3. The said Act is further amended by inserting the following section immediately after section forty-three thereof:

43A. (1) All values for duty heretofore fixed by, or on a basis or by a method prescribed by the Minister or the Commissioner of Customs or the Assistant Commissioner of Customs, acting or purporting to act pursuant to the provisions of section forty-seven A of the Customs Act, chapter forty-eight of the Revised Statutes of Canada, 1906, as enacted by section three of chapter eighteen of the statutes of 1922, or of section forty-three of the Customs Act, chapter forty-two of the Revised Statutes of Canada, 1927, or of section forty-three of the said Customs Act, as enacted by section four of chapter two of the statutes of 1930 (Second Session), or of subsection one of section forty-three of the said Customs Act, as enacted by section one of chapter seven of the statutes of 1932-33, shall, notwithstanding any alleged defect or omission or want of authority in respect thereof, be deemed to have been lawfully fixed pursuant to the aforesaid provisions and all things required by statute to be done to fix such values shall be deemed to have been done, and the said values for duty and the levy and collection of all duties or taxes based or purported to be based on such values are hereby confirmed and ratified.

(2) Without restricting the generality of the next preceding subsection, any act heretofore done by the Minister or the Commissioner of Customs or the Assistant Commissioner of Customs, directing that the value for duty in any case or class of cases should be considered as fixed in terms of the currency of the country of export, is hereby confirmed and ratified and any value for duty determined in accordance with such direction shall be deemed to have been duly fixed pursuant to section forty-three of this Act and the levy and collection of all duties or taxes based or purported to be based on such values shall be deemed to have been duly levied and collected.

Hon. Mr. SINCLAIR.

(3) Nothing in this section shall affect any legal proceedings by way of petition of right in respect of which a fiat of the Governor General had been granted on or before the first day of October, 1936.

I will present to the House, as a brief, a statement made by the Minister of National Revenue, Hon. Mr. Ilsley.

Shortly before Great Britain went off the gold standard our currency was at a discount as compared with United States currency, and certain values for duty purposes of fruits and vegetables were fixed under section 43. The Commissioner of Customs of that time interpreted the order of the Minister as fixing the values in United States rather than in Canadian currency, and gave directions accordingly to the collectors. The result was that more dumping duty was collected than would have been collected had the orders of the Minister been interpreted as referring to Canadian currency, and the amounts of duty that were calculated on that basis were taken in the period between November, 1931, and May or June, 1932. Those dumping duties are the basis of a petition of right which was filed in 1936. A fiat has been granted and the case is pending in the Exchequer Court at the present time. That is one irregularity which is complained of by a certain number of exporters. Certain other irregularities or alleged irregularities in the imposition of these dumping duties are complained of. They are these:

First, that values were fixed without authorization by the Governor in Council, the contention being that once a value has been fixed the authority is exhausted. The view of the department is that since the original Orders in Council authorizing the Minister to fix values were never cancelled, they were available each season as occasion arose. Honourable members will notice that this is a technical question bearing on procedure.

The second complaint is that the Orders in Council authorizing the fixation of values were not published in the Canada Gazette as required by statute. The department answers that all such Orders in Council were published in the Canada Gazette as required. This again is a technical point covering questions of procedure.

The third complaint is that the values fixed were not published in the Canada Gazette as required by statute. The department answers that all values fixed were published in the Canada Gazette, but were not in all cases published in the next following issue. Again this is a technical point.

The fourth complaint is that no authority existed for a ruling to the effect that values were fixed in terms of the currency of the

country of export. The department answers that this was a ruling of the Commissioner of Customs issued when the Canadian dollar became depreciated as compared with the United States dollar. As I have stated, that covers the period from November, 1931, to June, 1932. I may add that the ruling, which under the statute itself was arbitrary, could have effected the same result by increasing the valuation under Canadian currency, inasmuch as it was for the Commissioner or the Minister to decide that valuation, arbitrarily, if you will.

The fifth complaint is that the fixing of values at an advance on the invoice value does not constitute a fixation as contemplated by section 43 of the Customs Act. The department answers that this method of fixing values was adopted in 1932, was agreed upon by the Canadian Fruit and Vegetable Jobbers' Association and the Canadian Horticultural Council, and is still being used.

The sixth complaint is that no authority exists for the inclusion of the weight of the container in computing values fixed under section 43 of the Customs Act. The department answers that this is in line with the tariff revisions requiring the weight of the packages to be included in the weight for duty, and was adopted on the recommendation of the Canadian Fruit and Vegetable Jobbers' Association.

The seventh complaint is that no authority exists for computing fixed values on railway billing weights. The department answers that this was a ruling issued in 1932 to promote uniformity in treatment of fruit and vegetables at different ports and was made at the request of the Canadian Fruit and Vegetable Jobbers' Association.

The eighth complaint is that certain valuations which were stated to be applicable "all year" should have been interpreted to mean until the end of the calendar year, rather than all year around as interpreted by the department. The department answers that it has consistently interpreted this phrase to mean all year around and every year until otherwise ordered, as distinct from seasonal or limited periods during which certain commodities are available.

The ninth complaint is that certain bulletins setting forth fixed valuations failed to exempt shipments purchased and in transit to Canada at the time the bulletins were issued, though such shipments had been exempted on other occasions. The department answers that this was merely a change in the method of application of the fixed valuations and was in accord with the policy existing at that time.

The Minister then continues his explanation:

Those are the grounds that are set out, and many of them are quite technical. The point I wish to bring to your attention is this. The importers knew at a very early stage what view the department took of the meaning of these Orders in Council and of the orders the Minister made under the Orders in Council, and governed themselves accordingly. Knowing the practice of the department and the view it took of what the proper practice was, nevertheless the importers placed their orders for a period of years—it has been five or six years—and paid the dumping duties required by the department.

Recently certain enterprising persons have been promoting the filing of claims with the Department of National Revenue. Claims amounting to over \$600,000 have already been filed, and I am advised by my officers that the likelihood is that with respect to fruits and vegetables alone the claims against the department will run to \$2,000,000 or more.

The contention on which these claims are based is that when a man pays duties illegally he is entitled to a return of them, on grounds of equity and fairness. Such is not the case here, because the persons who have actually paid the duties will not get them back; the people who will benefit are the promoters of claims and others who are having a large number of claims filed with the department. We have a stack of them already. It means that the treasury will lose two or three million dollars, and the persons who paid enhanced prices for goods as a result of the dumping duty will get no benefit whatever.

On this account I submit that Parliament should ratify the imposition of these duties. In my opinion that is the fair thing to do in all the circumstances. I do not agree that this is confiscatory legislation or legislation of that type. It is more in the class of legislation which in Nova Scotia is passed every year for the ratification of assessments. I understand also that in Ontario years ago, though perhaps not now, legislation was passed every year ratifying tax sales.

The administration of these sections is a difficult matter at best. The Department of Justice was consulted from time to time, as were the departmental solicitors. It may be that that when the sections and the numerous bulletins are examined with a microscope some legal ground may be found for the return of these duties; I do not know. Two petitions of right have already been filed, and they are exempted because we do not think we should issue a fiat to enable petitioners to go into court and then legislate them out of court. But for those who have not filed a petition of right I submit that the action of the department should be ratified.

Now, I draw the attention of honourable members to the fact that these complaints with respect to rulings of the department between November, 1931, and June, 1932, should have reached the department within a reasonable time, yet they were not sent in until 1936. If they had covered only the department's interpretation as to the currency which should have been used in valuing the goods imported, they could have been discussed, and any injury to the importers, if

proved, could have been rectified. Instead, we have to-day one person attacking the whole administration of the department on this score from November, 1931, to the present time. He has aroused and organized those who imported goods during that period to join in what may fairly be termed a most dangerous raid upon the federal treasury. Numerous telegrams have been received, all evidently prompted by the same person, who has notified those importers that the prospect of collecting millions of dollars from the Government may vanish if this Bill is passed. He has been organizing a systematic assault on the Department of National Revenue with a view to having it declared by the courts that all dumping duties since 1931 have been assessed illegally. His first attack is based on what is called the currency complaint, which covers the period from November, 1931, to June, 1932. He has circularized all importers of fruit and vegetables, urging them to join in the assault. He has retained prominent lawyers to act for those interests. He has expressed the opinion that thousands of dollars will be collected on the currency claims. Likewise he hopes that the claims for duty on importations of onions will run into hundreds of thousands of dollars, and he sets no limit on what the claims on importations of tomatoes, apples and other fruit will aggregate. The total apparently would run into millions. I repeat, there is in process of organization a formidable and dangerous raid on the federal treasury.

Hon. Mr. DUFF: Who is the organizer?

Hon. Mr. DANDURAND: Mr. K. V. McKittrick, Traffic Manager of the Toronto Wholesale Fruit and Produce Merchants' Association.

Honourable members will understand that the duties which the importers paid on vegetables and fruit from November, 1931, to the present time were through various middlemen passed on to the ultimate consumer.

Hon. Mr. CALDER: Was there no protest then?

Hon. Mr. DANDURAND: No. As I have said, if there was an overcharge in the duties so paid, it was passed on to and paid by the consumer. I submit that the importers have no moral claim against the department to any refund, for they were not the losers by payment of the duties complained of.

I doubt very much the propriety of sending this Bill to the Banking and Commerce Committee. Assuming those importers, so organized, desire an investigation, we shall have to ascertain in each case what duty the

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importer paid, how he absorbed it into his selling price, and how and by whom it was ultimately paid. If we attempt an inquiry along those lines we shall not be able to complete it before prorogation. Many telegrams have reached us, but though coming from many quarters they all appear to be inspired from the same source.

Hon. Mr. LYNCH-STANTON: I understood the honourable leader to state, in effect, that when the duties were collected the Government had full authority by law to impose them.

Hon. Mr. DANDURAND: Yes.

Hon. Mr. LYNCH-STANTON: And that the persons now claiming a return of the duties contend that the Government made some slip in not publishing Orders in Council in the Canada Gazette, or in not taking some other technical action. Is that the case?

Hon. Mr. DANDURAND: Yes, that is one of the technical points.

Hon. Mr. LYNCH-STANTON: They do not claim they were unlawfully charged these duties, but claim that the Government's practice was technically incorrect. Is that it?

Hon. Mr. DANDURAND: Yes, in many particulars.

Hon. Mr. LYNCH-STANTON: Most of it?

Hon. JOHN T. HAIG: Honourable members, I do not say I shall vote against the Bill, but I doubt whether, under section 43 of the Customs Act, the department had any right to levy those duties against goods coming from the United States at that time, because the Act provided that duties could be levied against a country with a depreciated currency. This did not apply to countries with appreciated currency.

But aside from that altogether, and leaving out of the picture for a moment what the honourable leader has said, I submit that this Bill does much more than he has stated. It purports to ratify and confirm what officials of the department have done for the last five and a half years. It goes further: it provides what in future they may do without parliamentary sanction.

True, in the majority of cases the department had authority to collect the duties if its officials had complied with the Customs Act, which requires the Minister—not the deputy, not the assistant deputy, not the superintendent, but the Minister—to issue the order and publish it in the Canada Gazette. There is authority for imposing dumping duties on goods from depreciated currency

countries, but in my judgment that authority does not apply at all to importations from appreciated currency countries. In many cases the Minister did not make the order—in fact never knew anything about it; the superintendent or the assistant superintendent of customs, or some other official, assumed that power.

A number of orders were issued after duty had been paid and the purchaser had sold the goods and been paid for them; then the department levied further duties on the strength of those orders. That is the real crux of the situation. If there is one case in that class it should be protected.

The McCart case has been pending since February, 1936. The department promised to proceed in May, but no move was made until October; and though certain documents were required in November, the department did not produce them until March. From this it would appear that the department feels it has no defence. I recall a case in Winnipeg. An automobile company imported goods, cleared them through the customs, and sold them. Later the department notified the company that higher duties were payable, and insisted on payment.

Hon. Mr. CASGRAIN: Why not?

Hon. Mr. HAIG: Then why not the other way?

Hon. Mr. DANDURAND: But this class of claims refers only to fruit and vegetables.

Hon. Mr. HAIG: Oh, no, it does not. It refers to everything.

Hon. Mr. DANDURAND: I say the claims made are in respect of fruit and vegetables.

Hon. Mr. HAIG: Yes. The reason is that the fruit and vegetables came largely from the United States, and that country having an appreciated currency, there was no authority under section 43 to increase dumping duties. I submit there never was any authority under the Act to increase dumping duties against appreciated currency countries; the section applies only to depreciated currency countries.

If this Bill dealt only with that phase, and the honourable leader would submit to us the cases involved, I would vote for its enactment. But the Bill goes further. It provides that in future this same practice can be repeated, and that an official of the department can send out notices. That should not be permitted.

Hon. Mr. CALDER: What clause is that?

Hon. Mr. HAIG: Clause 3. The whole basis of the Act—

Hon. Mr. LYNCH-STAUTON: What clause?

Hon. Mr. HAIG: Clause 3. I submit that what we ought to do with this section is to send it to committee and limit the retroactive features to cases in respect of which the section gave authority to impose the duty and there were only technical defects. If I am correct in my contention that section 43 applied only to countries with depreciated currency, and there was no right to impose the duty, we should not now give such a right; or if we want to go so far, the provision should apply only to cases where the money was paid without protest at the time. In any event we should make it clear that the Bill applies only to what has been done in the past and not to what will be done in future.

Hon. Mr. CASGRAIN: Whether there was protest or not, what difference does it make?

Hon. Mr. HAIG: There is a good deal to be said for what the honourable leader of the Government has stated. If I were a produce dealer and had paid a duty of 50 per cent instead of 30 per cent, and had recovered the difference in selling the goods, I do not think I should be allowed to get any money back. In other words, the technical mistakes can be cured. During my experience in the Legislature of Manitoba we used to have to ratify every year what municipal clerks had done in the matter of tax sales. If a municipal clerk had published notice in the Gazette only three times instead of four, we had to ratify what had been done. I am willing that we should ratify taxes that were properly paid, but I am not willing that we should ratify a tax for which there was no legal authorization in the first place. I do not want it to be possible in the future for the Commissioner or Assistant Commissioner to send out a notice which will become law. That should not be possible. I submit that the Bill should go to committee so that representations may be heard and these matters may be threshed out.

Hon. F. P. QUINN: Honourable members, there appears to be considerable opposition to the Bill now before us. Since coming into this Chamber I have received a telegram from Halifax from a gentleman who conducts a large importing and wholesale produce business. It says:

Bill 84 Customs amendment if passed will cost us heavily. All Maritime wholesale fruit firms one hundred per cent against such legislation as proposed. Our contention is if necessary to pass Bill that the retroactive feature be deleted. Exchequer Court already decided in our favour, therefore amendment if passed will usurp court's functions.

That is from C. H. Gorham, a prominent produce merchant of Halifax.

I think it is only fair that this Bill should go to a committee. I agree with the honourable the junior member from Winnipeg (Hon. Mr. Haig) that those who are opposed to the Bill should have an opportunity to be heard.

Right Hon. Mr. MEIGHEN: I am not going to discuss the measure. I take the responsibility of asking the leader of the Government to send this Bill to committee, because I never like to have business men or any of our people who are interested in a Bill or affected by it denied the opportunity to be heard. I realize the difficulty involved in sending a Bill to committee towards the end of the session, and I think that those who desire to be heard should make it their business to present their case as carefully and as briefly as possible, and with due regard to the fact that we do not wish to impede unnecessarily the work of Parliament at this stage of the session.

Hon. Mr. LYNCH-STAUNTON: As this seems to be a technical matter, I suggest that the Bill be sent to a special committee.

Some Hon. SENATORS: No.

Hon. Mr. DANDURAND: Banking and Commerce.

Hon. Mr. BLACK: I should like to ask the honourable leader of the Government whether we are likely to have this Bill before committee to-morrow. My reason for asking is that a number of those interested in it have wired or written to know when they may appear. I should like to be able to have the Clerk notify them as soon as possible.

Hon. Mr. DANDURAND: We could sit to-morrow. As to the hour—

Right Hon. Mr. MEIGHEN: Make it 11 o'clock. We shall be in the Railway Committee before that.

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

## THE MINING INDUSTRY

### PROPOSED RESOLUTION—DISCUSSION CONTINUED

The Senate resumed from March 10 the adjourned debate on the proposed resolution of Hon. Mr. Sauvé:

That, our age being evidently what some authorities call "the age of metal," as minerals are more and more sought for and used in the industries which are created or developed by the discoveries of science, as well as the new needs of social and economic activities;

That, while recognizing what has been done by the governments of the country with a view to fulfilling these needs and avoiding abuses, this House is however of the opinion that it

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is urgent for Canada to utilize to a greater extent, first of all to her own benefit, the untold wealth of her subsoil throughout her vast territory, through the rational development of her mining industry by the best knowledge of our natural resources; by a fair protection of capital, honestly invested; by a control sufficient to protect herself as far as possible against:

1. Ill-advised investment of capital;
2. Dishonest brokerage;
3. Fallacious prospectuses and misleading publicity;
4. Trusts;
5. Invasion of our country by undesirable capital;
6. Danger of foreign covetousness, which is usually the cause of wars of conquest.

This House also thinks that Canada requires more than ever a mining policy directed so as to:

(a) Protect our human capital against diseases which generally threaten the mining labourers;

(b) Encourage to a greater extent technical and geological teaching and to give proper employment to her graduates;

(c) Give work to her employable unemployed before all others;

(d) Favour colonization while preventing further rural exodus;

(e) Organize and protect local markets for the distribution of goods produced by Canadian farming and manufacturers;

(f) Prohibit all immigration which might be inimical to her fundamental institutions and which might constitute, in her mining centres, seats of disorder and agencies of revolutionary propaganda.

Hon. EUGENE PAQUET (Translation): Honourable senators, the speech of the honourable senator from Rigaud (Hon. Mr. Sauvé) on the mining industry denotes not only knowledge, but also broad vision and wonderful appreciation of the conditions of this country and of our problems. I believe that the efforts made by our fellow member with a view to preserving our resources and developing our common heritage will be approved of by every Canadian and will not fail to bear the results which may well be expected therefrom.

An American statesman said one day about Canada:

I see in British America a country vast enough to build an empire therein. Her immense wheat fields, her mountain ranges, her great waterways, her inexhaustible forests, her wealthy north, her unequalled fisheries, her mineral resources, are the factors of her national wealth.

Our mines are an ever-increasing source of wealth, and it is only of late that we have paid attention to the mineral resources of Canada. It was barely half a century ago when very superficial surveys were made, and at present there are many districts of which we know nothing or very little. We can understand that. The first settlers con-

centrated all their activities on the soil in order to get a living by it. It is only right that agriculture should have preceded mining, and that the development of mining should have come also after that of the forests.

In 1887, our mineral production amounted to \$10,321,331; in 1893, \$20,035,082; in 1900, \$64,420,877; in 1910, \$105,040,958. In 1936, according to the Minister of Finance, "The value of our production reached the imposing figure of over \$360,000,000. At current production levels our mines are turning out wealth at the rate of a million dollars a day."

It is extremely comforting to note this movement of labour towards our mining industry, where remunerative employment is to be found in the extraction of our mineral products, so plentiful in this Dominion.

In 1936 and 1937 the honourable the Minister of Mines gave a series of talks on the Canadian mining industry and its national importance. His object was to give not only to the people of Canada, but also to other countries, an outline of the extent, diversity and value of this industry. We trust, as he does, that these talks will be instructive and useful for those who wish to become more familiar with one of our Canadian industries whose prospects are most promising.

The Canadian people may well be proud of the place that their land holds among metal producing countries. Canada comes first in the production of nickel and platinum metals; second in the production of zinc; third in the production of gold, copper and silver; and fourth in the production of lead. Although that is a remarkable achievement for a nation of eleven million people, it is but the fore-runner of what is in store for us.

At the beginning of this century, settlement was limited to the confines of agricultural lands; but as mines were being developed there started a movement northwards which still goes on. The mining enthusiasts do not seem to realize the importance of organizing also on the spot production centres for those commodities of which seekers of precious metals are in need. Important as it is to extract the wealth of the subsoil, let us not be unmindful of the wealth which lies on the surface, and which brought a fortune to the sons of Lafontaine's ploughman. By developing the lands adjacent to the mining centres of Abitibi and Timiskaming, our settlers, as the years pass on, would secure a fairly comfortable life, and ensure their own happiness. Such a policy, if systematically and firmly administered, would enable us to keep within our country a large portion of the money that is spent in payment for the labour and supplies that are necessary to the

mining industry. The honourable the Minister of Mines stated on April 24, 1936, that these expenditures throughout Canada in 1935 amounted to probably \$180,000,000. "I think we may say, without exaggeration, that about \$10,000,000 are being spent each year in Abitibi and Timiskaming. Our settlers would therefore find a market for their products that would really be worth while.

Men of energy and ability undertook, in grave circumstances, to supply the Canadian people with railways which actually link together the various provinces of Confederation. The railroads were the pioneer institutions which opened up our great domains; they have strengthened the ties binding the interests of each province with those of the other provinces, and they have largely made for the development of our trade. The mining industry is a source of revenue for our railways. Throughout Canada it supplies them with a profitable traffic, and with the rapid development of our mines we may hope for a steady decrease of our railway deficits. Let me quote some of the statements made by the honourable Minister of Mines:

We may reasonably hope to recover from our financial difficulties by developing our mining industry.

Should we develop our mineral resources to the fullest extent during the next five years, then we shall have solved our railway problem.

The mining industry is one of the most important human activities in this country. Besides the number of men directly employed by it, this industry requires many thousands more to supply its needs. Here is what the honourable Minister of Mines said on February 28, 1936:

Now think of the employment that we could provide for a certain number of young men who have been staying for some years past at the relief camps, if we doubled our present production. Every increase in the production of mineral wealth helps to solve our railway and unemployment problems, and it can bring about the prosperity which we all hope for. I have great faith in Canada's future and I believe that the Canadian people are capable of taking the means of developing the immense mineral resources which lie beneath our soil.

Canada needs competent technical men. In the field of mining, the economic side, which has become so important, must not be neglected. Prospecting carried on haphazard by men inured to hardships and often endowed with remarkable faculties of observation may sometimes, by mere chance, produce good results; but it can also delay the development of a country. It must not be forgotten that, for want of geologists, our explorers were for three hundred years veritable beasts of

burden sweating under the loads they had to carry through portages, while all the silver of Cobalt lay a few inches beneath their feet.

The natural resources remaining to us consist for the most part of mines. It is our duty to develop mining engineers, for mining engineering is the coming profession for Canadians. By uniting our forces and getting our federal and provincial governments to co-operate, we can perform useful work for Canada.

During the economic depression, it is youth that has suffered most, for our young people lost not only the opportunity to earn their living, but also the opportunity to learn how to earn it. The youth of the country are the mainstay of the nation. Their moral, social and professional rehabilitation is a matter of primary importance. The numerous graduates of technical and engineering schools in our provinces should be the main factors of our social restoration.

Economic education is technical education considered on all its sides. The public authorities should make our mineral resources known and provide scientific instruction suited to the needs of the mining industry.

This country is not too badly endowed in the matter of technical schools. But are they sufficiently well equipped? Have they the indispensable laboratories?

The British North America Act of 1867 places education under the specific and exclusive jurisdiction of the provinces. The Federal Government may, however, co-operate with the provinces with a view to promoting technical education. We need competent technical men if we are to develop our natural resources in a rational manner.

Allow me to say a few words about the mining industry of the province of Quebec.

The present economic situation of that province presents numerous and evident signs of returning prosperity. The gold production of Quebec in 1936 reached 26 millions of dollars, representing an increase of 7 millions over 1935. Silver, asbestos and building materials have also shown a notable improvement. Needless to say, such a flourishing industry deserves every encouragement.

The honourable the Minister of Mines has warned us against unreasoned speculation. Drastic laws are to be enacted for the protection both of the public and of the operators. In times of prosperity, yielding to over-confidence and excessive optimism, people are inclined to embark upon new undertakings, to invest money in all sorts of construction enterprises, to speculate on margin, that is, with borrowed money, to abuse the easy credit facilities available in such periods, to

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spend beyond their means or income, to discount the future beyond all reasonable limits, and then, when the least unfavourable development occurs, the least slowing down of the economic machine, our ephemeral undertakings crumble like houses of cards, leaving behind them nothing but ruin, desolation and misery. It is well that voices should be raised to warn against this danger and recall the elementary principles of prudence and moderation to those who might be tempted to forget or ignore them.

I should fail in my duty were I to neglect this opportunity of thanking the honourable the Minister of Mines of the province of Quebec for the speech he delivered on April 5 before the Canadian Club.

We should hasten to accept this heritage of our subsoil.

The mining legislation of our province should receive the best attention of the provincial authorities and be framed so as to discourage exploiters, but not to discourage honest people, and so as to close our mining fields to Communistic propaganda. Our mining regions should be centres of order and progress, wherein it may be possible to ensure the survival of our race and of social peace.

In the House of Commons, and last year in this House, I drew the attention of my honourable colleagues to the problem of repatriation. To-day hundreds of thousands of Canadians are employed in factories south of the boundary line. As soon as a new immigration campaign is undertaken, we should vigorously prosecute the work of repatriation. When our economic situation makes it possible, we should take measures to encourage the return of those Canadians who will be happy to develop our mining industry.

Now, a word about the natural wealth of the district of Gaspé.

The Gaspé Peninsula, overlooking the sea, whose peaks are covered with the finest species of timber, whose plateau is eminently suited to cattle raising, whose subsoil contains mineral resources which have remained too little known, awaits only the development of this abundance of wealth.

I have sought to inform myself regarding the needs of this beautiful region whose waters, both sea and river, abound in the most sought-after varieties of fish, of this region blessed with a good arable soil and vast forests and inhabited by a population of which Canada may well be proud.

The numerous varieties of fish that the people of Gaspé can take from the sea, as well as from their rivers, are a source of wealth of which they have not yet fully availed themselves, but which is capable of

furnishing to a whole population of industrious fishermen sufficient income to improve the general situation of the entire district. The lumber industry, formerly one of the sources of wealth of the Gaspé Peninsula, is still capable of feeding paper mills. The cattle-raising industry, still in the embryo stage, could be developed to a point where foreign markets would vie with one another for its products. The soil of the peninsula, highly fertile and favoured by an ideal climate, would make it possible for a large farming population to live from the produce of the land and of the sea, while supplying the markets which the development of industry would create. And what of the subsoil? Its true value is not yet known, but the estimates of geologists lead us to believe that it will probably become an important competitor of the other mining regions of the world.

Its industrial and agricultural development assured, its mining development in prospect, such is what the Gaspé Peninsula can offer to those who will seek there an improvement in their conditions of living.

I wish to speak more particularly of the development of the mining industry in the Gaspé Peninsula. In 1854 Sir William Logan discovered oil lands from the basin of the York river to the vicinity of Point St. Peter. More recent investigations seem to show that the oil wells extend from Gaspé Bay to the Matapedia valley. Minerals have been found in great number throughout the peninsula. Gold and silver ore have been discovered along the York river, at Marsouin and at Cross Point. In recent years prospecting has been carried on, mainly for zinc and lead, along the Berry Brook, a tributary of the Grand Cascapedia river. There is an abundance of granite suitable for construction work. I suggest that the federal and provincial governments should co-operate in the scientific research necessary for the development of the mineral resources of the Gaspé Peninsula.

It would be advisable to undertake more thorough surveys and prospecting on a large scale. On the 3rd of March last the Premier of Quebec said:

We will take measures to open up through the Gaspé Peninsula a road connecting the north and south shores.

As the honourable member for Matane-Matapedia said the other day:

The Gaspé peninsula lacks the necessary facilities for the development of its natural resources. The work of prospecting and development cannot be carried on to-day, on account of the many difficulties to be overcome in reaching the centre of the peninsula. Owing to the absence of all transportation facilities, prospectors have to carry their equipment and food on their backs through narrow trails.

Nowhere else could the State's intervention be more fruitful.

The construction of a railroad over the great inland plateau of Gaspé has been planned for many years. Why has it not been carried out? The serious state of unemployment which has lasted so long in that region, where fifty new parishes could be established, seems to have been forgotten.

As was said in another place, the vast region of Gaspé awaits only the building of a railway to receive our surplus population and absorb the youth of our country, who would find there a splendid field of action in which to display their energy and put to useful work their strong arms which have too long remained idle.

The construction of a railway through the Gaspé Peninsula would open up a source of wealth the importance of which it is as yet impossible to foresee. In the event of our wishes being fulfilled by the authorities, new parishes will be established in the Gaspé Peninsula, land settlement and agriculture will prosper, lumbering and mining development will become possible and our young people will be in a position to live under normal conditions.

Let my fellow-citizens of the province of Quebec take a wise interest in the development of our natural resources.

Let our younger French Canadians seek that economic strength, which too often they lack, to fulfil that destiny which Providence has foreordained for them in that province.

On the whole, our province is satisfied to live under the British flag. However, there are nowadays young men who contend that Confederation has not fulfilled our expectations. A few of them even go so far as to suggest the repeal of the federative covenant, and they advocate the establishment of a kind of new republic on the shores of the St. Lawrence. In my humble opinion, the unrest among our young French Canadians does not arise from the Constitution, but is due to the men who are governing the country.

I appeal to those men who are not of my race and speech. In the administration of the important Department of Mines, I entreat the honourable Minister not to forget French-speaking technical men. Let us give the French language its rightful place, let us ever protect those rights which our Constitution grants to the minority. Let us give to the French Canadians the positions to which they are entitled.

Let us deal fairly with our race, thereby ending the unrest and the grievances which may become prevalent in the Confederation.

A group of outstanding French Canadian intellectuals are not satisfied with Confederation. Let me quote from a speech delivered by the honourable senator for DeLorimier (Hon. Mr. Dandurand) on June 18, 1936:

I say to the younger generation of French-speaking Canadians, now dissatisfied with their lot, more especially in the economic field, that they can by superior training and higher culture qualify for an important role in the Canadian Confederation. They will thus form part of the élite which will mould the destiny of this country. They must resolutely apply themselves to the task. The leaders who have preceded them have not had their opportunities for higher study and culture. The men of to-day and of to-morrow should be better equipped. If they have superior culture, character and moral stamina, with unity of purpose to serve their country, they will command the respect of their associates for themselves and for the rights and privileges they so deeply cherish. To those young men, to that coming generation, I declare that I have no hesitation whatsoever in placing under their guardianship these rights and privileges.

Hon. ANTOINE J. LEGER: Honourable senators, may I be allowed about five minutes to make a few general observations, quite apart from and incidental to what has already been so well said by the two honourable gentlemen who have already dealt with the present subject?

Borrowing a thought from Lord Elgin, I believe that the grandeur and prosperity of Canada will largely depend upon the advantages derived from our vacant and uncultivated lands, and that the best way to use them would be to cover them with a population of industrious, virtuous and happy settlers. If this was true in the days of Lord Elgin, how much greater is the urgency for establishing a vast system of colonization to-day, when we see our cities and towns crowded with a population eager to work, but unable to find employment.

In this abnormal situation, if we turned to the available soil we should find there the wherewithal to give work to a large percentage of our unemployed. In New Brunswick alone, out of a total of more than ten million acres of arable lands only a little over four million acres are under cultivation. And perhaps the same proportion would apply in all other provinces, with the exception of Prince Edward Island.

But, honourable members, besides providing for the unemployed we should encourage our youth to go on the land if we do not want to run the risk of seeing this important part of our population become demoralized. We must depend on our youth to accelerate the development of our natural resources and so re-establish our needy industries. Then why not give more attention to the tillage of the

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soil? We are told there is already over-production and our people are growing indifferent towards agriculture. True, we have had over-production of agricultural products; but it is under-consumption that has adversely affected us, not over-production.

In 1934 the world's agricultural production was lower than in any one of the preceding seven years. Yet in that same period the population of the world increased by at least ten per cent. The trouble was not that agricultural products were too abundant, but rather that purchases were restricted on account of the aggravated economic situation. Governments and institutions favourably inclined towards the back-to-the-land movement ought therefore to continue to give it their support and sympathy.

As to the present indifference towards agriculture, it is true that a few years ago our farmers, attracted by the alluring prospects of industrial life in urban centers, left the plough for the tools of the mechanic arts. They have since, however, come to realize that when they abandoned the well-settled farm for the crowded city they helped—unintentionally, of course—to disturb the economic balance, and thus contributed to unemployment and depression. Urban industry, once so eagerly sought by our farmers, having inundated the world with its manufactured products, but being unable to produce bread, is now rejecting that surplus labour from the country districts.

If to-day those erstwhile farmers only had the means to buy the necessary implements, they would return to the abandoned farms and colonize virgin land. It is therefore reasonable to assume that a certain amount of money now spent for the relief of unemployment could be used to much better purpose in promoting colonization and rendering possible re-occupation of abandoned farms. This would reduce materially the number of our unemployed.

This impels me to say that in agriculture the main difficulty, to the solution of which governments in conjunction with farmers and business men should studiously apply themselves, is to render farming remunerative to our farmers. And let me say that it is the standard of living of the farmer and his family that I wish to see improved. It is generally conceded that so long as our agriculturists refuse to organize, in order to sell their products to better advantage and so ensure remuneration commensurate with the energy they expend, it will be difficult to attract the younger generation back to the farm.

When agriculture languishes industrial development will necessarily be hindered. History reveals that agriculture has always been the foundation of every great country, whilst the drift of population away from the everlasting land to urban centres has always been coincident with national decay. This is fundamental. It therefore follows that the primary duty of government is to examine the conditions under which the tillers of the soil live and work, and then by wise legislation it should seek to promote the greatest possible prosperity for our primary producers, and thus ensure the welfare of the country at large.

I think investigation would disclose that lack of leadership amongst farmers, indifference towards agricultural education, absence of co-operative marketing, mass production in industry and the disproportion between the long hours of the farmer's labour and the prices received by him for his products have been the principal obstacles to the advancement of agriculture. And undoubtedly, honourable members, there have been obstacles. Some farmers have failed because they did not have the necessary capital to finance their crops. Because our farmers are as a class silent, not given to noisy agitation, they may appear to be prosperous, and I fear that a prosperity more apparent than real tends to excite general jealousy.

Agriculture, as we are told, is the mainstay of the social and economic life of Canada. It would therefore seem only reasonable that it should receive more attention on the part of both federal and provincial governments. I am convinced that if we wish agriculture to endure, we must so adjust it to economic conditions that those engaged in it may live, if not prosper. We must try to find purchasing power for them by finding and retaining markets, by eliminating the too great difference between production costs and selling prices, and by taking the necessary measures to prevent industrial mass production from ruining the farmers' markets. We must place at the disposal of those in need effectual credits, so that small farmers may finance their crops without paying prohibitive rates of interest. For the attainment of this end it may become necessary to help both the borrower and the lender. If, honourable members, we succeed to even a small extent in stimulating dormant agriculture, we shall again set in motion the wheels of some industries that have been inactive for years through lack of sufficient demand for their commodities.

It is my considered view that the land should revert to the unemployed. They, accustomed by force of circumstances to live

frugally, would not only be able to maintain themselves without direct relief, but would be able to make a fair living and at the same time improve the land entrusted to their care.

And may I say in conclusion: (Translation) Instead of voting thousands of dollars for the purpose of temporarily parrying the depression, would it not be better to use part of this money in opening new lands to settlement, so as to provide homes for these people who wish to go back to the land and thus avoid unemployment? Honourable senators, if the problem of agriculture is the basic problem of mankind, and if, as has been said, a rural home is the best environment for the uplift of the people's souls, I have no hesitation in saying that there is no nobler task to which one could devote one's life.

Let us make possible the rehabilitation of our thousands of vacant farms, let us make agriculture prosperous, let us put opportunities for settlement within the reach of farmers' sons and of those to whom farming is attractive, thereby laying the groundwork for the solution of the great unemployment problem. Then the Canadian farmer, satisfied with his lot, will continue to till the land in the best interests of our country.

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

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

## THE SENATE

Wednesday, April 7, 1937.

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

Prayers and routine proceedings.

### DEPARTMENT OF TRANSPORT STORES BILL REPORT OF COMMITTEE

Hon. Mr. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill 88, an Act respecting the Department of Transport Stores, and moved concurrence therein.

The motion was agreed to.

#### THIRD READING

Hon. Mr. DANDURAND: By leave of the Senate, I move the third reading of the Bill.

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

CANADIAN NATIONAL RAILWAYS  
CAPITAL REVISION BILL

REPORT OF COMMITTEE

Right Hon. Mr. GRAHAM presented the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill 12, an Act to provide for the revision of the accounting set-up of the Canadian National Railway System, and moved concurrence therein.

Right Hon. Mr. MEIGHEN: Honourable members, I think it is perhaps better that we should concur in the amendments which have been made, but I want it understood that they do not include what a large number of members in this House feel they should include, and that any honourable member may move further amendments on the motion for the third reading. On that understanding I am quite agreeable to the carrying of these amendments.

The motion was agreed to.

MOTION FOR THIRD READING

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

Hon. C. P. BEAUBIEN: Honourable gentlemen, I should appreciate having your attention for a few minutes while I move an amendment to section 11 of this Bill. I shall be very brief, for the matter to which I shall refer is familiar to most honourable members of this House, having been discussed at length in another place, where the reasons for and against the amendments were brought out very forcibly.

I am going to move that at the end of the schedule which is to be prepared at the close of each year, and is supposed to reflect the financial position of the Canadian National Railways, reference be made not only to the investment made in the railway by Canada, as a proprietor, but also to the sums advanced from year to year to make good the deficits on the railway. The purpose which I have in view is to my mind of paramount importance. From year to year we are spending \$100,000,000 on the Canadian National Railways, which from year to year are eating into the very vitals of this country. Is it not absolutely necessary that we should grapple with this awful problem, which weighs so heavily on the shoulders of the people of Canada? And how will it be settled unless the people of Canada are made aware of the gravity of the situation and the necessity of an immediate settlement?

In the statement as prepared by the Government, which is to be circulated through—  
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out the financial world, no reference at all is made to the past history of the Canadian National Railways. This statement will go not only to the financial houses, but to the people throughout this country, and unless something is done along the line proposed, the people will easily forget the tremendous amount of money that we have buried in our railways. It seems to me that if we have a duty to perform towards the Canadian people it is to keep continually before their eyes a statement of the amount we have spent on the Canadian National Railways and the amount it is costing us every year.

The only objection to including a footnote—an objection which at first sight may appear to be serious—is that if there is such a reference in the statement of the Canadian National Railways they are going to be discredited in advance before the financial world and will be in a worse position than ever in relation to any borrowings they have to make. I say, honourable gentlemen, that at first sight this objection may seem to have some merit, but if you reflect upon it for a few seconds you will find that it is not sound. Is it possible to conceive of the Canadian National Railways borrowing one red cent on its own credit? No, it is not. If it borrows at all, it must have the endorsement of the Government.

Hon. Mr. LYNCH-STAUNTON: Of the country.

Hon. Mr. BEAUBIEN: I should say of Canada. But the public accounts of Canada show the amounts which Canada has invested in this railway. Therefore, what this Bill attempts to eliminate from the statement of the Canadian National Railways will very soon be discovered by the bankers, who will investigate the solvency of the endorser of the note made by the Canadian National Railways. They will go to the public accounts and there they will find exactly how much Canada has invested and how much she has paid every year for deficits of the railway. Therefore absolutely nothing is to be gained by refusing to include the footnote.

I come now to this point, that all of us in Canada must make a tremendous effort to settle the problems of the Canadian National Railways.

Hon. Mr. MURDOCK: May I ask the honourable senator a question? If we gave the Canadian National Railways away to-day for one dollar, would Canada not still have more than \$100,000,000 of railway obligations to meet for many years to come?

Hon. Mr. BEAUBIEN: What is done is done.

Hon. Mr. MURDOCK: Will the honourable gentleman answer the question?

Hon. Mr. BEAUBIEN: There is no doubt my honourable friend is quite right. What we have spent is gone. For my part I cannot see why, even within the next generation, any corporation or group would wish to take over, even as a gift, this railway which has deficits of \$100,000,000. What my honourable friend says is quite true, but it has nothing to do with the question.

Hon. Mr. MURDOCK: No?

Hon. Mr. BEAUBIEN: My argument is that the electors of this country must be constantly reminded of the fact that they have invested a colossal amount of money in this enterprise, and that every year that amount is increased by the sum of \$100,000,000. The credit of Canada cannot stand that drain much longer. Therefore we must seize every possible opportunity to impress the true situation upon the public. If we do not give the facts in the Canadian National's statement we shall be neglecting our duty towards the proprietors of that system, the people of Canada, who are subjected to an annual tax to meet the deficit. It makes no difference whether we could find a purchaser for the road or not, or whether the road is ever sold at all.

Hon. Mr. MURDOCK: Does it make any difference whether we keep the road?

Hon. Mr. BEAUBIEN: That makes no difference at all to the duty that faces us now, the urgent duty to impress upon our people the necessity of seeking some solution of our railway problem. Perhaps if the present Government were informed of a strong public opinion upon the subject it would be more eager to find a solution than it seems to be.

Without further remarks I wish to propose that section 11 of the Bill be amended by the addition of the following words:

and as a footnote to the balance sheet the aggregate amount of the proprietor's equity and of the Dominion Government's contribution to meet deficits, with a supporting schedule giving details of such amount.

The whole section, if so amended, would read:

The accounts of the National Railway System shall be stated as of January first, nineteen hundred and thirty-seven, and thereafter, so as to show the proprietor's equity as defined by this Act, and as a footnote to the balance sheet the aggregate amount of the proprietor's equity and of the Dominion Government's contribution to meet deficits, with a supporting schedule giving details of such amount.

Hon. Mr. MURDOCK: Did my honourable friend say "contribution" or "contributions?"

Hon. Mr. BEAUBIEN: It is in the singular. Does my honourable friend want to make it plural?

Hon. Mr. MURDOCK: I was not sure that I heard correctly.

Hon. Mr. BEAUBIEN: Contributions have been so numerous that the word certainly should be in the plural.

May I just add a few words? I do hope and trust that the Minister will see his way clear to accept this amendment. The footnote would not affect the statement at all. The effect of it is what it would be if it were simply worded, "For the history back of this statement, see the schedule attached." I submit that the footnote would fulfil a very useful purpose.

Hon. Mr. MURDOCK: May I ask whether the contributions referred to are those listed in all these pages attached to the Bill?

Right Hon. Mr. MEIGHEN: There would need to be simply a schedule containing what the amendment says. It might be necessary to show what is shown at the end of the Bill; I am not sure.

Hon. Mr. BEAUBIEN: I presume that would have to be shown.

Hon. RAOUL DANDURAND: Honourable members, I would ask my honourable friend from Montarville (Hon. Mr. Beaubien) not to move just yet the amendment which he has suggested, for I am rising now to tell him how far the Government would be disposed to go towards meeting his wishes. I will preface that statement with a few remarks.

My honourable friend desires to have included on the balance sheet of the Canadian National a footnote and schedule showing the financial history of the road so far as can be indicated by Canadian Government contributions to date. He says that his object—and perhaps it is his only object—in wishing to have this information shown is to impress upon the people the vastness of the public investment in this road, so that they will demand that something be done to put an end to our railway expenditures. My answer is that, in accordance with section 24 of this Bill, the public accounts of Canada will have to contain a complete statement of all assistance given by the Dominion Government to any railway. This section was amended in our committee to provide for even more detailed information than it called for when the Bill reached us from the other House. So if this measure is passed, the benevolence of Canada towards all railways—towards the Canadian Pacific, for instance, as well as to-

wards the Canadian National—will have to be shown. The Government suggests that sums which have been given to the Canadian National, and which everybody admits will never be repaid, should disappear from the balance sheet. I would draw the attention of the Senate to the fact that the Canadian Pacific Railway never includes in its annual balance sheet a statement of the Government's benefactions towards it; and, as honourable members are aware, companies which have found it necessary to undergo financial reorganization—as numerous companies have since 1929—do not show in their subsequent balance sheets the sacrifices made by their shareholders. The dead wood is always eliminated.

My honourable friend wants attached to the Canadian National's balance sheet a schedule showing in detail the sums we have spent on the system since its inception. As we know, in taking over the Canadian Northern and the Grand Trunk we took over some fifty subsidiaries in each case; I think the total number of subsidiaries is one hundred or more.

Right Hon. Mr. GRAHAM: There are 127.

Hon. Mr. DANDURAND: I think, as my right honourable friend says, they number 127. They will now be dealt with in the balance sheet, and in accordance with this Bill an effort will be made to unify the accounting and administration of those railways.

My honourable friend says, "You must carry into the balance sheet the history of the benefactions of the Dominion to these railways, in order that the picture may be so ugly that the people of Canada will give heed to the situation and try to remedy it." I do not think that five or ten years hence the attitude of the people of Canada will be much different from what it is to-day, nor do I believe the public will ever agree to transfer the Canadian National system to private ownership, or surrender its administration to the Canadian Pacific Railway Company.

An Hon. SENATOR: Hear, hear.

Hon. Mr. DANDURAND: If that company can to-day exert some influence on the Parliament of Canada, I should be very fearful of its power when it controlled both great railway systems. Then the Dominion would be the tail and would be wagged by the dog—the private company with that immense monopoly in its hands. So we may as well dismiss from our minds any suggestion that by keeping before the people the present picture of the Canadian National Railways we can so disgust them with state ownership that they will be prepared to abandon the National system to private ownership in the

hope of bringing order out of our present financial difficulties. I know the Canadian National Railway System is costing this country a good deal of money every year. I hope that eventually its revenues will reach the point where it will no longer need the help of the Government periodically.

Hon. Mr. CASGRAIN: Never.

Hon. Mr. DANDURAND: My honourable friend to my left says "Never." We in this Chamber have been trying to advance some constructive suggestions for the solution of this railway problem. The electorate has been consulted more than once and has never expressed any desire to abandon the Canadian National Railways as a state-owned system. Whatever means we may find to better the finances of our railways, I am convinced that the effort now made through the balance sheet to impress the people of Canada with the past failures of the system will not bring about the result which my honourable friend (Hon. Mr. Beaubien) has in mind. The Canadian National Railways have had operating deficits since 1920, but this circumstance has never deterred Parliament from voting large sums for the development of the system. If to-morrow the people of Canada should feel there was need for expansion of the Canadian National Railways and consequently for an increase of capital expenditure, would the Senate say no to a proposal from the other House for that purpose? I doubt whether our attitude would be any different from what it has been during the last fifteen years.

My honourable friend has said that it would not matter if the balance sheet of the Canadian National Railways containing the proposed appendix, with information as to the moneys we have granted to the system to bring it up to its present condition, did go to the two great financial centres of the world, London and New York, because, he has pointed out, investors know very well that any loans will be made, not on Canadian National Railway assets and standing, but on the credit of the Canadian Government, and they will look to the public accounts of Canada for financial information. That is where we feel the statement should appear of all expenditures made since accounts of the National Railways have been included in the public accounts. My honourable friend admits that the true situation will be shown there and can be studied by investors.

I have been wondering why we should be required to include all past expenditures in the balance sheet of the Canadian National Railways. I have heard around this building

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that the Canadian Pacific Company was insistent that its rival's balance sheet should be so loaded. That may be, but I submit that the picture to be presented to investors and to the people at large should be the balance sheet prescribed by the Bill. This would overcome the difficulty of the Canadian National Railways' total expenditure being added to the total expenditure of the Government, with a resultant duplication of some \$1,500,000,000.

We discussed the question at considerable length in the Railway Committee, and the last objection we met was as to whether the grants made by the Dominion to the Canadian National Railways should be included in the public accounts or in the railway system's accounts. The argument has been advanced that if the new balance sheet is distributed throughout the country an impression will be created that the system is doing so well as to justify demands for further capital expenditure and increased wages. I doubt very much whether the balance sheet of the Canadian National Railways is circulated among the masses. We know that the people are kept informed of the true situation of the National Railways through the press and the discussions in the special committee of the House of Commons which deals with Canadian National Railways' finances. We have no corresponding committee, but through the sources I have mentioned and discussions in this Chamber and in the other, full publicity is given to the finances of the National Railways. After all, what are the people concerned about? Indeed, what are the majority of honourable members of the Senate concerned about? I wonder how many honourable members study the Canadian National Railways' balance sheet. Each year we know the extent of the operating deficit of the Canadian National Railway System, and when the deficit for the past fiscal year was found to be considerably lower than usual the fact was heralded in the press. The management of the Canadian National Railways is trying to establish equilibrium between expenditures and receipts, and so bring the system nearer to the point where it will be no longer in the red. In nine cases out of ten, if not in ninety-nine cases out of a hundred, the people of Canada rely on the presentation of the accounts of the Canadian National Railways before the special committee of the House of Commons to ascertain to what extent the system has improved its position.

I cannot accept the proposal that in the balance sheet of the Canadian National Railways there should appear a schedule giving ex-

penditures on the system in the form of subsidies which will never be recovered. I would point out that in 1933 the late Government introduced what is now known as the Canadian National-Canadian Pacific Act, which provides that advances to the Canadian National Railways shall not be funded. Since then the moneys voted each year to cover deficits have not appeared in the balance sheet of the company. We simply ask that the same principle should be carried back year by year; that previous deficits, with the formidable interest that has accrued, should likewise be omitted. Those deficits and accrued interest will be shown in detail in the public accounts.

Right Hon. Mr. MEIGHEN: But at that point my honourable friend should also say that in addition to carrying back the omission of the deficits—not necessary, I think, when you do not refund—the Bill cancels \$530,000,000 of interest, not on deficits but on capital advances.

Hon. Mr. DANDURAND: Which my right honourable friend admits will never be collected.

Right Hon. Mr. MEIGHEN: Unless the honourable senator opposite me (Hon. Mr. Casgrain) is wrong.

Hon. Mr. DANDURAND: Under those conditions I do not think we should treat the shareholders of the Canadian National Railways—the people of Canada—differently from the manner in which the Canadian Pacific Railway Company and all other companies that have had to adjust their finances, treat their shareholders in respect of the information contained in their balance sheets. We should content ourselves with what appears in the Bill. I direct my honourable friend's attention to page 14A of the Bill, where he will find appendix No. 5, headed: "Canadian National Railways System. Consolidated Balance Sheet at December 31, 1936—Proposed Revision." And then the words, "After Adjustment." If my honourable friend (Hon. Mr. Beaubien) will accept my suggestion, I shall be glad to add a footnote based on an amendment to clause 11. That clause reads as follows:

11. The accounts of the National Railway System shall be stated as of January first, nineteen hundred and thirty-seven, and thereafter, so as to show the proprietor's equity as defined by this Act.

The balance sheet for 1936 contains near the end:

Total Liabilities.....
* Dominion Government—Proprietor's Equity (Represented by)—
1,000,000 shares of no par value stock of the Canadian National Railway Company issued in exchange for the residual value of Canadian Northern Stock.....
5,000,000 shares of no par value capital stock issued by Securities Trust to the Government in consideration for the securities, advances, claims for unpaid interest and collateral security now held by Government, .....
Dominion Government Capital Expenditures for Canadian Government Railways.....

I would add as a footnote:

Proprietor's equity is disclosed in the net debt of Canada and in the detailed historical record of Government assistance to railways, as shown in the public accounts of Canada.

This would link the balance sheet to the public accounts, so that anyone looking at that balance sheet would find direct reference to what the proprietor's equity account contains. This note, I think, goes much further than any statement which any company, having passed through some kind of readjustment, has ever disclosed to its shareholders.

Hon. Mr. LYNCH-STANTON: Does the honourable gentleman suggest that the note be added to the public accounts rather than to the Canadian National Railways accounts?

Hon. Mr. DANDURAND: No. The note is to be added to the Canadian National balance sheet and is a reference to the proprietor's equity. It is based upon the amendment which I have just read, and which would go in as an addition to clause 11—the very clause suggested by my honourable friend from Montarville (Hon. Mr. Beaubien). The difference between my honourable friend and myself—

Right Hon. Mr. GRAHAM: Does that not call attention to the public accounts?

Hon. Mr. DANDURAND: It brings the Canadian National Railway balance sheet into close relation with the public accounts.

Hon. Mr. LYNCH-STANTON: Would that not have the effect of adding a note to the public accounts?

Hon. Mr. DANDURAND: No; it is to the balance sheet. So now the only difference between my honourable friend and myself is that he desires that the footnote attached to the balance sheet be accompanied by a schedule containing all that would otherwise be found in the public accounts.

Hon. Mr. DANDURAND.

Hon. Mr. BALLANTYNE: No. My honourable friend is not right there. The amendment proposed by the honourable senator from Montarville (Hon. Mr. Beaubien) would show in the schedule what you have proposed to write off—\$1,360,000,000.

Hon. Mr. DANDURAND: That will appear in the public accounts.

Hon. Mr. DUFF: We had better go into committee.

Hon. Mr. DANDURAND: No, there is no need.

Hon. Mr. DUFF: It looks like that to me. I was shut down yesterday—

Hon. Mr. DANDURAND: Would my honourable friend from Montarville read his amendment?

Hon. Mr. BEAUBIEN: Could I have my honourable friend's suggestion?

Hon. Mr. DUFF: We had better go into committee.

Hon. Mr. BALLANTYNE: I was only asking a question.

Hon. Mr. BEAUBIEN: Where is the footnote? May I have the draft of the footnote suggested by the honourable leader?

Hon. Mr. DANDURAND: It is in the hands of my honourable friend.

Hon. Mr. BEAUBIEN: I understood my honourable friend had another draft. I think he will find he read it just a moment ago.

Hon. Mr. DANDURAND: The honourable gentleman has what I read.

Hon. Mr. BEAUBIEN: Where is the draft of the footnote?

Hon. Mr. LYNCH-STANTON: What are the words of the footnote?

Hon. Mr. BEAUBIEN: That is what I want.

Hon. Mr. DANDURAND: I will write it again.

Hon. Mr. BEAUBIEN: My honourable friend read it.

Hon. Mr. DANDURAND: I read it.

Hon. Mr. LYNCH-STANTON: What are the words you desire to add to clause 11?

Hon. Mr. BEAUBIEN: The amendment is here, but what is the wording of the footnote to be placed at the end of the statement?

Hon. Mr. LYNCH-STANTON: This is it.

Hon. Mr. BEAUBIEN: No, that is not it.

Hon. Mr. LYNCH-STAUTON: Yes, it is.

Hon. Mr. BEAUBIEN: That is the amendment to clause 11.

Hon. Mr. LITTLE: Honourable members, the footnote, which will be attached to the statement on pages 14 and 14a, reads as follows:

Proprietor's equity is included in the net debt of Canada and in the detailed historical record of Government assistance to railways, as shown in the public accounts of Canada.

Hon. Mr. BEAUBIEN: That is the amendment to clause 11.

Hon. Mr. LITTLE: That is the footnote.

Right Hon. Mr. MEIGHEN: The point is that the honourable gentleman opposite has not moved an amendment. My honourable friend to my right (Hon. Mr. Beaubien) had to tie his amendment in with the Bill, and he proposed that clause 11 provide for a footnote. If instead of the amendment proposed we were to take the amendment suggested by the leader of the House, it would read:

That the following words be added to section 11 and, as a footnote, to the balance sheet:

"Proprietor's equity is disclosed in the net debt of Canada."

That is the position we are in now. I wish to say a few words on the proposed amendment.

Hon. Mr. DANDURAND: I suggest that my honourable friend (Hon. Mr. Beaubien) should not move the amendment, so that we may have an opportunity to see if we can agree.

Right Hon. Mr. MEIGHEN: Yes. I may say that I appreciate greatly the evident effort of the honourable leader of the House to avoid a clash of views and a vote on this matter. I do not think it is a fitting subject for a clash of opinion. Perhaps I do not appreciate the position or its gravity. I know it is important, but I do not think the exact terms of the footnote or its exact location is a matter that goes to the very roots of our life, and I think that we ought to be able in some way to agree upon the subject. Before I sit down I shall make a suggestion as to what I think ought to be accepted by the House; and I would ask honourable members, especially those around me, to address themselves to the problem in the same spirit in which I seek to address myself to it now.

The honourable senator to my right (Hon. Mr. Beaubien) has proposed an amendment, and has stated as cogently as anybody could

the reasons for it. I will not attempt to improve upon his presentation, because I could not do so. There is, he says, a big problem confronting this Dominion; it has been before us for years; it is growing in intensity, as is the peremptory character of the demand for its solution, and in all we do in the interest of Canada we ought to keep the nearness and the real danger of that problem before our people in order that they may see the necessity for facing the situation and meeting it.

The Bill before us is to provide for a new form of bookkeeping for the Canadian National Railways. Everybody recognizes that it does not add a dollar to the value of this country's assets.

Hon. Mr. DUFF: Just tilting at a windmill.

Right Hon. Mr. MEIGHEN: It just deals with the form of the National Railways' balance sheet. We own the railway, or any equity there is in it; consequently it does not matter one whit whether the Bill passes or not. From the beginning of the discussion, and many times in committee, I have emphasized the importance of a fair balance sheet, that is to say, the importance of presenting the real picture of the position of the National Railways, free from unnecessary figures. Something had to be done to bring that about. We have all admitted that the balance sheet, by reason of the incorporation in it of the par value of stock in railroads taken over, contained figures that were merely cumbersome and did not truly reflect the assets or the liabilities.

But in the attempt to reach the desired end, the Bill eliminated all the debt of the railway already included in the debt of Canada. That is quite easily understood. Those who presented the Bill to us said: "When you have in one set of figures the aggregate debt of your subsidiary, the Canadian National Railways, and in another set the aggregate debt of the country, and have over a billion included in the two, you have to explain to anyone to whom you are trying to sell your bonds or your credit that there is a duplication, and you have to argue out the whole thing with them." That is true. In the committee those who agreed with me took the position that while it was important that there should be no duplication, because of the possible effect on our credit and the necessity of making explanations, this could be avoided by the presentation of a consolidated balance sheet of the Dominion of Canada and the Canadian National Railways.

I felt that was the better way, but I did not press my opinion on the matter in the committee, because I was strongly of the view that it was far better to endeavour to improve the Bill in some way that we could agree upon than to place this House in the position of an antagonist of the other House in relation to a measure of this character. So I did not even propose an amendment.

The only other thing we thought could be done to improve the measure was this. While agreeing to the balance sheet as provided for by the Bill—agreeing to its terms in toto and to the removal of the duplication in the way chosen by the Government—we thought something should be done to make it impossible for anyone to say to the Canadian people: "Now your problem is done. We have cleaned it all up by bookkeeping. We thought we were under a heavy burden and had a great mountain to scale; but that is true no longer, for we have removed them with a fountain pen"—the way it was to be done in Alberta. And so that a multitude of people who are susceptible to that kind of thing should not be affected, we said it was better to attach to the balance sheet a statement to the effect that in order to present this balance sheet we had to write off a vast sum of advances to the railroad. It was felt that with this explanation a more wholesome condition of mind would be created and the balance sheet would be a more faithful statement of the facts.

There are a great many people in this country who consider this matter very important. While I think it important, I do not think the life or death of the country depends upon it. I believe that in a statement which purports to reveal the exact situation it is desirable that there should be something which puts the people of the country on guard against coming to the conclusion that we have wiped out all our troubles by simply adopting the brilliant idea of a new firm of accountants.

The suggestion of such an amendment was met, much to my astonishment, by a most obdurate and uncompromising attitude on the part of the Minister. We appreciate having ministers present in our committees. It is important that we should understand their viewpoint. It is not the purpose of this House to defeat Government measures, and we cannot be criticized as having adopted such a policy, for we have not done so. All measures but one that have come to us from this same Minister have passed this House, though politically his enemies here are two to one. Some of those measures passed over my objection, my friends on this side refusing to support me. I was astonished and shocked,

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therefore, when, after the defeat of that one measure, the Minister gave a statement to the press that the Senate could not forget its politics.

Hon. Mr. DUFF: We were very generous.

Right Hon. Mr. MEIGHEN: Very generous indeed. After two of his measures had been supported by this House his challenge as to the sincerity of this House was, I think, most uncalled for.

Then with reference to this Bill the Minister says: "No, I cannot stand even a footnote. Even though you leave the balance sheet intact, I am not going to let you put in a footnote referring to a schedule which gives the real position of the road." He went so far as to tell us that such a footnote would destroy the whole Bill, and that he would rather have the old balance sheet, with all its horrors; and he stated that this was the opinion of the Deputy Minister of Finance of this country, as well as of other officials. I say now what I said in the committee—that a more absurd and preposterous proposition was never addressed to intelligent people.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: There ought to be a reasonable attitude on the part of ministers. I am sure that if the honourable leader of the House had been the Minister, or if the Minister who addressed us to-day in reference to another matter had been in charge of this Bill, we should never have had any difficulty.

In opposing the suggestion made, the honourable leader of the House said, "We do not want these liabilities in the balance sheet." I know we do not. We have decided that they shall not be in it. We suggest, not that they go into the balance sheet, but that there be an appendix of information so that no misconception may arise.

My honourable friend (Hon. Mr. Dandurand) said also that while our railway problem must be solved, it cannot be solved by the absorption of the Canadian National Railways into the Canadian Pacific Railway, because the country is opposed to such a solution. I agree with the honourable gentleman in his estimate of the attitude of the electorate of Canada. I do not think the people of Canada are yet in a mood to concede the necessity of the absorption of the National system by the Canadian Pacific. Let me add that I think they are now more disposed to agree to absorption than they were some years ago.

Hon. Mr. CASGRAIN: Hear, hear.

Right Hon. Mr. MEIGHEN: But I accept the statement of the leader of the House that the majority are not yet ready for it.

The only reason I mention that point is this. I wonder what becomes of the honourable gentleman's criticism of those who advocated the taking over of the Canadian Northern in 1917 and the Grand Trunk in 1920 rather than absorption. Was the country then ready for it?

Hon. Mr. DANDURAND: But that was not an inevitable solution. We asked that the affairs of the railways be placed in the hands of a receiver.

Right Hon. Mr. MEIGHEN: How easy it is to suggest that if we had not acquired the Canadian Northern in 1917 and the Grand Trunk in 1920 there would have been receiverships, but no absorption. I wonder. My honourable friend did know, though he may have forgotten, that in 1917 negotiations were already on to sell the stock of the Canadian Northern to the Canadian Pacific. The owners of that stock certainly had a right to sell it. I do not know how the suggestion was received by the Canadian Pacific, but I know what the attitude of the Canadian Northern was. There is not the slightest doubt in my mind that if that sale had been made the result would have been absorption right then. Those who prevented it are now castigated—even by persons who say that up to this very day, chastened by deficits of fifteen years, the Canadian people still would not agree to the absorption of that road by the Canadian Pacific. And in 1920 the Grand Trunk undoubtedly would have gone into receivership if we had not taken it over.

Hon. Mr. CASGRAIN: Oh, no, not the Grand Trunk, but the Grand Trunk Pacific.

Right Hon. Mr. MEIGHEN: That was in receivership.

Right Hon. Mr. GRAHAM: Yes.

Right Hon. Mr. MEIGHEN: Certainly.

I still have on file letters stating that there had to be receivership for the Grand Trunk, and that right away. The honourable leader thinks that would have been all right. He does not deny that receivership was certain, but he says that would not have meant absorption by the Canadian Pacific. I wonder if that is so. Is a receivership a permanent situation? Is the duty of a receiver to serve the public or to serve the owners of the property which as receiver he is operating? Certainly it is to serve the owners. Therefore a receiver would have disposed of that railroad, or part of it, on the best terms that he could have arranged, and as soon as pos-

sible. No one disputes that. That would have been the inevitable destiny of the Grand Trunk, a destiny which honourable members opposite say the people of Canada would not tolerate even at this hour. Yet, many times in committees of this House I am pointed at, and the pointing finger is meant to indicate: "You are the fellow who brought those railways upon us." What do honourable gentlemen now think of their consistency?

Hon. Mr. DUFF: We should have taken Roch Lanctôt's advice and sold the railways for a dollar.

Right Hon. Mr. MEIGHEN: We could not have sold them for a dollar; we could not have got anyone to take them for their liabilities. We had either to take them over ourselves or face their absorption by somebody else. And if any honourable member knows of anyone who would do the absorbing, other than that company which honourable senators opposite say the people of Canada would not yet permit to become the absorber, I should like to be informed before I take my seat.

I come now to a suggested amendment which I should like to see moved and carried. The Minister certainly should have accepted this. We have had from the honourable leader of the Government (Hon. Mr. Dandurand) a counter suggestion, that instead of using a schedule to the National Railway balance sheet—and this would not be part of the balance sheet at all—to draw public attention to the Dominion's investment, we should simply insert a footnote telling people that if they want a history of this investment they may look at the public accounts. That would not be nearly as good or effective as a schedule. First of all, in referring people to the public accounts you have to refer them to accounts for the year before. And what I cannot understand is why they should be referred to anything at all. Why should they not be given the information in one document? It is suggested that a schedule stating that the Dominion of Canada has advanced to the railway a certain sum, \$1,363,000,000 of which is written off, would frighten financiers who otherwise might invest in bonds of the Canadian National. That suggestion is made in face of the manifest fact that there is not a human being between the South Pole and the North Pole who would invest a five-cent piece in the Canadian National but for the credit of the Dominion of Canada.

Hon. Mr. DUFF: Hear, hear!

Right Hon. Mr. MEIGHEN: Does anyone say that people are going to be influenced by the Canadian National's balance sheet in deciding whether to invest money in that

system, which is losing \$50,000,000, perhaps \$100,000,000, a year—a road whose losses last year, aside from a saving in interest, were greater than those of the year before? That suggestion is facetious. Money provided for the Canadian National is provided on the credit of the Dominion Government. Therefore the schedule would not have the slightest effect on any prospective bond purchaser. Its only possible effect—and the only effect intended—would be on taxpayers and voters of this country, in preventing them from getting misconceptions. It is most unfortunate that the Minister declined to agree to the amendment proposed in committee, an amendment to which no valid opposition can be offered and one as to which he made suggestions which were resented by honourable members on both sides of that committee, I am sure.

I am now going to make a suggestion. If we are to substitute the honourable gentleman's proposed footnote, which would advise readers of the Canadian National's balance sheet to take a look also at the public accounts, that footnote should at least state the aggregate of those claims included in the proprietor's equity. I should prefer to have it read somewhat like this:

Proprietor's equity, including claims, aggregating \$1,363,000,000, is disclosed in the net debt of Canada and in the detailed historical record of Government assistance to railways, as shown in the public accounts of Canada.

I promise my honourable friend that if he will amend his footnote to the extent here suggested, we on this side will yield a position which we feel is a very strong one. Those who read the balance sheet would then be given at least the real total of the claims and warned that the proprietor's equity as shown in the balance sheet is but a reduced figure. In this total of claims not all deficits paid since 1927 would be included. But I am not particular as to one million nor as to a hundred millions. A footnote, containing this total, would at least give sufficient warning to prevent serious public misconception.

If we cannot agree upon this point now, I think we ought not to detain honourable members here in debating the matter. Of course, anyone who wishes to talk upon it is free to do so. We perhaps might go on to other business and come back to this later with a view to seeing if by then it is not possible to come to some agreement.

Hon. J. P. B. CASGRAIN: Honourable senators, I do not want to get started on a discussion of this question, because if I did I might take some time. When we acquired the Canadian Northern I took up a good part of three sittings of the Senate, a total of four

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and a half hours, in dealing with that matter. So I know all about it. I am not going to repeat what I said then, although I remember it. I remember, too, who was responsible for what was done; and he is a very good friend of mine.

My honourable friend from Montarville (Hon. Mr. Beaubien) says he wants the Canadian National's balance sheet to look bad so that our people will realize the system is losing money.

Hon. Mr. BEAUBIEN: I want to show the truth, which is bad.

Right Hon. Mr. MEIGHEN: The truth may make you free.

Hon. Mr. CASGRAIN: I do not know whether that is altogether wise. The Canadian National has to borrow frequently. Now, a corporation which must borrow should not make its balance sheet look unnecessarily bad. I am afraid I may be thought very disrespectful when I say that the amendment suggested by my honourable friend from Montarville would not have any effect upon the annual deficit which is causing us so much misery. I may tell this House the deficit is more than \$100,000,000. The adoption of that amendment would not result in the deficit being either increased or decreased to the slightest extent. The amendment would have as much effect as a mustard plaster on a wooden leg.

I can tell honourable members how we could reduce the deficit. That is by having the courage to adopt the railway rates that prevail in the United States, where they have double the population that we have per mile of railway. Or let us adopt the rates prevailing in Australia. Strange to say, I do not know anyone here who can state what the Australian rates are. I have hunted for the information, inquired from the Canadian Pacific, written letters, and so on, all in vain. But I know the rates there are much higher than here. It is a wonder that the Canadian Pacific does not know what the Australian rates are.

The South African Government, too, operates a railroad. Much to my surprise, for I never expected a public body to show a surplus, that Government seems to have made some money out of the business.

Right Hon. Mr. MEIGHEN: But they may have good bookkeepers, too.

Hon. Mr. CASGRAIN: It may be interesting to the House to know that the greatest competition to railroads in South Africa comes not from trucks, but from animals which are used for the hauling of freight.

Right Hon. Mr. MEIGHEN: The honourable gentleman knows the reason, does he not?

Hon. Mr. CASGRAIN: No.

Right Hon. Mr. MEIGHEN: Because the South African Government will not permit freight to be carried on a truck more than twelve miles outside a city, even on a truck owned by the man who owns the freight.

Hon. Mr. CASGRAIN: If in this country we had the courage to charge the rates that prevail in the United States, in South Africa, or Australia, our railroad problem would be solved. I heard Sir Henry Thornton say many times, "Give me the rates that prevail in the United States and I will give you a surplus every year."

Right Hon. Mr. GRAHAM: Honourable members, do not be alarmed about the possible length of my speech. I move the adjournment of the debate.

The Hon. the SPEAKER: Until to-morrow?

Hon. Mr. DANDURAND: I would not say to-morrow. As we are approaching the end of the session, we might find it convenient to resume the debate later to-day.

Right Hon. Mr. GRAHAM: I do not think it is necessary to specify when the debate will be resumed.

On motion of Right Hon. Mr. Graham, the debate was adjourned.

## TRANS-CANADA AIR LINES BILL

### REPORT OF COMMITTEE

Right Hon. Mr. GRAHAM presented the report of the Standing Committee on Railways, Telegraphs and Harbours, on Bill 74, an Act to establish a corporation to be known as Trans-Canada Air Lines, and moved concurrence therein.

The motion was agreed to.

### THIRD READING

Hon. Mr. DANDURAND: With leave, I move third reading of the Bill now.

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

## COMBINES INVESTIGATION BILL

### FIRST READING

A message was received from the House of Commons with Bill 41, an Act to amend and consolidate the Combines Investigation Act and amending Act.

The Bill was read the first time.

### SECOND READING

Hon. RAOUL DANDURAND: With leave of the Senate, I move second reading of this Bill now, so that it may be sent on to the Banking and Commerce Committee.

Right Hon. Mr. MEIGHEN: All right.

Hon. Mr. DANDURAND: Should I give a short explanation of the Bill?

Right Hon. Mr. MEIGHEN: I think so.

Hon. Mr. DANDURAND: We are living in troublous times when many people are agitated over economic problems bearing on their welfare, and there is unrest throughout the land. The relations between capital and labour are in the limelight. Those who have not suspect they are being exploited by those who have. We have heard complaints, even in this Chamber, that we have too many inquiries in progress—too many royal commissions going up and down the country. Measured by immediate results, they may at times appear useless, but they serve a useful purpose in allaying suspicion and fear. On all sides one hears denunciations of trusts and mergers. I have on other occasions stated in this Chamber that the system of capitalism can continue only so long as it is fair and just to the masses—the consumers. I believe the Senate of Canada must face that position and support any measure to deal with grievances which may arise in the development and application of the system.

This Bill is designed to effect several much-needed changes in the Combines Investigation Act, with the object of making that legislation a more efficient instrument for safeguarding the public interest against detrimental combinations and monopolies. For some years the Combines Investigation Act has not been utilized to the full extent of its appropriate functions. In some degree this has been due to certain provisions in the legislation itself. Even before the amendments of 1935, it was the view of those who had its administration in charge that the Act stood in need of improvement. Some of the amendments made in 1935 had the effect of weakening rather than strengthening the Act. Those amendments tended rather to restrict its scope or to add to the difficulties of its enforcement. It will be recalled that during last session the Government sought to remove one of the outstanding disabilities, but the proposed amendment was rejected by the Senate.

It is now proposed to restore the vigour of the Act and to make it more effective by the amendments set forth in this Bill. Among the changes proposed are the following:

1. The administration of the Act under the Minister of Labour by a single commissioner devoting his whole time to this work, instead of by a commission whose members have other important responsibilities, relating to tariff matters.

2. Provision for the appointment, if necessary, of temporary special commissioners to conduct single investigations.

3. The revision and extension of the definitions of merger, trust and monopoly.

4. The removal of the provision enacted in 1935 which prevents the use, in subsequent criminal proceedings against the person who produced them, of documents which a person is required to produce in an investigation.

5. An increase in the maximum penalties for the violation of the Act.

Those are the more important changes contemplated. I should like to enter into a fuller explanation, but I believe that in the Banking and Commerce Committee we shall have ample opportunity to discuss the meaning and purport of every section of this measure.

Right Hon. ARTHUR MEIGHEN: Honourable members, I do not intend to oppose second reading. I have read the Bill, though I have not been able to give it any special attention. I think it is only fair for me to say now that there is a feature of it which I should like the Government to reconsider. In this country from end to end, more emphatically in certain parts, there is an increasing tendency to wave the courts of the Dominion off the scene and direct officials of the Administration to take their place. That tendency may go a certain distance and perhaps not be observed; its real significance may not be appreciated. But this is its significance: it is just wiping out, blasting into atoms, the liberty of the subject, which is the mainstay of British institutions and the main triumph of British democracy. From the perusal I have given this Bill I think there is in it something of that tendency. If human rights or rights of citizenship are to be determined, we have for that purpose institutions which are an integral and vitally important factor in our constitutional system, the very corner-stone of our freedom. They are the institutions which should decide these matters. It can all be done without some official of the Government being made a

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judge of the land. Sufficient powers can be given to enable the facts to be adduced without officials being substituted for the judiciary, or the sacred rights of citizens being dissipated.

Hon. Mr. DANDURAND: As my right honourable friend appreciates, our industrial activities are so diverse, and change so rapidly from year to year, that there are times when the public feels that Parliament should enact legislation for the purpose of investigating the operations of industrial concerns.

Right Hon. Mr. MEIGHEN: That is all right.

Hon. Mr. DANDURAND: I think we have had a fair experience of the administration of this Act in the past. It has proved fairly effective, and will be resorted to again to deal with groups acting contrary to the public interest. I would draw my right honourable friend's attention to certain inquiries made under the Act when responsible newspapers pointed out that mounting costs of certain commodities were due to monopolies, mergers or trusts, and that public men were hand-in-glove with those interests and were consenting to oppression of the people. That state of affairs produces unrest and arouses a desire for a change in our economic system. I believe that more and more the country will need the exercise of such powers as are to be found in this Bill, in order that the fears and suspicions of the people may be allayed. Already action in certain instances has helped to clear the atmosphere. I am sure that as similar situations arise they will demonstrate the need for this proposed legislation.

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

#### REFERRED TO COMMITTEE

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

#### DIVORCE BILLS

##### FIRST, SECOND AND THIRD READINGS

On motion of Hon. Mr. Robinson, for Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the first, second and third times, and passed, on division:

Bill A3, an Act for the relief of Rosaline Annie Arathoon Webster.

Bill B3, an Act for the relief of Minnie Sidilkofsky Sadegursky.

Bill C3, an Act for the relief of Simone Baillargeon Mann.

Bill D3, an Act for the relief of Thelma Lucille Farr.

Bill E3, an Act for the relief of Sybil Geddes.

Bill F3, an Act for the relief of Maurice Amédée Tremblay.

## UNEMPLOYMENT AND AGRICULTURAL ASSISTANCE BILL

### FIRST READING

A message was received from the House of Commons with Bill 80, an Act to assist in the alleviation of Unemployment and Agricultural Distress.

The Bill was read the first time.

Hon. Mr. DANDURAND: I move, with the leave of the Senate, that this Bill be placed on the Order Paper for second reading to-morrow.

The motion was agreed to.

## BANKING AND COMMERCE COMMITTEE

Hon. Mr. DANDURAND: I move adjournment of the Senate. We might sit to-night, but we have two important bills to deal with in the Banking and Commerce Committee. I would remind honourable members that the committee will meet immediately after the House adjourns.

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

## THE SENATE

Thursday, April 8, 1937.

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

Prayers and routine proceedings.

## CUSTOMS BILL

### REPORT OF COMMITTEE

Hon. Mr. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill 84, an Act to amend the Customs Act.

### THIRD READING

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

Hon. Mr. BLACK: With the leave of the Senate, now.

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

Hon. A. C. HARDY: Honourable senators, I am not going to raise opposition to the passing of this Bill, for I think that in any case it will meet with the favour of the House; but I do want to say a few words about what I might term the general morality of the whole Act.

A few days ago the honourable leader of the House (Hon. Mr. Dandurand) read a memorandum which, I take it, was submitted to him by the department. If I remember correctly, the gist of it was that complaints of these fruit and vegetable importers were more or less a "racket." Whether that word was used on the floor or this House, I am not certain at this moment, but I know it was used in general conversation and more or less informally in the committee.

I went to the committee with perhaps not an absolutely open mind, for after hearing that memorandum and the general summing up I felt the claims were another example of the raids on the federal treasury to which we have been accustomed for the last three or four years: raids first by the provinces, next by the municipalities, and then by almost every small corporation able to find a claim of some kind to make against the treasury of Canada. That was what I had in my mind when I went to the committee, but after hearing both sides I came to the conclusion that, if there was a racket at all, the parties guilty of it were the Department of National Revenue and the Dominion of Canada.

I am not going into the whole matter now, because I do not want to delay the House, but I may say that those who were present at the sittings of the Committee on Banking and Commerce were fairly well convinced that while the applicants for those rebates did not have a good case, they had a number of very serious grievances.

The first grievance was on the currency item. On this the total of the claims was small. I think the importers failed to make good their claims because most of what they paid out was reimbursed to them by their customers. At the same time we could see that the department had acted in a most arrogant and unwarranted way in imposing a tax on the appreciated currency of the United States. Undoubtedly that is quite true. The Minister himself did not want to admit absolute iniquity, or, I might say, inequity in the matter, and said there was doubt about it, but the real facts showed there could be no doubt about it at all. The department had not the slightest legal ground for imposing taxes on the appreciated currency of another nation. The legislation gave the department the right to adjust depreciated

currency, and that was done; but officials of the department, of their own free action, imposed the tax also on appreciated currency. Though in my opinion the claimants did not make out a good case, I mention this to show the absolutely illegal method of the department's action.

As for the taxes and super-imposts actually levied as seasonal extra duties, I cannot imagine in the action of any other department so many inconsistencies. I dislike to use the word "irregularities," because that word seems to carry with it an offensive significance. The burdens imposed upon importers in this respect constituted a real grievance. In speaking to-day my only hope is that what was disclosed at the sittings of the committee will have the effect of inducing the Minister to bring about such a readjustment of affairs in his department that there will be equity and fair treatment for our importers.

It just happens that the claimants who came before the committee were importers of very perishable goods—vegetables and fruit. We all know that when a carload of goods of this kind arrives in Canada from a very distant point it must be taken into possession at once. There is no possible chance of returning the goods to the source whence they came. The car must be opened and the goods sold within a day or two, or they will be utterly worthless. Still we find in this case that not only did the importers have to pay the high duties imposed by the new regulations of the Government, or of the department, but a week, two weeks or three weeks after the goods had been actually sold they were subjected to an entirely new assessment by the department. It goes without saying, it is utterly impossible for importers of such goods to carry on business in this country under these conditions, for when goods are sold there is no possible way of passing on extra charges to the purchasers or the ultimate consumers.

I can point out to the Senate one case—this may not have any direct bearing on the Bill—where a carload of material that cost \$350 in Texas was subjected to duties of \$850 before being cleared in this country. In another case, where the goods cost \$500 the duties amounted to \$1,900. Those figures seemed to me incredible until officers of the department admitted they were correct.

The committee took this whole matter under careful advisement and acted as it thought best in the public interest. I do hope that as a result of what was exposed before that committee the Minister will be able so to regulate his department that we shall have

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these seasonal duties on a fair and equitable basis.

In conclusion I wish to express my belief that if we looked through the whole world we could not find a better example than we have here of the danger in the delegation by Parliament of its taxing powers to any person or department, or to what I should call a bureaucracy. The sooner the Parliament of Canada keeps that absolute power over taxation in its own hands and exercises that power only from the floors of the Houses of Parliament, the better it will be.

Hon. FRANK P. O'CONNOR: Honourable senators, I wish to make a few remarks with reference to what has been said by the honourable gentleman from Leeds (Hon. Mr. Hardy). It seems to me that we as senators feel in our hearts a real responsibility towards the Government of this country right now. We feel that way for many reasons, one of which is the obvious effort the Government is making to achieve progress, through its legislation, in the difficult times which we are experiencing. Therefore I submit we should be more inclined to endorse Government bills. The right honourable leader on the other side (Right Hon. Mr. Meighen) expressed regret that he could not support the Canadian National Railways Capital Revision Bill unless it was amended to provide for a footnote in the balance sheet of the Canadian National Railways showing what the Dominion has contributed to the system. I think we should pass that measure. The only feature to which honourable members objected was that the Bill contained no provision for such a footnote. Well, the footnote would not disclose anything; so why insist upon its insertion? Let us co-operate more with the Government at this time. For reasons of its own, the Government does not want the \$1,360,000,000 of Dominion contributions shown on the Canadian National's balance sheet, but is willing to have a footnote pointing out that the financial history of the road may be seen on reference to the public accounts. I think we should support that accounting measure and also the Customs Bill, which is just now before us.

Right Hon. ARTHUR MEIGHEN: Honourable senators, perhaps I have already gone too far along the lines suggested by the honourable senator who has just sat down. I should be more disposed to agree automatically with decisions of the Government if he were a member of it. For that state of affairs we shall have to wait a little while, it may be, but I hope it will not be too long.

May I say a few words as to the remarks of the honourable senator from Leeds (Hon. Mr. Hardy)? I think he had justification for much that he said. There does seem to be such general complaint of the administration of the Customs Act that one of two conclusions must follow: either the Act is unadministrable, because of its nature, in respect particularly of perishable goods such as fruits and vegetables, or else there is lack of organization. Perhaps there is some ground for criticism under both heads. I believe the Act is difficult to administer.

I ask honourable members to keep in mind that the very features which have been so much criticized over the years are still in effect. The Government is faced with this situation. It is a question of keeping these seasonal features, these more or less varying features, in effect, or of abandoning the fruit and vegetable areas of our country. It is easy to urge their abandonment when we are not in office; but when we are in office and can see the possible results of our action, our attitude is different. Abandonment is a very serious thing to contemplate. It seems to me that we shall continue to have, that we must have, these more or less arbitrary and certainly often temporary valuations and restrictions, these seasonal features, in order to protect different sections of the country. These features are necessarily very difficult to administer.

My approach to the subject was rather different from that of the honourable senator from Leeds (Hon. Mr. Hardy). I went to our committee strongly inclined against this measure. I thought it not only had a retroactive purpose—something from which we all naturally recoil, though it sometimes is an essential part of a measure—but that it was an attempt to get over difficulties arising from faulty administration and faulty collection, so as to evade facing the situation in our courts. But my mind was changed during the hearings of the committee, and the person who changed my mind was the Minister of the department. I thought he presented very capably and thoroughly a case for the Bill. The part with which he had most difficulty was the section referring to the overcharges, brought to our attention by the honourable junior senator from Winnipeg (Hon. Mr. Haig) a few days ago; but even there, although some honourable members on this side of the House did not follow his reasoning, I followed it and thought he was right. Even there the essence of the claim for recovery was technical. That claim was simply that the method of reaching a certain total of assessment for values was not the method provided for in the Act. But the same result could have been achieved by the

exact method for which the Act does provide; and the method adopted and its result were made known to the trade, which carried on with that full knowledge. It does not seem to me that people should be given a right to rest upon such a flimsy base and perhaps establish large claims against the Government. I was compelled by what I heard at the committee to support the measure. Irrespective of faulty administration, if such there be, the Bill in my judgment ought to pass.

One who has had to do with officers of a department, and with complaints against it, is perhaps more disposed than another would be to give officers an opportunity of being heard, rather than to come too hastily to the conclusion that they are at fault. I have often been of the opinion that officers were arbitrary, hasty and inconsiderate, but when they are before a committee and state their reasons for what they are advocating they do not usually come off second best.

I will simply repeat that in my judgment we cannot take any other action than to pass this Bill.

Hon. Mr. HARDY: May I say to my right honourable friend that I am greatly interested in finding him approving so heartily a Government Bill to which, as regards the general atmosphere it would create, I cannot give approval.

Hon. JOHN T. HAIG: Honourable members, I do not desire at this hour to criticize the Bill; I rise simply to join in the sentiments expressed by my right honourable leader (Right Hon. Mr. Meighen). I went to the committee in a spirit of bitter hostility and suspicion, but I was convinced by what I heard there. I want to compliment the Government on the Minister who is in charge of the department administering the Customs Act.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: He certainly made a fine impression. I may be too young to judge as to this kind of thing—

Some Hon. SENATORS: No, no.

Hon. Mr. HAIG: I was delighted by his presentation. I want also to compliment the departmental officers and others connected with the presentation. In our committees at other times I have heard some ministers with whom I could not agree and whose attitude I did not like. Let me say that the country is fortunate in having at the head of a department a man who can approach a subject as the Minister of National Revenue approached this subject before our committee.

Hon. L. COTE: Honourable senators, I wish to deal very briefly with two points arising from the discussion. I quite agree with what has been said by the honourable senator from Leeds (Hon. Mr. Hardy), that so far as possible the tariff of this country should be made by Parliament and not by Order in Council nor the Minister of National Revenue. But, as pointed out by the right honourable leader on this side (Right Hon. Mr. Meighen), Parliament has deemed it necessary in certain cases to delegate its powers to the Minister or to Council. Section 43 of the Customs Act, dealing with seasonal duties, is an example of this delegation. This section was criticized when administered by the late Government, but it has been retained by the present Government. It seems that the method here provided is the only practical one for the imposition of seasonal duties in the circumstances contemplated by the law. May I point out to the honourable senator from Leeds that in this very Bill also there is a delegation of the tariff-fixing power. Section 36A as amended reads:

The Governor in Council, whenever it is deemed expedient to do so, may order that import, excise and other duties and taxes, in whole or in part, shall be disregarded in estimating the value for duty of goods of any kind imported into Canada from any specified country.

The only thing new in the amended section is the word "import." The Minister of National Revenue informed our committee last night that this amendment would, under Order in Council, give him authority when fixing the value for duty of any goods coming from a foreign country to disregard in whole or in part the import taxes which that foreign country may charge its nationals on the very materials that enter into the goods to be exported to Canada. This will, in effect, enable the Minister to fix tariffs from month to month and from year to year.

As the honourable senator from Leeds has said, and as we have often been told, this is a wrong practice. Parliament should fix the duties. Nevertheless we are now prepared by enacting this section to create a condition under which the Governor in Council or the Minister will be able to fix the tariff.

I come now to section 3 of the Bill. As the right honourable leader on this side of the House has stated, the Minister made out his case on this section. But he did not base it on legal grounds. He proved that the great bulk of the complainants have no equitable right to come to Parliament and ask that this legislation be not passed, because by their very request to the Minister they brought upon themselves the method under which he has

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imposed seasonal duties. However, the fact remains, and the evidence disclosed, and the Minister himself admitted, that a number of the claimants never made that request to the Government. They imported their merchandise before they knew there would be such an assessment; consequently they never had an opportunity of passing it on to the consumer. Nevertheless, because we are right as to ninety-nine per cent of the cases, we are going to make the hundredth case the victim. That does not appeal to my sense of fairness. The quantum of the injustice does not change its character. Legislation which unjustly deprives even one man of his claim is a blot on the Statute Book.

I suppose it would be difficult, with the means we have at our disposal, to ascertain the names of those claimants against whom the Minister's argument does not apply, and probably for that reason we are disposed to pass this legislation and take away all their rights; but I would respectfully submit to the Government that the Minister in charge of the department has by law the right to remit duties whenever it is deemed in the public interest, and I think he should review the cases of those men against whom he cannot advance the arguments which we heard last night in committee and to-day in this House, and should make them a refund. I do not suppose the honourable leader of the Government could give an assurance in this respect, but if he would do so I should certainly vote for this Bill with a lighter heart.

Hon. W. A. GRIESBACH: Honourable senators, the discussion on this Bill has centred around the question of the duty on fruit and vegetables. I submit, however, that section 10 is likely to prove much more important in the future than the subject so far under discussion.

Section 10 deals with regulations of imports and exports of arms, and I desire to draw the attention of the House to that particular section. In another place the discussion turned largely upon the question of "taking the profit out of war." That discussion and the newspaper comment that followed gave the impression that the armament business is immoral and improper. We were advised that the Government was about to proceed to take the profit out of armaments in time of war, and the like. As a matter of fact the legislation simply empowers the Government to take certain steps in the national interest in time of war.

As I say, the discussion in the other House turned on the immorality of the armament business, as though we had an armament industry in this country. For the manufacture

of armaments we have the raw material, nickel, asbestos, copper, iron and steel, and the like, but in point of fact we have no armament industry worthy of the name. I think we should have an armament industry. I deprecate the discussion which has occurred in the other House and in the press, suggesting that the armament business is something so immoral that we ought not to engage in it at all, and that those who engage in it are likely to upset our form of government and thrust us into a war against our will. I think that is so much humbug.

We have the industries which could undertake the production of armaments. Parliament has recently voted \$37,000,000 for the re-equipment of our defence forces. We are spending that money entirely outside this country. I think we should spend it inside. We should develop an armament industry and so provide work and wages for our people. Those who hold the view the armament industry is immoral agree that we should have a defence force and should purchase equipment outside the country, but they hold it would be strictly improper to purchase equipment of the same sort within Canada, notwithstanding that we have the raw materials for its manufacture.

The establishment of an armament industry in this country would enable us, in the first place, to provide for our own equipment; secondly, to provide in part for the equipment of our armed forces throughout the Empire; and, finally, to engage in the export of armaments, a trade which is being carried on to-day and is likely to be carried on in the future.

Two advantages would accrue to us from an armament industry: it would be maintained without cost to the Government, and would be available to the country in time of national emergency.

In this connection I would draw attention to an interesting fact. As honourable members know, there is a vast armament industry in Great Britain. At the time of the outbreak of the Great War three capital ships were nearing completion in British shipyards—one for Turkey, another for Brazil and the third for Chile. Those great battleships were subsequently completed. The Government of Great Britain then took them over and thus added materially to the country's naval strength. Several other ships were under construction for foreign powers, and, as well, large quantities of armaments. These, too, were taken over by the British Government.

A well-established armament industry in Canada would contribute to our national defence, and its products would be available at a lower cost than would be possible in government-owned factories. But there would

be a further and very important advantage. The British Government has decided to disperse its armament industries throughout the Empire. They are not to be centred in one country, where they can be destroyed or seriously crippled by bombardment from the air. South Africa is one of the countries suggested, Australia another, and Canada still another. In view of the decision of the British Government, and the fact that we have all the raw materials for armament manufacture, I submit there is every reason for establishing the industry in this country.

I am raising this question because in the discussion to which I have referred some odium has been attached to the armament industry; so much, in fact, that it is likely to discourage the establishment of such an industry in Canada.

There are those who advocate that the Government itself should undertake the manufacture of armaments. A royal commission in Great Britain thoroughly explored such a proposal and reported against it on the grounds of the enormous capital investment involved, idleness of the equipment during peace-time, its deterioration, and the cost of maintaining skilled employees to be available for service when required. We all know that Government operation is costly and inefficient.

The discussions to which I have referred are, as I say, designed to discourage and indeed frustrate any attempt to establish an armament industry in Canada. Those who denounce the manufacture of armaments by private companies have a favourite expression. They say their purpose is "to take the profits out of war." Now, there is a catchphrase. In time of war the main objective of a country is to win the war; it is not to engage in any attempt to take the profits out of war or to prevent profits from being made. If in time of war we are deflected from our prime objective of winning the war, we are apt to get into serious trouble. In time of war the Government must seek to induce existing plants to instal expensive equipment and engage in the manufacture of war material, and it must induce skilled men to operate plants for the purpose of such manufacture. In carrying out its policy the Government must make it worth while for people to undertake this work, the Government controlling undue profit by drastic taxation. Manufacture of equipment by the Government could be carried out only by our adopting Socialism as a policy and socializing every industry in the country, and when the war was over we should probably have the utmost difficulty in restoring industry to its normal course.

I attach importance to a discussion of this subject at the present time, because, as I see the trend, our Government, at the suggestion of pacifists, idealists, and other well-intentioned people, is heading towards policies which would be disastrous to us in case of war. My view is that the Government should be empowered, as it is by this measure, to control the situation, but beyond that it ought not to go. It ought not now to take a stand that would prevent capital from considering the desirability of entering upon these businesses, which, in their turn, would develop our natural resources and make use of our raw materials.

There is a good deal of humbug and nonsense talked about this subject of arms. One of the outstanding examples is to be found in the attitude of the British Government at the time of the invasion of China by Japan, some four or five years ago, when Japan tore off from the Empire of China the state of Manchukuo, consisting of three or four provinces. An inquiry was held. Japan was found to be the aggressor, and China the victim. Nevertheless the British Government, at the behest of a number of pacifists and well-intentioned sentimentalists, passed an embargo upon arms to both Japan and China. China, the victim, needed arms and equipment, but the action of the British Government resulted in penalizing unfortunate China and making certain the success of Japan. That is a classical example of a Government being directed by pacifists and well-meaning sentimentalists who lack knowledge and understanding of the problem.

My only purpose in rising at this time was to point out that this section of the Bill provides the Government with power to deal with this matter from now onward, and to express the hope that the Government will proceed in this matter with wisdom, understanding and knowledge, and with a sufficient degree of courage to enforce this section of the Bill with the one object of promoting the national interest.

Hon. Mr. MOLLOY: Before the motion is put, may I ask the honourable gentleman from Edmonton to define and explain the words he used—that the Government is outlining a policy which would mean disaster in time of war?

Hon. Mr. GRIESBACH: I did not say that.

Hon. Mr. MOLLOY: I beg the honourable gentleman's pardon. I understood that he did.

Hon. Mr. GRIESBACH: I pointed out that these clauses of the Bill confer upon the

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Government vast powers which will be of great importance in the future in the event of war. It is provided that the Government shall have power to deal with the exportation of arms, equipment and the like, and what I complained of was that the discussion on these sections of the Bill, though not very closely related to them, had the effect of putting forward the idea that the manufacture of armaments was an immoral and improper business for the people of this country to engage in. I deprecate that view. I say that it is a sound industry which ought to be developed because it would give work and wages to our people and make use of our natural products, such as copper, asbestos, nickel, iron and steel, and that it would be in the interest of our national defence. I rose to discuss the industry at this time because no other voice had been raised so far in defence of it.

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

#### COMBINES INVESTIGATION BILL PRINTING OF PROCEEDINGS OF COMMITTEE

Hon. Mr. BLACK presented the report of the Standing Committee on Banking and Commerce, to whom was referred Bill 41, an Act to amend and consolidate the Combines Investigation Act and amending Act.

He said: Honourable senators, the committee recommends that authority be granted to print from day to day 1,000 copies of the proceedings of the committee on the Bill, and that Rule 100 be suspended in so far as it relates to the said printing.

The Hon. the SPEAKER: When shall this report be considered?

Hon. Mr. BLACK: With the leave of the Senate, now.

Hon. Mr. PARENT: I should like to ascertain from the chairman of the committee whether it is the intention to have copies of this report printed in French.

Hon. Mr. BLACK: I think that is the custom. The answer is the same as the answer I gave to the honourable gentleman last time. I move concurrence in the report.

The motion was agreed to.

#### CANADIAN NATIONAL RAILWAYS CAPITAL REVISION BILL

##### PRINTING OF PROCEEDINGS OF COMMITTEE

Right Hon. Mr. MEIGHEN: Honourable members, I assumed—perhaps I was wrong—that the evidence taken in the Railway Committee on the Canadian National Railways

Capital Revision Bill would be printed and distributed. I certainly think it ought to be.

Hon. Mr. DANDURAND: I was surprised to find that, though a stenographic report had been made of the evidence, we had not asked that it be printed.

Right Hon. Mr. MEIGHEN: What good is it without that?

Hon. Mr. DANDURAND: I am glad my right honourable friend has drawn attention to the matter. I would move that 1,000 copies of the report of the evidence taken in committee with respect to Bill 12 be printed.

The motion was agreed to.

#### EMPLOYERS AND EMPLOYEES BILL FIRST READING

Hon. Mr. DUFF introduced Bill G3, an Act respecting Employers and Employees.

The Bill was read the first time.

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

Right Hon. Mr. MEIGHEN: Honourable members, I know that the whole House is eagerly awaiting an explanation of this Bill.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I may tell the honourable gentlemen that I am predisposed in its favour already.

Hon. Mr. DANDURAND: I would draw the attention of the two ex-members of the House of Commons, my right honourable friend (Right Hon. Mr. Meighen) and the mover of this Bill (Hon. Mr. Duff), that bills are usually explained in this House on the second reading.

Right Hon. Mr. MEIGHEN: I know that, but in very special circumstances like these—

Hon. Mr. DUFF: I wish to thank the honourable the leader of the House for coming to my assistance. I am just a new member and do not know the rules very well. I was afraid my right honourable friend the leader of the Opposition was trying to lead me into a trap.

Right Hon. Mr. MEIGHEN: Oh, no.

Hon. Mr. DUFF: Therefore I appreciate very much the suggestion of the leader of the House that I make the explanation on the second reading.

#### CANADIAN NATIONAL RAILWAYS CAPITAL REVISION BILL THIRD READING

The Senate resumed from yesterday the adjourned debate on the motion for the third

reading of Bill 12, an Act to provide for revision of the accounting set-up of the Canadian National Railway System.

Right Hon. GEORGE P. GRAHAM: Honourable members, when I moved the adjournment of the debate yesterday I relieved you of a great deal of anxiety as to the length of my remarks on this subject. Since then my duties have been increased a little.

This Bill has been before the Railway Committee for some time and the differences between the two schools of thought, while somewhat important at times, have seemed to focus themselves to a very fine point. It will be remembered that during the discussion of the Bill the right honourable leader on the other side of the House very strongly urged that a footnote, with a schedule appended, be attached to the annual statement of the Canadian National Railways. That proposal was discussed for some time, and the Government could not see its way clear to adopt it. I will not go over the arguments pro and con, but simply state the fact.

After many hours of discussion the Government came to the conclusion that it would hold out the olive branch, and I have in my hand an amendment which is the essence of that olive branch. The Government is very strong in the view that it would be a mistake to attach a footnote to the annual statement of the Canadian National Railways with a schedule appended to it, unless all the railways in Canada did the same thing with respect to their annual statements—a stipulation which does not seem to meet with universal favour. Now the Government proposes as a solution of the difficulty, in the belief that it will accomplish all that ought to be accomplished, an amendment to section 11 of the Bill. That section reads as follows:

The accounts of the National Railway System shall be stated as of January first, nineteen hundred and thirty-seven, and thereafter, so as to show the proprietor's equity as defined by this Act.

I move that there be added to that section the following:

A footnote shall appear in the said accounts stating that the proprietor's equity is disclosed in the net debt of Canada and in the historical record of government assistance to railways as shown in the public accounts of Canada.

Hon. C. P. BEAUBIEN: Honourable senators, there is no doubt that the honourable leader of the Government (Hon. Mr. Dandurand) has taken one step in the right direction.

Right Hon. Mr. MEIGHEN: Hear, hear!

Hon. Mr. BEAUBIEN: And we very much appreciate that step. On the other hand, it

seems to me that that one step is not sufficient. What we should like, and what we are insisting upon, is that the honourable leader should try to convince his colleagues to go a further step. Surely the purpose that we have in view is very commendable. We have shown beyond doubt that the footnote which we want added to the Canadian National's balance sheet would in no way disturb that balance sheet as prepared by the Government. We have in no way tried to hide the reason for wishing to have included in the footnote the amount of total indebtedness of the Canadian National Railways to Canada. Surely the Government desires the support of the public in the very difficult task of settling this tremendously heavy and crushing railway problem. If there is sufficient public support behind the Government, no doubt a solution will be found. The difficulty about settling the railway problem is a political one. Nobody will deny that.

Hon. Mr. O'CONNOR: I will deny it. What difference would this footnote make? That thought has been impressed upon me by very responsible persons in the Government. What objection, other than a political one, can there be to having the balance sheet prepared as the Government wants it—whether for reasons connected with the sale of bonds or for any other reason?

Hon. Mr. BEAUBIEN: I am quite frank in saying that I do not quite understand my honourable colleague's argument. He is a very capable business man, and no doubt he has an excellent reason for holding the opinion which he has just expressed. I am simply trying to express my own opinion for what it is worth.

Hon. Mr. LACASSE: Will the honourable gentleman permit a question? I have noticed that he has just now, for the first time, used the pronoun "I." Up to this moment he has been using the plural, "we." May I ask him whom he means by "we" when he uses that word in this debate?

Hon. Mr. BEAUBIEN: My honourable friend has taken very particular note of the words I have used. I confess quite humbly that I am expressing only my own opinion, but it is an opinion which I believe is shared by a great many people throughout the land.

Hon. Mr. LACASSE: My honourable friend will admit that he has been using the word "we" up to the present.

Hon. Mr. BLACK: Why should he not?

Some Hon. SENATORS: Order!

Hon. Mr. BEAUBIEN.

Hon. Mr. BEAUBIEN: I have no intention of speaking at length, for I have not much to add to what I said yesterday. The point I am making now is that the amendment which has just been moved does not go far enough. By carrying it a step further my right honourable friend from Eganville (Right Hon. Mr. Graham) would make it possible to achieve the purpose we have in view. That purpose is to have the total indebtedness of the railway to the country shown on the railway's balance sheet. If that were done, the annual balance sheet would be a reminder to our people of the crushing weight of the Canadian National upon the Dominion. I should be quite willing to accept my right honourable friend's amendment if he would be good enough to insert, after the word "equity," the following words and figures:

representing an aggregate indebtedness of \$1,334,567,414.

If this insertion were made, the balance sheet would not be changed, but the reminder would be there. Every citizen who saw the balance sheet with such a footnote on it would feel it his duty, I hope, to insist that our railway problem be settled. It should have been settled a long time ago.

I have the honour to move the following amendment to the amendment:

That after the word "equity" in the amendment, the following be inserted: "representing an aggregate indebtedness of \$1,334,567,414."

The amendment, if so amended, would then read:

A footnote shall appear in the said accounts stating that the proprietor's equity, representing an aggregate indebtedness of \$1,334,567,414, is disclosed in the net debt of Canada and in the historical record of government assistance to railways as shown in the public accounts of Canada.

Hon. Mr. ROBINSON: May I ask the honourable gentleman how he arrives at those figures?

Hon. Mr. BEAUBIEN: They are taken from the statement furnished by the Government and attached to the Bill.

Right Hon. Mr. MEIGHEN: There need be no question as to the figures. I feel sure they are correct, but, if not, they can be corrected.

Hon. Mr. MURDOCK: May I ask the honourable senator a question? Are those figures not now published in two places, in the public accounts and in the railway's report? Are they not duplicated now?

Right Hon. Mr. MEIGHEN: I am quite sure these figures are right, but if the leader of the Government questions their accuracy I shall be very glad to accept his figures.

Hon. Mr. MURDOCK: Certain figures are given on page 15A of the Bill. Are these figures not now included in the public accounts of Canada and also in the annual report of the Canadian National?

Right Hon. Mr. MEIGHEN: In the new balance sheet of the Canadian National the proprietor's equity is placed at a certain amount, but this is merely a bookkeeping figure to represent the stock we are taking in the Securities Trust. That Securities Trust, though, holds government claims against the railway. What we want is the aggregate of those claims, and I am willing to take whatever figure the leader of the Government says is right. I believe that the figure given for 1935 was \$1,363,000,000, which figure I used yesterday. But here are some detailed figures as I now find them. In the Canadian National's balance sheet as at December 31, 1936, the proprietor's equity is shown as \$676,327,701. That figure is shown in appendix No. 5, page 14A of the Bill. In appendix No. 6, page 15A, the amount written off by Bill 12 is \$373,823,120. The loans previously written off, as at page 18 of the Canadian National Railways report, was \$284,416,593. The total of these last two figures is \$658,239,713. That, taken with the amount of the proprietor's equity, makes an aggregate of \$1,334,567,414.

Hon. Mr. SINCLAIR: Will the right honourable gentleman state just what is meant by those loans that have been written off, as shown in the Canadian National's statement?

Right Hon. Mr. MEIGHEN: If the honourable senator will wait until I can get the Canadian National's report, I shall give the information as stated there.

Hon. Mr. MURDOCK: Honourable senators, evidently the point I am making has been misunderstood. Are not these figures now being published twice—once in the public accounts of Canada and once in the Canadian National's annual report? And have they not been so published for years?

Hon. Mr. BEAUBIEN: Certainly they are shown in both places. In one instance there is a credit item and in the other instance a debit item. It is only natural that the figure should be reflected in both statements.

Hon. Mr. MURDOCK: As a debt?

Hon. Mr. BEAUBIEN: As money advanced in one case and money received in the other case. Call it a subsidy if you like. It is money paid out by the treasury of Canada on the one side, and received by the railway on the other.

Hon. Mr. MURDOCK: Tens of thousands of Canadian citizens who become aware of

this discussion here will say that the Government brought down a Bill to place the Canadian National Railways on a reasonably sane competitive basis. No one would dream of suggesting that the great railway which competes with the Canadian National should show on its balance sheet from year to year the sums that in the past have been advanced to it. My honourable friend knows, as everyone else here knows, that millions upon millions of advances were shown with respect to that great railway in days gone by, but they are no longer shown. Tens of thousands of Canadians will say—I am not saying it—that we are only undertaking to perpetuate the record of these advances on the Canadian National's balance sheet for the purpose of belittling and prejudicing the present and future operating position of that publicly owned system.

Hon. Mr. LYNCH-STAUNTON: How would that prejudice it?

Hon. Mr. MURDOCK: In this way. Gentlemen throughout the length and breadth of Canada who do not like public ownership, who do not like the Canadian National and have never been disposed to give it an opportunity to break even, nor to show what it can do under public ownership and control, want to be able always to point to the horrors of these advances to the Canadian National, with its deficits of \$100,000,000 every year. It would no doubt please a considerable number of honourable gentlemen in this House and elsewhere if we were to hand the Canadian National over to some other body to-morrow for one dollar. Yet, if we did that, Canada would still have to pay out \$100,000,000—

Hon. Mr. TANNER: The only member of Parliament who ever stated what the honourable gentleman is saying was a Liberal member of the other House. I want to say to my honourable friend that he has stated something which, with his knowledge, he ought to know is absolutely unfounded and untrue.

Hon. Mr. MURDOCK: I certainly shall be prepared to withdraw anything which is unfounded or untrue, but I do not think I have made a statement which I cannot prove.

Hon. Mr. TANNER: The honourable senator is only ranting; indulging in political ranting.

Hon. Mr. MURDOCK: I realize that my honourable friend does not like to hear any information, advice or views contrary to his own, and that he considers all views contrary to his own to be ranting. I accept that, before I start.

Hon. Mr. TANNER: Ranting, that is all it is; accompanied by shakes.

Hon. Mr. MURDOCK: My honourable friend said a moment ago that what I had stated was unfounded and untrue. Mr. Speaker, I respectfully call that to your attention as being a statement which is out of order and one which should be withdrawn before I proceed.

Some Hon. SENATORS: Hear, hear!

Hon. Mr. MURDOCK: Mr. Speaker, I request that that statement be withdrawn.

The Hon. the SPEAKER: I am quite sure the honourable member from Pictou (Hon. Mr. Tanner) will accept the word of the honourable member from Parkdale, and, if he made that statement, will withdraw it.

Right Hon. Mr. MEIGHEN: The statement referred to by the honourable member from Parkdale, which the honourable member from Pictou described as unfounded and untrue, was a statement as to opinions and desires of members of this House.

Some Hon. SENATORS: Certainly.

Right Hon. Mr. MEIGHEN: This is a statement of which they are just as good judges as he is.

Hon. Mr. TANNER: He had no right to make accusations against us.

Right Hon. Mr. MEIGHEN: If anyone says I have a certain view, and I say that is untrue, he cannot make me withdraw my remark.

Hon. Mr. TANNER: I will not withdraw.

Hon. Mr. MURDOCK: I would not for a moment say that my honourable friend was stubborn in declining to withdraw. But the fact remains, and I repeat it, there are many distinguished gentlemen in this Canada of ours who have had no other object before their mind's eye for months and years—

Hon. Mr. TANNER: That is not true either.

Hon. Mr. MURDOCK:—than to carry on a campaign to discredit the Canadian National Railways.

Hon. B. F. SMITH: Name them. Who are they?

Hon. Mr. MURDOCK: Their name is legion. We find them writing voluminously from time to time. Why specify any one particular person?

Hon. Mr. LYNCH-STAUTON: You are beyond your depth. Swim out.

Hon. Mr. MURDOCK: Many of them seem to get a great deal of justification for

Hon. Mr. TANNER.

their action because of the fact, brought so forcibly before us yesterday, that the Canadian National Railway System is costing the people of Canada \$100,000,000 a year. My honourable friend has not admitted, but I am sure he would admit, that the Canadian National Railways would continue to cost us \$100,000,000 a year for many years to come if to-morrow we unloaded it entirely.

Hon. J. A. McDONALD (Shediac): By what alchemy of crooked understanding does the honourable gentleman prophesy that any company taking over the railway would continue to lose \$100,000,000 a year?

Hon. Mr. MURDOCK: I did not say that.

Hon. Mr. McDONALD (Shediac): Did I misunderstand the honourable gentleman?

Hon. Mr. MURDOCK: Yes. I said if the Canadian National Railway System were tomorrow turned out of the hands of the Canadian people, they would still have to put up about \$100,000,000 a year on account of the railway situation.

Hon. Mr. McDONALD (Shediac): I thought the honourable gentleman said if the Canadian National Railway System were handed over to any other company it would still lose \$100,000,000 a year. I accept his explanation.

Hon. Mr. MURDOCK: So it seems to me there are some things which my honourable friend (Hon. Mr. Beaubien) should explain further. I understood him to include in his sub-amendment a figure of \$1,334,000,000 odd.

Hon. Mr. BALLANTYNE: Will the honourable member from Parkdale allow me a moment? We all have great respect for and confidence in the present Government. We are simply asking it to follow a practice always followed by large corporations. Having made a change in the balance sheet, they draw their shareholders' attention to it in a footnote showing what the change amounts to. A corporation would be compelled by the Companies Act and by its board of directors to do that. Surely the Government will not object to it.

Hon. Mr. MURDOCK: I accept the statement of the honourable gentleman from Alma. Now let me ask him this question: Is the Canadian National Railway System not a subsidiary corporation of the Canadian Government?

Hon. Mr. LYNCH-STAUTON: No; it is nothing of the kind.

Hon. Mr. MURDOCK: What about the system of canals throughout the length and breadth of Canada?

Hon. Mr. LYNCH-STAUTON: The Canadian National is not a subsidiary of the Government.

Hon. Mr. MURDOCK: Is it not a subsidiary corporation?

Hon. Mr. LYNCH-STAUTON: No. The Canadian National is not a subsidiary; it is a principal corporation, of which the Government owns the stock.

Hon. Mr. MURDOCK: With one hundred and twenty subsidiaries.

Hon. Mr. LYNCH-STAUTON: The Canadian National has subsidiaries, but the Canadian Government has no subsidiaries.

Hon. Mr. MURDOCK: If that is the case, I cannot understand why my honourable friend wants a consolidated balance sheet for the Canadian National Railways.

Hon. Mr. LYNCH-STAUTON: I do not want a consolidated balance sheet; the Government wants it.

Hon. Mr. MURDOCK: The fact remains, and I want to impress it again upon my honourable friend on the opposite side, that there are tens of thousands of persons in Canada who are saying this is only a further attempt to belittle and distress the people's railway.

Hon. Mr. BALLANTYNE: Not at all.

Hon. Mr. MURDOCK: That is what they will say, whether it is so or not. I am quite sure we shall have additional speeches before Canadian Clubs in different parts of Canada—

An Hon. SENATOR: And in Liberty.

Hon. Mr. MURDOCK: —and in Liberty—stressing the view that has been so ably put forward by my honourable friend who moved this sub-amendment. Personally, it will not make much difference to me what is done with this Bill, but I do think that in this year 1937 we ought to begin to play reasonably fair with the Canadian National Railway System—the people's railway—and not be continually trying to belittle and distress it.

Hon. Mr. BALLANTYNE: And play fair with the taxpayers.

Hon. Mr. MURDOCK: My honourable friend from Alma is only putting up a smoke-screen when he talks of playing fair with the taxpayers.

Hon. Mr. LYNCH-STAUTON: And the honourable gentleman is threshing threshed straw.

Hon. Mr. MURDOCK: My honourable friend from Hamilton must always speak when a thought comes into his head. If he would only wait until the member who has the floor sits down, it would be very much appreciated.

Hon. Mr. LYNCH-STAUTON: All right.

Hon. Mr. MURDOCK: The honourable senator from Alma talks about playing fair with the taxpayers. The taxpayers are obligated to spend about \$100,000,000 a year, no matter what happens.

Hon. Mr. BEAUBIEN: I deny that.

Hon. Mr. MURDOCK: I understood my honourable friend to admit it yesterday.

Hon. Mr. BEAUBIEN: No. The record will show. There is every year a deficit of about \$50,000,000. I suppose if we sold the Canadian National Railway System, the acquiring corporation would bear the deficit; otherwise Canada certainly would not sell the system. No Government would enter into a transaction that did not so provide. It would be ridiculous on its face. Therefore if the railway were sold, \$50,000,000 a year would be borne by the acquiring corporation.

Hon. Mr. MURDOCK: The balance sheet of the Canadian National Railways shows assets to the extent of \$1,361,000,000. We could hardly expect to get that for the system if we sold it to-morrow.

Hon. Mr. BEAUBIEN: We could not get it.

Hon. Mr. MURDOCK: No, we could not. But even if we did get it, we should still have to take care of an obligation of about \$100,000,000. Therefore it is just talking to the wind to say that if we unloaded the Canadian National Railway System we could relieve ourselves entirely of the burden brought to us by the acquisition of the railways now forming the National System.

That is all I have to say, but I think it proper to call a spade a spade in regard to some of the opposition to the Canadian National Railways that has been in evidence for many years.

Hon. Mr. BEAUBIEN: Honourable members—

Hon. Mr. O'CONNOR: Is it not true that this—

Hon. Mr. BEAUBIEN: Pardon me. I am answering a question put to me.

The Hon. the SPEAKER: The honourable gentleman from Montarville has the floor.

Hon. Mr. BEAUBIEN: I am sorry that the honourable senator from Parkdale interprets my amendment as an attack on the Canadian National Railways. I suggest his interpretation cannot be justified. I simply want a distinct statement—

Hon. Mr. KING: My honourable friend has already made two or three speeches to-day. He is not now answering a question; he is making another speech.

Hon. Mr. O'CONNOR: Therefore I say this honourable gentleman—

Hon. Mr. LITTLE: The honourable member has done likewise.

Hon. Mr. O'CONNOR: I want to ask a question.

The Hon. the SPEAKER: Order. Before the debate can be conducted on orderly lines the amendment to the amendment must be formally put.

An amendment has been moved to the motion for third reading of the Bill. In amendment to that amendment it is moved by Hon. Mr. Beaubien, seconded by Hon. Mr. Ballantyne:

That after the word "equity" there be inserted the words "representing an aggregate indebtedness of \$1,334,567,414."

Is it your pleasure, honourable members, to adopt the amendment to the amendment?

Hon. Mr. BEAUBIEN: Honourable senators, this gives me an absolutely new lease of life.

Hon. Mr. O'CONNOR: You have spoken three or four times.

The Hon. the SPEAKER: Order. I have just put the amendment to the amendment. It is only fair that the mover of the amendment to the amendment should have the floor.

Hon. Mr. BEAUBIEN: I just want to ask if my honourable friend thinks—

Hon. Mr. ROBINSON: Is the honourable gentleman closing the debate?

Hon. Mr. BEAUBIEN: I am speaking on the amendment to the amendment.

Hon. Mr. ROBINSON: I thought the honourable gentleman had already spoken.

The Hon. the SPEAKER: The honourable senator from Montarville will proceed.

Hon. Mr. BEAUBIEN: What I am asking to add to the statement is the truth and nothing but the truth. We ought not to be blamed for saying what is the truth.

Right Hon. Mr. GRAHAM: Sometimes that is the worst offence.

The Hon. the SPEAKER.

Hon. Mr. BEAUBIEN: It will take all my honourable friend's (Hon. Mr. Murdock's) ingenuity to turn that into an attack on the Canadian National Railways. Until he rose and spoke no honourable member had the slightest thought that what we were asking for was something to discredit the Canadian National Railways.

Hon. Mr. MURDOCK: So you say.

Hon. Mr. BEAUBIEN: But my honourable friend from Parkdale saw the advantage of imputing to us that sinister motive. I leave the public to judge between us. All we are asking is that the real position of the Canadian National Railway System be presented, and kept before the public. We do not wish to go beyond that. Certainly it would be belittling the people who support my idea to impute to them an intention to attack a property which is our own, and for which surely we pay enough to appreciate its value.

Hon. FRANK P. O'CONNOR: Honourable senators, my whole thought in this matter is: Can we not admit losses and write them off? I think that applies not only to the Canadian National Railways, but also to every honourable senator. I have heard the question asked many times, even by the right honourable leader opposite, "What difference does it make?" I repeat that question and add: Why can we not comply with the request of the Government to write off \$1,300,000,000? That is all it is asking. We have all had losses and written them off. I think we should comply with the Government's request.

Hon. GEORGE GORDON: Honourable members, I think the honourable senator from Parkdale unwittingly did an injustice to the Canadian National Railways. He said that in the event of the system being sold to-morrow Canada would still have to carry \$100,000,000 of deficits.

Hon. Mr. MURDOCK: Approximately.

Hon. Mr. GORDON: Approximately \$100,000,000. It is admitted, then, that the tangible assets of the railway company are worth nothing. If the Government were entering into negotiations with a company to buy this road, I am sure one of the conditions demanded by the buyer would be that he would not be responsible for the carrying of the debt.

It has been said, and truly, that no property which is losing money every year has any value. A great many people forget that this road has a value, and that it would have a great value if the Government could succeed

in getting a corporation to buy it. But after it had been purchased those who had acquired it would do many things which cannot be done under public ownership.

Hon. Mr. MURDOCK: They would scrap two-thirds of the mileage, for instance.

Hon. Mr. GORDON: Exactly. Much of the mileage would be scrapped—thrown away. Furthermore, many expenses would be avoided which cannot be avoided by a publicly owned institution.

Hon. Mr. MURDOCK: Does the honourable gentleman think that anyone who was going to purchase the Canadian National Railways and scrap two-thirds of the mileage would pay anything for the mileage that was to be scrapped?

Hon. Mr. GORDON: No, he would not. It is quite correct to say he would put no value on that at all; but the remaining one-third must have a value. If there were such a sale Canada would then be carrying \$100,000,000 a year less, whatever it got for the road. I submit that if the time is not already here to do something of that nature, it is very near. If things continue as they are, how long is Canada going to be able to pay this \$100,000,000 a year?

But that is getting away from the point so far as this Bill is concerned. I feel that it makes no difference whether a billion is written off or not. The country is going to be no richer or no poorer as a result. The same is true of the railway. The only thing I fear from this legislation is the effect it may have on certain organizations and certain people who, if they thought the railroad was making money, would come down here with requests and demands for branch lines and other expenditures. If this footnote will prevent them from doing that, it is in my opinion worth while. For my part I am not particular whether it goes in or not, nor am I much concerned about whether the Bill passes or not.

Hon. F. B. BLACK: Honourable senators, we seem to be getting away from the matter under discussion. The question of the sale of the Canadian National Railways does not come within the purview of the Bill at all. As far as I am concerned, I may say that I am not in favour of the sale of those railways, and am not prepared to discuss such a matter. Furthermore, I do not think honourable members on either side have the disposal of the road in mind at the present time. Therefore I think we should confine ourselves to what is involved in the Bill before us.

Hon. A. C. HARDY: Honourable senators, I believe the two leaders of the House have made a very earnest endeavour to reconcile the differences of opinion that have prevailed during the last few days in connection with this balance sheet. As I am not a business man, I have found it very difficult to analyse such a tremendous document. If I understand correctly, the difficulty in the first place seemed to lie in the fact that one party in the Senate desired to attach a certain schedule, by way of a footnote or otherwise, to the balance sheet, whereas the other party did not want that done. The two leaders have now got to the point where it is agreed that a footnote shall be made, and one side proposes that it should set up this amount of some \$1,300,000,000, while the other side declines to accept such a proposal.

Now, it seems to me that if the \$1,300,000,000 is to be mentioned in the footnote we might just as well have the whole schedule. I do not see a particle of difference between the two proposals. I cannot help feeling that the statements the Canadian National Railways have been making for a great number of years have had a considerable effect on the Canadian people. We know that the balance sheet has been used from ocean to ocean by the protagonists of amalgamation with the C.P.R. and the antagonists of public ownership. I may say that as far as railways are concerned I am not a public ownership man; but our railways are a matter of history, and there is no use in discussing that question.

My right honourable friend (Right Hon. Mr. Meighen) said in the House yesterday that in recent times the people of Canada were much more inclined to accept absorption by the Canadian Pacific Railway than they were a few years ago. It is just such propaganda as has been brought about by this balance sheet that has been responsible for that change of faith. There is throughout Canada a growing conviction, and it has prevailed for many years, that the Senate of Canada has never been sympathetic in any way whatever to the Canadian National Railways. I would not go so far as to say that the majority in the Senate have at all times blocked the Canadian National Railways, but they have been very unsympathetic towards them and have done nothing for them. I would not say they have left nothing undone to thwart them, but they have put themselves in the position of giving no assistance by way of sympathy and co-operation. I say that is a growing conviction, and I challenge anyone to deny it.

I feel that to put a figure in the footnote is entirely unnecessary. If we are going to do

that, we might as well have the schedule; and I think we are agreed that that is not desirable.

Right Hon. ARTHUR MEIGHEN: I have listened very carefully to the honourable member from Leeds (Hon. Mr. Hardy), and I think if he will follow me and give his intellectual free rein he will change his view. Parenthetically, I may say that we have not given up the idea that a schedule is desirable; I think it is; but we have yielded on that point.

Now we are at this stage. The Government are ready to include a footnote to the balance sheet stating merely that the details, the particulars as to the holdings in the way of claims against the railway in this Securities Trust—in other words, the total amount it has taken over, which is now written down to the figure in the balance sheet—will be found in the public accounts; but the Government are not prepared to say that the total amount is \$1,334,000,000. They know it is as much as that. If they say it is a different amount, I will take their figure.

Hon. Mr. KING: They state it in the public accounts.

Right Hon. Mr. MEIGHEN: Yes, but they will not state it in that footnote. What is the difference? The difference, if any, is this. The Government think that the fellow who reads that footnote without a total will not look at the public accounts. If they thought the casual reader would look up the public accounts they would not put in the footnote either.

Hon. Mr. HARDY: He would do that if he was interested.

Right Hon. Mr. MEIGHEN: Very good. But why tell a fellow that if he will look at the public accounts he will find something, yet be afraid to tell him what he will find? It takes only an inch.

Hon. Mr. HARDY: Let him read the accounts.

Right Hon. Mr. MEIGHEN: Is the honourable member not admitting that the Government harbours the hope that he will not look at the public accounts?

Hon. Mr. HARDY: No. There is not an underwriter who would put in a dollar without reading the public accounts.

Right Hon. Mr. MEIGHEN: Still less would he be willing to do it after reading them. I should like to see anybody approach my honourable friend—

Hon. Mr. HARDY.

Hon. Mr. HARDY: We know that without the usual guarantee of the Government, which must be given, not a dollar could be raised.

Right Hon. Mr. MEIGHEN: Therefore the fellow who is going to invest does not need a footnote at all. He does not need to look at the public accounts. He knows the record of Canada for the payment of its debts. But the casual reader is going to see that that figure in the balance sheet has been reached by the writing off of a certain amount. Why not tell him what the amount is? It takes only an inch to do so. Those who say, "Do not tell him; just save the knowledge," have to admit, if they are logical, that they hope he will not look it up.

Hon. Mr. DANDURAND: No; that is not the point.

Right Hon. Mr. MEIGHEN: That is the point. I do not say it is a big one, but there it is. Let honourable gentlemen take sides on that issue.

Hon. C. W. ROBINSON: I should like to say just one or two words on this subject. To my mind this is not a matter of policy at all, but one of accounting, which has been presented to us by capable and competent auditors whose explanation we have heard. Surely they are the ones who know best how to make up a statement of accounts. I think they have presented a true picture of the railway situation, and if we are going to give them expert advice on how these accounts should be made up—

Right Hon. Mr. MEIGHEN: That is not the point at all.

Hon. Mr. ROBINSON: I do not think it is our business at all. That is my point. I think we should accept the Bill as introduced, and make no amendments at all. We have no more right to amend the Bill than a builder has to tell the architect of a fine building, "You have to put a pig's head on the front of it to show where the bacon comes from." Why should we spoil a good structure by saying what shall be added to it? I think we should accept the Bill as introduced, and make no amendments.

Some Hon. SENATORS: Question!

Hon. RAOUL DANDURAND: I have been following this discussion with the intention of saying a few words on the sub-amendment. My right honourable friend (Right Hon. Mr. Meighen) asks why, when we are suggesting the main amendment, we are not ready to accept the sub-amendment. I will tell him very candidly. Like my honourable friend from Moncton (Hon. Mr.

Robinson), I did not feel that there was any necessity for a footnote or any explanation linking up the balance sheet of the Canadian National Railways with the public accounts of Canada. We were dealing only with the statement of the Canadian National. But my right honourable friend was so insistent upon the necessity of hiding nothing from the world, more especially from the Canadian taxpayer, and was so urgent that we should meet him to a certain degree, that after looking at clause 11 of the Bill, which states:

The accounts of the National Railway System shall be stated as of January first, nineteen hundred and thirty-seven, and thereafter, so as to show the proprietor's equity as defined by this Act—

and going from there to appendix No. 5, which gives the consolidated balance sheet of the Canadian National Railway System as of December 31, 1936, and in which I find the item, "Dominion Government—Proprietor's Equity," I suggested that we should add to section 11 the following:

A footnote shall appear in the said accounts stating that the proprietor's equity is disclosed in the net debt of Canada and in the historical record of government assistance to railways as shown in the public accounts of Canada.

In doing that, I thought I had satisfied the requirements of my right honourable friend and his friends as to linking up the balance sheet with the public accounts so that anybody interested could learn what the country had spent on the Canadian National Railways. That was the offer I made last night, and that is the offer which is now before us.

But what does my honourable friend from Montarville (Hon. Mr. Beaubien) seek to obtain by his sub-amendment? He wants to put on the balance sheet of the Canadian National Railways the figure \$1,334,000,000. Does he want to put it there for the information of future investors in London or in New York? No. In doing that he would perhaps feel that he was not doing the right thing by the Canadian National Railways. The representative of Touche & Company, our parliamentary auditors, told us in the committee that the representatives of his firm throughout Great Britain and the United States, because of the duplication in the two accounts, were constantly obliged to discuss with their clients the real situation, not only of the Canadian National Railways, but of the Dominion of Canada as well. If my honourable friend (Hon. Mr. Beaubien) had heard that, he would feel somewhat chary about loading or blackening the balance sheet of the Canadian National Railways before the outside world.

But that is not his main object. His main object is propaganda—and he said so—to in-

duce the people of Canada to look at the mounting expenditure on the Canadian National Railways with such terror that they will find some way of calling a halt. I asked yesterday, and I repeat the question now: Is it expected that the people will solve our railway problems? My honourable friend knows very well the ordinary electors of this country—les électeurs moyens, as we say in French—are not able to find a solution.

What is the situation which we face? What did the Duff Commission face? It was confronted with an expression of public policy by the Right Hon. R. B. Bennett: "Competition ever, amalgamation never." I have the statement of more than one member of that commission that the whole of their report was predicated on that public policy as announced by the then Prime Minister. That was a slogan used in the election of 1930, and the people endorsed the principle expressed by that slogan. The Duff Commission was appointed and struggled to find a *modus operandi* by which our railway problem could be settled. Look at the report of that commission and you will see how hard its members worked to find a way out of our difficulties. They recommended co-operation. The chief purpose of the Canadian National-Canadian Pacific Act was to bring about a decrease in expenditures of both railways, through co-operation and a lessening of competition. Yet there was inserted a clause to make that Act harmonize with the Duff report and with that 1930 election campaign slogan, "Competition ever, amalgamation never."

Between 1930 and 1935 the late Government wrestled with the railway problem and introduced that Canadian National-Canadian Pacific Act, which has since been on the Statute Book. We made some progress.

Right Hon. Mr. MEIGHEN: Bookkeeping progress.

Hon. Mr. DANDURAND: The Government went to the people in October, 1935. In that campaign the leader of the Liberal party, the present Prime Minister, stated he would see that the Canadian National maintained its identity and was not merged with any other institution. I thought I had before me the exact words in which he made that promise, but I find I have not. The people endorsed that policy. That is what caused me to say yesterday that if people in high places attempted to solve our railway problem by interfering with the autonomy of the Canadian National, they would be acting contrary to the will of the people as expressed in October, 1935.

My honourable friend from Montarville (Hon. Mr. Beaubien) urges that the aggre-

gate amount which has been spent by the Government on behalf of the Canadian National be set before the eyes of the people on the railway's balance sheet. I reply that the insertion of that amount in the footnote would be of no avail as propaganda. The balance sheet of the Canadian National, like other documents of the kind, is made for people who can read balance sheets. I wonder how many men in Canada who call themselves business men can read a balance sheet. I have known many executives and met at board meetings many directors who were not much more skilled in the reading and analysing of a balance sheet than I was. In the course of years I have learned something about this subject. I do not accept for one minute the opinion that the mass of our people would be affected by what is shown in the Canadian National's balance sheet.

Hon. Mr. COPP: Hear, hear!

Hon. Mr. DANDURAND: I say we should not darken that balance sheet with the intention that some day the people of Canada shall become alarmed and declare, "We have spent enough." I believe we are all trying to work for the best advantage of Canada. Therefore I appeal to my right honourable friend (Right Hon. Mr. Meighen) not to insist on this matter of propaganda against the Canadian National, for such action might indicate that he and his friends had some ill-will against this publicly owned railway. I urge honourable members to support the orthodox basis of accounting for the Canadian National and not to seek the insertion of propaganda in a balance sheet, as my honourable friend from Montarville has said he wants done.

I have done my best to study the situation which has arisen through the proposal to insert in the footnote the amount of the Government's aggregate expenditures upon the railway, \$1,334,000,000—a proposal which may not seem of much importance when stated in black and white. It was my duty to ask my colleagues to what extent they considered the inclusion of this item would affect the balance sheet, and I may say my conviction is that my honourable friend's amendment to the amendment would not be accepted by the other House. Therefore I ask him not to cause us to make what I think would be a useless gesture, the sending over of the Bill with that blur on it.

Hon. DONALD SUTHERLAND: Honourable members, I have listened very carefully to the debate on this question. So far I have not had much to say about the Bill, either in the House or in committee, but I cannot refrain from commenting upon the remarks of the honourable leader of the Gov-

Hon. Mr. DANDURAND.

ernment to the effect that the purpose behind the desired insertion of this aggregate indebtedness in the footnote to the railway's balance sheet is the spreading of propaganda with a view to injuring the Canadian National's credit. The Canadian National Railways are a conglomeration of a number of railway companies. To my mind the railway situation in Canada is nothing short of a tragedy. The appalling drain on this country from year to year because of the Canadian National's deficits will have to be faced in the near future, or else a very serious situation will develop.

When the great Transcontinental railway was launched, back in 1903 or 1904, the prediction was made that the actual cost to Canada in connection with that road from ocean to ocean, from a sea port on the Pacific to one in the Maritimes and up through the northern part of Ontario and Quebec, would be somewhere around \$13,000,000.

Hon. Mr. DANDURAND: Would my honourable friend allow me a remark? Some day I shall inform the Senate as to my share of responsibility for the building of the Transcontinental. But just now will my honourable friend permit me to point out to him that the Transcontinental was built by the Canadian Government from Winnipeg to Quebec, and then pressed on to Moncton? My responsibility, which I frankly admit, was to have Sir Wilfrid Laurier build the line from Winnipeg to Quebec, but our friends from New Brunswick and the rest of the Maritimes insisted that the road should go beyond that point. The figure of \$13,000,000 was the interest which would have to be paid upon the cost.

Hon. Mr. SUTHERLAND: Honourable members, I quite appreciate what my honourable friend says about the construction of that portion of the Transcontinental to Winnipeg. Construction of the Grand Trunk Pacific was undertaken by the Grand Trunk Railway, or at least a contract to that effect was entered into. But even with respect to the section from the Maritimes to Winnipeg, is it not most remarkable that a prediction should have been made that the actual cost to the people of Canada would be somewhere between thirteen and fourteen million dollars? That prediction was placed on record time and time again. To-day we are asked to forget expenditures totalling \$1,300,000,000, which have been absolutely lost to the people of this country through our blundering in connection with railways. Yet my honourable friend the leader of the House (Hon. Mr. Dandurand) is a little sensitive about the figure of \$13,000,000 which I quoted. Let me say right here that that sum would not in fact repre-

sent more than about two-thirds of the cost of bridging a river in connection with the building of the Transcontinental.

So far I have not mentioned any names, but I will mention one now. The Toronto Globe of October 5, 1904, contains a speech which the then Prime Minister, Sir Wilfrid Laurier, delivered in Toronto. In that speech he said:

I will not bore you with figures; I will give you the figures compiled by the experts of the Finance Department, who calculate that what we would pay in interest for seven years represents a sum in cash which, if it were put in the bank to-day, would amount to a little more than \$13,000,000, and a little less than \$14,000,000. That is all we would have to pay for the construction of the road if our expectations and contracts prove to be as accurate as we think they are. I ask you, my fellow-citizens, if we can get that tremendous railway for \$14,000,000 do you think that will be so very heavy a burden for the Canadian taxpayers, when I tell you that the surplus we had in the year 1902-3 was \$14,000,000—(cheers)—and last year, 1903-4, it was \$15,000,000? This is the project I have to lay before you, this scheme and plan of the Government. (Cheers.)

We desire to record what is a matter of history, but my honourable friend the leader of the Government says, "Why, it is propaganda." It is nothing of the kind. It is a reminder to the people of Canada of the tremendous blunders made in the past, and we hope that reminder will act as a safeguard against the repetition of such blunders in the future. It is immaterial who owns the transportation system of this country, but I foresee the day when it will be a question, not of disposing of the National System to some other company, but of abandoning many miles of railway that should never have been constructed.

One of the most colossal blunders this country ever committed was in connection with railway construction. My earliest recollection on this goes back to 1902, when I was a member of the Ontario Legislature. Railway promoters at that time were seeking land grants, bonuses, subsidies, and guarantees, and I remember the specious pleas put forward by the Government to justify assistance. The people accepted those statements as correct. And we all know the enormous sums of money and extensive tracts of land which the Dominion Government and the provinces granted to promote these transcontinental railways. Let me warn honourable members that if all this debt of the Canadian National Railway System is forgotten so that the system appears to have an operating surplus, the day is not far distant when those who are supporting this Bill will be on our necks again for increased wages.

An Hon. SENATOR: They are here now.

Hon. Mr. SUTHERLAND: My honourable friend says they are here now.

A few years ago the then Chairman of the Railway Commission, Hon. F. B. Carvell, looked into this matter very fully. When in Victoria in 1921 he referred to the increase in railway wages which had occurred about that time. This country was in the greatest straits I suppose it was ever in. He said it was found necessary, in order to keep the railways in operation, to meet the demands of certain slick gentlemen who came from south of the border line.

Hon. Mr. O'CONNOR: Speak for yourself.

Hon. Mr. SUTHERLAND: I will quote Mr. Carvell's statement, which appeared in the Ottawa Journal of that date:

Discussing our railway problems while traveling in his official capacity, the chairman explained by saying the board's award of increased freight rates had evoked criticism. "Consequently," he said, "we are going to give the public the truth about the railway situation."

The McAdoo award, he said, was given to Canadian railway workers, not because it affected Canada, but because "slick gentlemen from the States had journeyed up to Canada and threatened that they would call a strike in this country if the award was not given to Canadian workers. It was difficult to imagine anything," he thought, "more humiliating than that labour leaders in the United States should be able to hold a pistol to our heads."

The following night he spoke in Victoria along the same lines.

Right Hon. Mr. MEIGHEN: In what year was that?

Hon. Mr. SUTHERLAND: In 1921. He acknowledged that his action in discussing the railway problem in public was open to possible criticism, but he repeated his belief that his plain duty lay in informing the public fully on the matter. The public were facing the problem then, just as they are facing the problem to-day, and Mr. Carvell said, "They are entitled to know the facts." I think the facts should appear on the balance sheet of the railway system, so the people will really know what has happened.

Let me quote from the statement which Mr. Carvell made at Vancouver on the following night. It will be found in the Canadian Annual Review for 1921 at page 381. That publication has a reputation for accuracy, and therefore I do not think what I am about to read will be questioned. Under the heading, "The Railways and the Freight Rates Question," I find the following:

The Commission and its associated railway problems were much before the public in 1921; the question of freight rates was one of the most conspicuous and difficult of these issues. Mr. Carvell was very frank in his statements and judgments; he expressed himself clearly

and did not evade points of controversial character. The Railway Board visited the Western centres in the spring of 1921 and heard various appeals and statements as to freight rates; outside of the Commission sittings, Mr. Carvell continued his outspoken utterances. Speaking to the Canadian Club at Brandon on April 22, he described the railway problem as more important than the tariff or any other question before the people: "It cost \$40,000,000 more to run the C.N.R. last year than was brought in, and that is no reflection on the people at the head of the railways or on the Government. The Canadian National is a conglomeration of a lot of railways that couldn't run themselves and, therefore, had to be taken over by the Government, and if anyone thinks the Government, or any man, can take over these roads and turn them into a dividend-paying proposition in a year or so, he is much mistaken."

At Victoria on April 11 he told the Canadian Club that freight rates on Canadian railways were too high; that in many cases they were having an adverse effect upon business; that under existing circumstances and the McAdoo and Chicago wage awards this could not be helped; that to force the railways to meet increased costs of operation without the privilege of raising rates or power of lowering wages would be to force the roads against the wall; that the financial stability of the C.P.R. was as important to the country as good government. He declared that the root of the trouble was in pay-rolls forced upon this country by political agitation and labour efforts in the United States; that "the action of American labour men in putting a pistol to the head of the Canadian railway companies and demanding that the new American wage scale, fixed under the Chicago award, be made effective in Canada, placed the railway companies in a most humiliating position."

As to the future: "No matter what happens, railway labour must be reborn and an honest day's labour for an honest day's pay must be the first principle observed. Canadian labour is not responsible for the McAdoo award, but it is responsible if it is not prepared to give honest service." His view of the labour situation was important because it could not but affect the policy and decisions of the Board; "There are engineers and conductors to-day who are making \$4,000, \$5,000 and even \$6,000 a year as the result of the McAdoo award; I am beginning to be skeptical of the advisability of having Canadian unions controlled in the United States."

Mr. Carvell was unceasing in his expression of opinion along these lines. He told the Kiwanis Club, Vancouver, on April 7, that: "The people want lower freight rates, but they will not permit us to cut off costly Sunday trains. Next to the unnecessary train services, the greatest factor in maintaining high rates are the wages which have to be paid as the result of the McAdoo award of 1918, and the Chicago award of July, 1920."

It is somewhat of a repetition of what he stated the night before in Victoria, and he made a similar statement later at Brandon.

The Canadian Annual Review also quotes a speech delivered by the then Minister of Railways in the House of Commons on December 31, 1918:

Hon. Mr. SUTHERLAND.

The Minister stated that the wage bill, owing largely to the McAdoo award, was \$73,000,000, so that out of every dollar earned by the railways seventy-eight cents passed in wages to the employees.

Honourable members, I have placed these matters on record lest my silence on the charge that our amendment to this Bill is simply propaganda might be misconstrued. I repeat, our amendment is nothing of the kind. This question is one of the most important this country has ever had to deal with. It must be dealt with firmly, let the chips fall where they may. The people have to-day a better railway system than they ever had in the past, and if we have to abandon miles of railway, let it be done, and done quickly. What would be the use in putting off the evil day for a few years? We know full well the situation is going to become worse rather than better. As every honourable senator must feel, the situation is bound to grow worse before it can be dealt with. For that reason I believe that this amendment is reasonable in every respect, and I hope it will be pressed to a vote, if necessary.

As a member of the Railway Committee I was not only surprised, I was astonished at the attitude of the Minister in regard to the matter.

Some Hon. SENATORS: Question!

Hon. J. A. CALDER: Honourable senators, I think that before the question is put I should say a word. I am not going to deal with the railway situation in the slightest degree. We have only the one point before us for consideration, and that is whether or not there should be a footnote to the balance sheet, and, if so, what its nature should be. Personally I am inclined to think we have wasted a great deal of time over a very small matter. It is admitted that in so far as the investor is concerned, it makes no difference what is in the balance sheet: the investor depends upon the security of the Canadian Government. He has the guarantee of the Government to repay the principal and to pay the interest annually when it is due, and that is all he wants.

Only one difficulty has been experienced, so far as I understand the situation, and that was with the American Securities Commission, who ran up against a complication in connection with the duplicating of items in the Canadian National balance sheet and the Dominion Government accounts. That simply had to be straightened out under American law in order that the necessary prospectuses or statements might be issued to the public who were to buy the securities

I do not know whether such a situation exists in London or not, but we all know it exists in the United States. No foreign government or no foreign person can put securities on the American market without obtaining the authority of the American Securities Commission; consequently it has been desirable to straighten out the situation that gave trouble in that respect.

Now, as to the purchase of bonds of the Canadian National Railway System, I repeat that it does not make the slightest difference to the purchaser what is in the balance sheet. So far as the public of Canada are concerned, I take the view that the people of Canada who in future will desire to increase the indebtedness of the Canadian National Railways will not pay the slightest attention to the balance sheet. If there are any communities in Canada that wish to have expenditures made in connection with the railway system, they will be very little concerned about what is in the balance sheet. If they want something in the shape of a new railway, a new building, or anything else which involves capital expenditure, they will insist upon having it. In the last analysis there is only one body that can control expenditures. The balance sheet will never do it at all. Ninety per cent of those who read the balance sheet will not understand it. In the last analysis the question whether or not there shall be any further expenditure on the Canadian National Railways will depend entirely upon Parliament.

Hon. Mr. DANDURAND: I will go further and say, more especially upon the Senate of Canada.

Hon. Mr. CALDER: To a very large extent. I was coming to that. It must first depend upon the Minister in control of the railway situation, who is the first person appealed to. He must go to the Minister of Finance; the two of them must go to Council; and Council must come to Parliament. When the matter is submitted to Parliament it comes to this House as well as to the House of Commons. So the question of further expenditures in connection with this railway system depends entirely upon the ability, the common sense, the integrity, the faithfulness to public duty, and all such qualities of the members of Parliament, and not, I repeat, on a balance sheet, no matter what is in it. You have on the one side the possible investor, the man who wants to buy, and on the other side you have the man who wants to increase expenditures. As I say, in my judgment the balance sheet makes no difference in either case.

Having said that, I must say further—and I say it frankly—that I had intended to vote

for the Bill as it came from the committee, mainly for the reasons I have just stated. However, there are those on this side of the House who have the viewpoint that we are not dealing with a balance sheet alone—that this is not purely a bookkeeping matter; and I appreciate their viewpoint. Something has happened in connection with our railways. Briefly, it is this. We have poured into those railways the sum of over one billion dollars, which we are now writing off, and all that the suggestion of my colleague to my right (Hon. Mr. Beaubien) meant—and there is a great deal to be said in favour of it—is that at all times the people of Canada should clearly understand what has been written off. It does not affect the balance sheet one iota in relation to either the public or the investor, but it is desirable that there should appear before the people of Canada a definite and clear statement of what has been written off, which is now represented by what we call the Securities Trust.

Now look at the position I am in. The Government, through its leader on the other side, has seen fit to accept the idea that there should be a footnote, and that that footnote in effect should say: "There has been a great sum written off, and we have an equity. If you want to find what that equity is, just look at the public accounts." It seems to me there is only one position I can take. In view of the very difficult situation that has existed I can quite understand the action of the Government in proposing an amendment in the shape of a footnote which says, in effect, to everybody in Canada, "We have a large equity outside of all these liabilities that appear, and if you want to see it you will find it in the public accounts of Canada."

Hon. Mr. KING: Where it should be.

Hon. Mr. CALDER: Yes, where it should be. But for the life of me I cannot understand, when it goes so far, what possible harm it thinks can be done by saying that the total amount of that equity is so much, and letting it rest there.

Now let me say—and I say it in all candour—that I doubt very much whether this situation should have arisen. The point at issue is not big enough; there is not enough at stake to justify it. I trust that nothing will happen that will kill this Bill. An occurrence which would have that result is what I fear most. I say again, and I stress it, that I trust nothing will happen that will kill this Bill.

Now let me say that I must vote for the sub-amendment on account of the situation which has arisen; and I would add that I do not like the idea of a footnote at all. You can see the position I am in. If the sub-amend-

ment carries, it will go, I presume, to the Commons, and probably four, five or six heads will eventually gather around a table. I trust they will be able to work things out so that the Bill will continue to see the daylight.

Some Hon. SENATORS: Question!

The Hon. the SPEAKER: Honourable senators, the motion is for the third reading of Bill 12. In amendment it has been moved by the Right Hon. Senator Graham, seconded by the Hon. Senator Hardy:

That the following be added at the end of clause 11:

A footnote shall appear in the said accounts stating that the proprietor's equity is disclosed in the net debt of Canada and in the historical record of government assistance to railways as shown in the public accounts of Canada.

An amendment to the amendment has been moved by the Hon. Senator Beaubien, seconded by the Hon. Senator Ballantyne:

That after the word "equity" in the amendment the following words be inserted:  
"representing an aggregate indebtedness of \$1,334,567,414."

The amendment to the amendment was agreed to on the following division:

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Hon. Mr. CALDER.

Hon. Mr. MURDOCK: May I ask if all honourable senators are not required to vote?

Hon. Mr. CALDER: Not if they are paired.

The Hon. the SPEAKER: The rule is that a senator refraining from voting must state his reason to the House, and then he is excused if the House so declares.

Hon. Mr. DUFF: I was paired with the honourable senator from Vancouver (Hon. Mr. McRae). Had I voted, I should have voted against the amendment to the amendment.

The amendment, as amended, was agreed to on the same division.

The Hon. the SPEAKER: Is it your pleasure, honourable senators, to adopt the motion for the third reading of the Bill, as amended?

Hon. Mr. DANDURAND: I have hesitated somewhat as to what should be my course, since the Bill does not represent the present views of the Government as I have expressed them to this Chamber. However, with that reservation, which is in the form of a protest, I will not object to the Bill being sent to the Commons.

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

#### UNEMPLOYMENT AND AGRICULTURAL ASSISTANCE BILL

##### MOTION FOR SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 80, an Act to assist in the alleviation of Unemployment and Agricultural Distress.

He said: Honourable senators, this Bill provides for the continuance of federal assistance to the provinces, and, through the provinces, to the municipalities, in their efforts to deal with unemployment and agricultural distress. The present Unemployment Relief and Assistance Act, 1936, expires, as no doubt honourable senators are aware, on March 31 of this year. Although it is generally recognized that economic conditions have improved considerably during the past year, and we trust they are continuing to improve, still the improvement has not yet reached the stage where federal assistance can be withdrawn.

This Bill is in terms very similar to the present Unemployment Relief and Assistance Act, and, like it, provides, first, for the initiation and carrying on by the Federal Government of works for the alleviation of unemployment and agricultural distress; second, for federal assistance being extended as in the

last few years to the provinces, under agreement with them, in their efforts to relieve unemployment, and also to relieve the very serious conditions which have existed in certain areas of the Prairie Provinces; third, for the continuance of assistance by the Dominion to the provinces by way of loans towards the provinces' costs in connection with such measures; and, fourth, there is a provision by which the province is obliged to furnish the Dominion from time to time with certified statements as to its financial condition, in such detail and in such form as the Dominion may require, and to furnish such other information and permit such examination and audit to be made by the Dominion as may appear to be necessary.

I move the second reading of this Bill, seconded by the Right Hon. Mr. Graham.

Hon. Mr. HAIG: I have a word to say on this subject, and if the House will permit, I should like to move the adjournment of the debate.

Some Hon. SENATORS: Say it now.

Hon. Mr. HAIG: Is the Bill going to committee?

Right Hon. Mr. MEIGHEN: It will not go to committee. If the honourable member wants to speak, he has that right.

Hon. Mr. DANDURAND: Then we could take it up to-morrow afternoon, for I am going to suggest that we should meet in committee this evening.

Hon. Mr. HAIG: Unemployment is very bad in our province, and as I have had wired messages to-day from the city council and others asking me to urge certain things before this body, I should like to speak.

Hon. Mr. DANDURAND: Move the adjournment of the debate.

Hon. Mr. HAIG: I do.

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

#### CANADA-GERMANY PROVISIONAL TRADE AGREEMENT BILL

##### FIRST READING

A message was received from the House of Commons with Bill 89, an Act respecting a certain Provisional Trade Agreement between Canada and Germany.

The Bill was read the first time.

Hon. Mr. DANDURAND: Second reading to-morrow.

#### ADJOURNMENT—BANKING AND COMMERCE COMMITTEE

Hon. Mr. DANDURAND: Honourable senators, in moving the adjournment of the House I should like to remind honourable members that the Banking and Commerce Committee will meet at 8 o'clock this evening.

Hon. Mr. BLACK: I suggest that the hour be 8.30, because there are a number of members of the committee who have other engagements, which may keep them late in any event.

Some Hon. SENATORS: At 8.30.

Hon. Mr. DANDURAND: Well, we will say 8.30.

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

#### THE SENATE

Friday, April 9, 1937.

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

Prayers and routine proceedings.

#### FEEDING STUFFS BILL

##### FIRST READING

A message was received from the House of Commons with Bill 64, an Act to control and regulate the sale of Feeding Stuffs.

The Bill was read the first time.

##### SECOND READING

Hon. RAOUL DANDURAND: Honourable members, with the leave of the Senate I move the second reading of this Bill. The object of the Bill is to control and regulate the importation, exportation and sale of feeding stuffs, and other dealings in those articles, by means of registration and inspection, and the imposition of registration fees. It also authorizes the Minister of Agriculture to appoint officers for the effective execution of the Act.

I do not think we should gain much enlightenment from further explanation of the Bill, and as the Committee on Agriculture will have to deal with it, I suppose we may as well confide it now to their hands.

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

##### REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: I move that the Bill be referred to the Standing Committee on Agriculture and Forestry, and that this

committee have leave to meet during the present sitting of the Senate.

The motion was agreed to.

### SEEDS BILL

#### FIRST READING

A message was received from the House of Commons with Bill 65, an Act respecting the Testing, Inspection and Sale of Seeds.

The Bill was read the first time.

#### SECOND READING

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

He said: Honourable senators, this Bill, like the preceding one, emanates from the Department of Agriculture. Its purpose is to regulate the testing, inspection, sale and importation of seed, and to provide for the appointment and definition of duties of an advisory board, the appointment of inspectors and analysts, the licensing of new varieties of seeds, and the imposition of licence fees and penalties in consequence of violations of the law. If this measure is given second reading I should like to have it referred to the Standing Committee on Agriculture, as was Bill 64.

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

#### REFERRED TO COMMITTEE

Hon. Mr. **DANDURAND**: Honourable senators, I move that this Bill be referred to the Standing Committee on Agriculture and Forestry.

The motion was agreed to.

### ROYAL CANADIAN MOUNTED POLICE BILL

#### FIRST READING

A message was received from the House of Commons with Bill 83, an Act to amend the Royal Canadian Mounted Police Act.

The Bill was read the first time.

#### SECOND READING

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

He said: This Bill provides for the appointment, the calling up for training and duty, and the payment of a certain number of men as reserve constables, to be known as the Royal Canadian Mounted Police Reserve, and for the appointment from among such constables of reserve non-commissioned officers. It provides also that the time served in the permanent forces of Canada may be included in the term of service of an officer or

Hon. Mr. **DANDURAND**.

constable for pension purposes. It provides further that any person who ceases to be a constable shall have the right to continue to pay instalments of contributions for pension purposes, or to withdraw all such contributions.

I think this explanation fairly well covers the purposes of the Bill. I would ask my right honourable friend (Right Hon. Mr. Meighen), if he has perused the Bill, or, if not, my gallant friend sitting behind him (Hon. Mr. Griesbach), to tell us whether it meets with approval.

Hon. **W. A. GRIESBACH**: Honourable members, the Mounted Police Act makes provision for the maintenance of a reserve. That reserve was intended to be drawn from men who had served their time in the force and had retired to civil life. It has been found that those men, after thirty years' service, were a little too old for the particular work which the reserve would be called upon to do. It was also found that men who had done twenty-five or thirty years' service were not very eager to join the reserve. So the scheme failed more or less.

The purpose of the reserve is to permit of expansion of the force on a fairly large scale in time of civil riot, insurrection, and the like.

The men desired are not necessarily employed in the detection of crime. They are more likely to be used in some numbers under the control of officers and non-commissioned officers of the Mounted Police, and should be young and active. At the present time there are sixty men mobilized in Toronto for service in Ontario. This means that from thirty to sixty jobs in hand will have to be abandoned while those men are engaged in that duty. Again, if, say, a disturbance arose in the Western Provinces and another in the Maritime Provinces, and we were without a reserve, some difficulty would be experienced in getting the requisite number of men promptly on the scene.

This Bill repeals the provision for a reserve composed of the old retired men and proposes beginning at the opposite end. It is a known fact that the waiting-list of the Mounted Police comprises several thousand young men from twenty-two to twenty-six, all eager to join the force. It is proposed to enlist such men, give them two months' training, and carry them on the reserve, using the reserve to fill vacancies as they occur in the permanent force. As a result there will be a reserve of some three hundred young men, active and fit, not perhaps qualified for full police work, for the detection and prevention of crime, but sufficiently well trained to

act, more or less en masse, under their own officers.

Section 3 authorizes service in the permanent forces and in the Civil Service to be counted for purposes of pension. This is made necessary by the expanding activities of the Mounted Police in the last four or five years. A number of men are being brought in from the Civil Service in connection with various forms of crime detection work, such as photography, finger-printing, and particularly chemical analysis. They are used in the scientific detection and prevention of crime. It will be remembered that when the Mounted Police took over the Customs Preventive Service it absorbed from the Department of National Revenue about a hundred men. Section 3 provides that the time which those men served in the Civil Service shall be counted for purposes of pension when they retire.

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

#### THIRD READING

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

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

### NORTHERN PACIFIC HALIBUT FISHERY (CONVENTION) BILL

#### FIRST READING

A message was received from the House of Commons with Bill 90, an Act respecting a certain Convention between Canada and the United States of America, for the preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea, signed at Ottawa on the 29th day of January, 1937.

The Bill was read the first time.

#### SECOND READING

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

He said: Honourable senators, the object of this Bill is to ratify a certain convention between Canada and the United States for the preservation of the halibut fishery. As honourable members are aware, a halibut convention between the United States and Canada was agreed to in 1923. It was replaced by a new one in 1930. The present convention is largely a re-enactment of the provisions of the agreement of 1930, with some slight changes in phraseology and two important amendments relating particularly to procedure. The procedure under the 1930 arrangement was discovered to permit of advantages being

gained by dishonest fishermen, to the detriment of fishermen honestly complying with all regulations. The International Fisheries Commission recommended amendments to overcome this handicap and suggested to both governments that it would be preferable to frame a new convention rather than simply amend the existing one. The few alterations in drafting do not in any way affect the principle of the convention.\* I shall give in more concrete form an exact statement of the two important amendments now proposed.

The experience gained by the International Fisheries Commission during the years since the 1930 convention came into force has disclosed certain defects in the existing procedure, and in its report to the two governments of January, 1936, the commission made specific recommendations for new provisions to remedy these defects. For this purpose the commission submitted a draft of a new convention. It was considered that a completely new document, replacing the present one and incorporating the amendments, would prove a more convenient procedure than the conclusion of a supplementary convention. After careful consideration the two governments decided to adopt the commission's recommendations, and accordingly they signed at Ottawa, on January 29 last, the new convention which is set out in the schedule to the Bill.

As recommended by the commission, this 1937 convention will, if ratified, supplant the existing convention of 1930. This follows the procedure of 1930, when the 1923 convention was completely replaced. The 1937 convention incorporates, however, all the provisions of the 1930 convention except to the extent of the few amendments which were recommended by the commission.

It may be noted here that the commission, upon consulting the fishing fleets concerned, found that they largely urged the revision; indeed the changes originated with the fishing fleets as being desirable to facilitate their operations and the enforcement of the law.

The amendments do not establish any new principle. Their object is, in two main particulars where the commission has found results somewhat unsatisfactory, to improve the carrying out of the original underlying purpose, namely, the preservation and extension of this great fishery. In other words, they may be regarded as amendments of administrative procedure.

The first main amendment concerns the circumstance that during the closed halibut season fishermen may, in halibut areas, fish for other species of fish and that in so doing they

may incidentally catch some halibut. Under the existing convention halibut caught incidentally in this manner may be retained and used for food for the crew of the fishing vessel; but any portion not so used must be landed and turned over to the proper officers of the two governments, which sell them to the highest bidder and pay the proceeds into the respective public treasuries, American and Canadian. The commission has found that since fishermen object to throwing away good halibut caught in this manner—which is, in fact, a waste of good fish—

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. DANDURAND:—there has been considerable violation of the law. It also appears that fishing for less valuable varieties of deep sea fish, such as black cod and red cod, would likely be encouraged if regulations could be made to permit the fishermen under certain conditions to retain such halibut as may be caught incidentally. The commission, in its report, sums this aspect up by stating:

The existing provisions are therefore, in effect, penalties on the honest fisherman without restraining the dishonest, and are productive of wastage of needed food, when there is no good reason why such small quantities of halibut, probably not exceeding 150,000 pounds for the whole fleet, might not be made legitimate, certainly during the season when halibut is being taken on other parts of the coast.

Accordingly, as recommended by the commission, the retention by the fishermen of halibut incidentally caught is being made lawful, subject to such limitations and prohibitions as the commission may prescribe with the approval of the two governments. The new wording in this respect will be found at the end of the second paragraph of article I of the new convention.

The second main amendment concerns a practical detail as to the method of fixing the limits of the closed season. The convention in its general scheme lays down a certain closed season—from November 1 to February 15—but gives the commission power, subject to approval by the two governments, to suspend or change this season. Under the existing convention, however, it is possible only to fix the date when halibut fishing must cease in any year. The result is that a vessel may be out on the fishing bank with only a part of its normal load taken when the closure date arrives. If fishing is stopped then, the voyage will entail a loss to the fishermen, while if the vessel remains to fill up, a violation of the law occurs. Halibut vessels must leave port well in advance of closure in order to reach the fishing grounds, and after ceasing to fish they may take a week

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or more in returning to port. The commission, after pointing out that it is difficult to detect law violations by patrol along a broken coast of over two thousand miles, sums up its opinion on this aspect as follows:

The present condition is again one that penalizes the honest fisherman when there is no need. There is again no reason why a full, normal last trip cannot be allowed the honest fisherman as well as the man who breaks the law to get it. This can be done by setting a date for last departure for fishing in any area which is to be closed. As at present, this date can be forecast approximately and warning given in order that all may have equal opportunity to adapt their movements to it, but the setting of such a date would allow a normal trip for all vessels which have been in time to depart.

Accordingly, as thus recommended, the new convention, instead of authorizing the commission to fix a date for the cessation of fishing, authorizes it periodically to fix a date for the last departure of fishing vessels for any fishing area concerned.

That summarizes, I think, the effect of amendments to the existing convention. The Bill simply has the effect of ratifying the convention entered into on the 29th of January, 1937.

With these explanations, by leave of the Senate, I move the second reading of the Bill.

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

### THIRD READING

Hon. Mr. DANDURAND: With the leave of the Senate, I move the third reading of this Bill.

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

## SEED GRAIN LOANS GUARANTEE BILL

### FIRST READING

A message was received from the House of Commons with Bill 101, an Act to assist the Provinces of Alberta, Manitoba and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1937.

The Bill was read the first time.

### SECOND READING

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

He said: Honourable senators, the title of the Bill discloses its purpose. It is to assist the provinces of Alberta, Manitoba and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1937.

The Bill follows the lines of similar legislation of a year ago. There is the exception, however, that this year the scope will be

extended to the provinces of Alberta and Manitoba, after discussions and negotiations with the governments of those provinces. The guarantee by the Dominion of the guarantee by the provinces of their municipalities with respect to seed grain loans involves a rate of interest to the municipalities of four per cent, and the provincial governments then arrange as to what the rate shall be as between the municipalities and the farmers securing the seed.

As far as this Government is concerned, the banks supply the money to the municipalities on the guarantee of the provinces, guaranteed in turn by the Dominion at four per cent. The amounts named have been arrived at after very careful examination by the federal Department of Agriculture of the representations of departments of agriculture in the three Western Provinces. As to the term of loan, provision is made that the guarantee does not become effective, that is, the claims under the guarantee cannot be made, for three years after the granting of the loan. This gives the farmers in the drought area who secure seed a maximum of three crops before the guarantees, either of the province or of the Dominion, become effective.

It may interest the House to know, with respect to the experience of last year, when loans up to about \$4,000,000 were authorized, that no guarantee has been given by the Dominion up to the present, owing to the fact that the province has not yet been able to supply the detailed information required. Under the plan as it worked last year in Saskatchewan sufficient repayments have been made by the farmers to reduce the liability as at the first of last month to \$2,500,000. It is expected that in connection with the legislation of a year ago guarantee will be required only up to \$2,500,000 instead of up to \$4,000,000.

I believe that this, with a simple reading of the Bill, will be a sufficient explanation. I will read only one of the clauses, because it is repeated for each of the three provinces.

The Governor in Council, subject to the provisions of this Act, may authorize the guarantee of the principal and interest of any loans made by any chartered bank and guaranteed by the province of Alberta under the authority of the Agricultural Relief Advances Act of Alberta and any amendments thereto, for purchasing seed grain and providing other assistance to farmers in connection with seeding operations during the spring of 1937; provided however that the aggregate principal amount of loans guaranteed under the authority of this section shall not exceed one million six hundred thousand dollars.

I move the second reading of the Bill.

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

### THIRD READING

Hon. Mr. DANDURAND: With the leave of the House, I move the third reading of the Bill.

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

### GOLD CLAUSES BILL

#### FIRST READING

A message was received from the House of Commons with Bill 103, an Act respecting Gold Clause Obligations.

The Bill was read the first time.

#### SECOND READING

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

He said: Honourable senators have heard considerable in recent years of the gold clause obligations which bound the Dominion, the provinces, the municipalities and other corporate institutions to pay their bonds in gold. This Bill provides that debtors, including the Dominion, the provinces and municipalities, shall be discharged from any obligation to pay debts in gold upon making payment in currency of Canada. Perhaps I should content myself with reading the various sections, which I think are sufficiently clear to need no further explanation.

2. The expression "gold clause obligation" in this Act means any obligation heretofore or hereafter incurred (including any such obligation which has, at the date of the commencement of this Act, matured) which purports to give to the creditor a right to require payment in gold or in gold coin or in an amount of money measured thereby, and includes any such obligation of the Government of Canada or of any province.

3. In the case of any gold clause obligation payable in money of Canada, tender of currency of Canada, dollar for dollar of the nominal or face amount of the obligation, shall be a legal tender and the debtor shall, on making payment in accordance with such a tender, be entitled to a discharge of the obligation.

4. In the case of any gold clause obligation governed by the law of Canada payable in Canada or elsewhere, in money other than money of Canada, tender of the nominal or face amount of the obligation in currency which is legal tender for the payment of debts in the country in the money of which the obligation is payable shall be a legal tender and the debtor shall, on making payment in accordance with such a tender, be entitled to a discharge of the obligation.

5. Any payment in respect of a gold clause obligation made before the commencement of this Act, which, if made hereafter, would entitle the debtor to a discharge, shall be deemed to have discharged the obligation.

6. Every gold clause obligation is hereby declared to be contrary to public policy and no such provision shall hereafter be contained in, or made in respect of, any obligation.

7. The provisions of this Act shall have full force and effect notwithstanding anything contained in any other statute or law.

The Bill gives effect to a principle embodied in a judgment of the Privy Council concerning gold clause obligations.

Right Hon. ARTHUR MEIGHEN: Honourable senators, this is a measure which if brought down some years ago, or even now under different circumstances, would have been regarded as horrifying in the extreme. It provides that contracts made by governments or by citizens, payable in a certain way, shall not be so payable, but may be discharged upon payment of Canadian currency. Nearly all governmental contracts and corporation bonds—all that I remember having read in detail—were payable in gold. This Bill provides that every contract shall be annulled in respect of payment in gold, and that the debt so payable, if specified in the contract to be payable in money of Canada, shall be discharged upon payment of the amount in Canadian currency. That is to say, the amount of the obligation shall be entirely wiped away if paid in Canadian currency, even though the contract require the obligation to be paid in gold of a certain weight and fineness.

There may be some question as to whether in respect of private contracts this Parliament has the power to pass such legislation. But I do not see that we can do other than seek to exercise such power, because very ominous and difficult complications would otherwise be bound to arise. I think we have to do this. Nobody could be more opposed to legislative interference with terms of a contract than I am. I regard legislative sanction of the validity of contracts, and of obligations under them, as the very sheet-anchor of civilization, and I believe we are going downhill to the extent that we militate against and dissipate the authority of contracts. Every situation that faces us in respect of a contract, though, must be regarded in the light of the circumstances under which the contract was entered into. There are numerous cases where necessities develop which must have some relation to the mind of the parties at the time of the contract.

For example, Great Britain, France, and other allied countries in the days of the War borrowed heavily in the United States. There had been many international borrowings prior to that, but during the War borrowing was done by the nation, not by its citizens, from another nation. At the time every such contract was entered into the governments of both nations knew fairly well that the obligation so assumed could be discharged in one way only. No matter how rich the country might be which entered into an obligation to pay, it could not pay in the currency of

Hon. Mr. DANDURAND.

another country save by selling goods. Never in the history of civilization was an international debt discharged otherwise. You can discharge internal debts within the circumference of your own country in the coin of your own country, but an international debt cannot be discharged that way.

Hon. Mr. HUGHES: Can it not be discharged or reduced by the shipping of gold?

Right Hon. Mr. MEIGHEN: Yes, but that is a discharge by the shipping of goods of a certain kind. You have to sell material to entitle yourself to coin of the country in which you owe the money. There is no other way to get that coin. And, as every country knew then and knows to-day, nothing more absurd could have been suggested than that gold be moved in order that debtor nations might get coin to pay their obligations, because there was nothing like enough gold in the world available to meet those obligations; not even a small fraction of the amount necessary; and if but a tiny percentage of that small available fraction had been moved, the whole international exchange situation would have been upset. Such circumstances must have been in the minds of borrowers and lenders at the time these international obligations were incurred. Any nation which is given an opportunity to sell its goods and pay its debts and at any time neglects or is unwilling to do so loses its title to the respect of the world from that hour on. But if a nation is not given an opportunity and is unable to get it, there is nothing it can do, because it is denied a chance to pay its debt in the only way that an international debt can be paid.

Now, similar considerations come in here. When, years ago, the Province of Ontario, or the Province of Quebec, or the Dominion of Canada, or some corporation, issued bonds agreeing to pay certain sums of money measured in terms of the currency of Canada, and to pay it in a certain weight and fineness of gold, it must have been known that the ability so to pay depended upon maintenance of the gold parity then existing. There was no thought in the mind of borrower or lender that a far vaster sum of gold would have to be paid than what was then engaged to be paid. Since those contracts were entered into gold has become far more valuable, because of conditions which seemed to necessitate that governments declare it to be more valuable. This condition has arisen not through anything done by parties to the contract, but by a force majeure. Gold is now more difficult to get; governments have taken control of it. Therefore I do not regard it as

a falling away from honourable obligation to say that the circumstances are wholly changed, and that the sole intention in the minds of the parties who made the contract was that the amount stipulated should be paid at the parity of exchange then obtaining, and not at some parity which afterwards obtained because of forces far vaster and more powerful than any within the control of those parties. It seems to me that the main part of the Bill is made necessary by events and is not inconsistent with honour.

There is one part of the Bill, though, with respect to which I am not quite clear. Section 6 provides:

Every gold clause obligation is hereby declared to be contrary to public policy and no such provision shall hereafter be contained in, or made in respect of, any obligation.

I have read part of the debate in the other House, but have not been able to go through it all, and as yet I do not understand why this clause is necessary. And I certainly am unable to answer a question which has just been suggested to me by an honourable gentleman to my right, as to how this section can be within our powers. Suppose a citizen of any part of Canada wants to make a contract to pay a certain amount of gold at a specified time, or to pay a certain amount measured in terms of our currency, at the present parity of exchange, at a specified time. Have we the right to say that such a contract shall be no good and against public policy?

Hon. Mr. LYNCH-STAUTON: In the United States the Federal Government has control over currency. Has our Federal Government not similar power?

Right Hon. Mr. MEIGHEN: Yes, certainly. But would the Dominion be exercising its control over currency if acting under this section? Suppose John Smith wants to pay Tom Brown a certain weight of gold, say of the value of \$1,000 in our currency at the present parity of gold to our dollars. If an agreement were arrived at to make such a payment, would the Dominion have power to declare that agreement against public policy?

Hon. Mr. LYNCH-STAUTON: That is what was done in the United States.

Right Hon. Mr. MEIGHEN: The Dominion can say what currency means and involves. But how can the Dominion say that a man must not agree to pay in gold?

Hon. Mr. LYNCH-STAUTON: How does my right honourable friend distinguish between our case and that of the United States?

Right Hon. Mr. MEIGHEN: The United States Government may have greater powers than we have. I have not examined into that. It does seem to me very doubtful that we have the power to deny any citizen the right to meet an obligation in gold.

Hon. Mr. BLACK: As to the hypothetical case cited, would that not be the same as if a man agreed to pay in wheat or potatoes?

Right Hon. Mr. MEIGHEN: Yes, just the same.

Hon. Mr. BLACK: A man might disregard this measure altogether and say, "I will give you so many pounds of gold in payment of my contract," or "so many bushels of wheat."

Right Hon. Mr. MEIGHEN: That would be disregarding this Bill, all right.

Hon. Mr. BLACK: Under the Bill is gold considered a currency or a commodity?

Right Hon. Mr. MEIGHEN: It does not matter how it is considered under the Bill; gold is a commodity, not a currency at all.

Hon. Mr. BLACK: But in this Bill is it considered as a measure of currency?

Right Hon. Mr. MEIGHEN: No. But if John Smith wants to give Tom Brown a certain amount of gold, a specified number of ounces, this Bill would forbid him to do so.

Hon. Mr. BLACK: I do not take it that way.

Hon. Mr. DANDURAND: It was running through my mind that perhaps the basis for this section is to be found in the fact that the Government, having put a restriction on the exportation of gold, would naturally declare that it is against public policy to allow obligations to be paid in gold. I will read the following from the discussion which took place on the second reading in the other House:

Hon. Mr. DUNNING: The Bill declares that gold clause obligations are contrary to public policy, and provides that no future obligation shall contain a gold clause. The reason for the latter provision is obvious, that no citizen of Canada can properly enter into an agreement to pay gold when under our law he cannot now secure the gold to meet the obligation.

Mr. BENNETT: Of course he can get it.

Mr. DUNNING: Well, practically he cannot.

Mr. BENNETT: Oh, yes; I can buy gold.

Mr. LAPOINTE (Quebec East): You cannot export gold without a licence.

Right Hon. Mr. MEIGHEN: That is so, but you can buy gold in your own country.

Hon. Mr. GRIESBACH: Or dig it out of the ground.

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

## THIRD READING

Hon. Mr. DANDURAND: With leave, I move the third reading of the Bill now.

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

## CUSTOMS TARIFF BILL

## FIRST READING

A message was received from the House of Commons with Bill 111, an Act to amend the Customs Tariff.

The Bill was read the first time.

## SECOND READING

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

He said: This Bill is somewhat technical. It has been deemed expedient to amend section 6 of the customs tariff to provide that, notwithstanding the provisions of any other law, the Governor in Council may, from time to time and as occasion requires, without having regard to the requirements of section 55 of the Customs Act, order and direct, subject to such exceptions as may be made, what shall be the rate of exchange fixed for any currency in computing the value for duty of goods imported into Canada from any place or country, the currency of which is appreciated in terms of the Canadian dollar; and also to provide that in cases where, under such power, the Governor in Council shall have fixed the rate of exchange for any currency in computing the value for duty of goods imported into Canada, special or dumping duty shall not apply when the export or actual selling price is equal to or greater than the value for duty so computed, and where the same is less than the value for duty so computed special or dumping duty applicable shall not be greater than the difference between the said export or actual selling price and the value for duty so computed.

Hon. Mr. LYNCH-STAUNTON: Will it not have to be computed every day in terms of the Canadian dollar?

Hon. Mr. DANDURAND: I think honourable members will appreciate that one must examine the text of this amendment very closely to determine exactly how it will work. The explanatory note reads:

Owing to abnormal economic conditions existing in some countries the current exchange rate of their currencies may not represent the internal value thereof. It is found that adherence to the current exchange rate in computing the value for duty purposes of goods imported from such countries may undesirably affect and restrict trade. This supplementary provision will

Hon. Mr. GRIESBACH.

enable such action to be taken as is deemed expedient in such cases.

Similar authority with regard to depreciated currencies is now contained in subsection 9 of this section.

I may say this Bill is before us as a result of the provisional convention between Canada and Germany which will engage our attention this afternoon. In a word, this is a consequential piece of legislation. The Minister who negotiated the agreements with Germany, Hon. Mr. Euler, gave this explanation of the Bill in another place:

I wish now to refer to something else which is outlined in a letter that was among the documents I tabled last week.

That is, when discussing the German convention.

In our conversations with the German representatives, both in Berlin and in Ottawa, the German representatives maintained that the computation for duty purposes of exchange value of the reichsmark at the current rate of forty cents, as compared with the par value of nearly twenty-four cents, places an unfair and almost impossible handicap upon the sale of German goods. He contended that Germany had been able to compete abroad only through the device of the blocked mark. Those who have visited Germany in the last year or two know that in London you can purchase German marks at a considerable discount and take them to Germany, exchanging your certificate for marks worth their full value over there. These are registered marks. There are, of course, marks of different kinds—the blocked mark, the aski mark, and the registered mark. The German representative contended that Germany had been able to compete abroad only through the device of blocked marks, which enabled importers to secure German exchange at rates below the current rate officially quoted for the reichsmark. The use of these cheaper forms, however, for the sale of German goods to Canada is henceforth precluded by the provisions of article VII of the agreement, and I think it is well that it should be so. It is a most inconvenient and unbusinesslike way of paying for goods. It is urged—and I should like the committee to listen to this, because the point will probably be discussed—that some lower rate than the current exchange rate should be used for computing the value of German goods imported into Canada. In other words, we were asked to recognize that the current exchange value of the reichsmark, forty cents, is an arbitrary one which does not represent the true value of German currency in international trading transactions. We made no binding commitment on this point, but we did agree, and it is so stated in the letter signed by myself which is among the documents tabled the other day, that Parliament would be invited to amend the law to empower the Canadian Government to adjust the rate of exchange, for duty purposes, of appreciated currencies. Perhaps it is not right to call the German currency appreciated; it is appreciated in relation to ours, which is really depreciated.

As a matter of fact, when the discussion took place in Berlin, this matter affected not only Germany, but other countries that had a relatively appreciated rate of exchange, such

as Switzerland, Holland, Italy, and, I believe, Belgium. Switzerland and Holland particularly brought to our attention the fact that because of the higher valuation of their currencies it was difficult for them to do export business.

Mr. BENNETT: Had they gone off the gold standard then?

Mr. EULER: They were still on the gold standard, but that difficulty was pointed out. In fact in Switzerland the Swiss representative informed me they had actually lost in one year \$60,000,000 worth of sales to Great Britain because of the high value of their franc.

As we have provision in the customs tariff for adjusting the currencies of countries which are depreciated, perhaps it is not illogical to give the same power in regard to currencies which are relatively appreciated. At any rate we agree to present to Parliament legislation giving the Government power to do that. We further agree that, this having been done, if and when Germany, as doubtless she will, makes representations requesting that we fix a lower rate than the 40 cent rate which now obtains on the mark, we will give it prompt consideration.

Mr. BENNETT: That is the international mark, the gold mark?

Mr. EULER: Yes, the gold mark.

Mr. BENNETT: With par value of 25 cents.

Mr. EULER: Twenty-four cents, which in our currency now is supposed to be worth 40 cents. I would however point out that while we agreed to take the power, the Government still retains the right to use its judgment according to the terms of the undertaking. I assure the committee that the Government of Canada retains complete control over the matter and that no action will be taken unless Germany can prove to our satisfaction that she has a just case. Then finally, if any producers in Canada, manufacturers or others, have any fears with regard to the matter, I might point out two things. We on this side stated during the last election campaign—I know I stated it, the Leader of the Government stated it—that it would not be the intention of this Government to injure any legitimate Canadian industry. Further, if we find that the agreement is not working out to our satisfaction, and if we cannot get an adjustment with Germany in regard to it, we have the power within a minimum period of ten weeks to cancel the agreement in its entirety.

In conclusion I say quite frankly that the agreement we propose is more or less experimental. It is designed to facilitate the extension of Canadian trade in wheat and the commodities which we have to sell, in a market which in past years was extremely valuable to us. I believe that this agreement does offer a reasonable means for expansion of Canadian exports, and further is in accord with the belief of this Government—and I think it is shared by most other countries of the civilized world, although they are not carrying it into practice—that a freer exchange of commodities between the nations of the world would be a greater guarantee of peace than all the great armaments with which the nations are equipping themselves.

I do not think I need add anything to the honourable Minister's explanation.

Hon. Mr. BALLANTYNE: We are, I take it, to be ruled by Order in Council, instead of by Parliament.

Hon. Mr. DANDURAND: If Parliament says so.

Right Hon. Mr. GRAHAM: It is hard to break away from established custom.

Right Hon. Mr. MEIGHEN: This is establishing the custom.

Hon. Mr. DANDURAND: I saw somewhere a statement by either the Minister of National Revenue or the Minister of Trade and Commerce that already in the short space of time since the provisional agreement was arrived at with Germany there has been a considerable increase in our exports to that country.

Hon. Mr. COPP: From last October.

Hon. Mr. DANDURAND: That would be four or five months. All countries are striving to increase their markets. This is experimental legislation. We have statutory authority to fix the value for duty purposes of goods from countries with a depreciated currency. Now, we shall try to fix the rate with respect to appreciated currency.

Hon. Mr. LYNCH-STAUNTON: Why cannot the Customs officials assess the rate of duty on imported goods according to their market value in this country, and disregard the ups and downs of foreign currency?

Hon. Mr. DANDURAND: We have adopted the principle of fixing the duty on the market value of the goods in the country of origin.

Right Hon. ARTHUR MEIGHEN: Honourable members, this Bill in effect provides that the fixing of value of goods imported from countries whose currencies are appreciated shall be transferred from Parliament to the Governor in Council. It is an extension of the field of Governor-in-Council government. While I cannot forget the long series of lessons I learned on the depravity of this practice and the perils hidden in it and endangering both the Constitution and the good faith of Canada and the Empire, it is comforting now to know from the mouth of the Minister of Trade and Commerce, who has been in Australia, New Zealand, Germany, and all other countries on this planet, that in the present instance the practice will not only contribute to the expansion of the volume of world trade, but will actually have to do with the peace of the world. It is really important to know that Order-in-Council government can produce this effect. If we can

bring about world peace by the extension of the practice, I am ready to suffer. I know the honourable leader of the Government has a friendly feeling towards it too. But I put this question to him: Does he think it quite fair to go ahead with this very substantial extension of Order-in-Council government with respect to tariff matters in the absence of the honourable senator from Leeds (Hon. Mr. Hardy), who, not twenty-four hours ago, expressed a fervent hope that we were fast approaching the happy day when Parliament would again be in charge of the customs tariffs of our country, and officials would have no more to do with those sacred things? He is absent, and we are moving in exactly the opposite direction. What a shock he will get when he comes back into this House! I plead with the leader of the Government at least to wait until we can smooth his ruffled feelings and introduce him gradually into this new state of affairs.

Hon. Mr. COPP: He may not be here, because he has already received the shock.

Right Hon. Mr. MEIGHEN: If the honourable senator from Parkdale thinks he can take the bump—

Hon. Mr. MURDOCK: I did not say a word.

Right Hon. Mr. MEIGHEN: Oh, it is the honourable senator from Westmorland. Well, he had to take a good many bumps of the same kind when he was in the other House, and now those whom he has left behind have to suffer instead. They send us Bills of this kind while they are in office, but preaching of the other kind will come again just as soon as they are out of office.

Hon. Mr. MURDOCK: Will this Bill not provoke the kind of complaints we listened to the other day, about fixing a certain rate of exchange?

Right Hon. Mr. MEIGHEN: No. The old field still exists, and here is another field opened up by this measure, namely, a field in which there is to be adjustment of valuations owing to appreciated currency. Hitherto there had to be adjustments because of depreciated currency. Now we have this extension, and I tremble when I think of its effect on the honourable member from Leeds.

Hon. Mr. DANDURAND: The system was somewhat faulty before. We are now completing the cycle.

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

Right Hon. Mr. MEIGHEN.

### THIRD READING

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

Hon. Mr. COTE: I suggest that it be left to the next sitting of the House, when the honourable senator from Leeds (Hon. Mr. Hardy) will be here.

Hon. Mr. DANDURAND: My honourable friends should be kind enough to save that honourable gentleman's feelings.

Hon. Mr. COTE: I do not want to prevent progress, but I think we should wait until tomorrow.

Hon. Mr. DANDURAND: It is such a technical matter—

Right Hon. Mr. MEIGHEN: Not to his mind.

Hon. Mr. LYNCH-STANTON: Nobody understands it. Why not let it go?

Right Hon. Mr. MEIGHEN: I understand it.

Hon. Mr. COTE: I have made the objection. I do not know why it should be disregarded.

Hon. Mr. DANDURAND: My honourable friend is objecting not on his own account, but on behalf of the honourable gentleman from Leeds (Hon. Mr. Hardy); so I will take the responsibility of saying that I will convince him that what I did was for the best.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. COTE: That responsibility being taken, and that promise being made, I do not insist.

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

### CANADA'S RAILWAY PROBLEM INQUIRY

On the notice by Hon. Mr. Casgrain:

That he will inquire of the Government:

1. How many miles did the Canadian National Railways operate in British Columbia in 1935 and 1936?

2. How many miles did the Canadian National Railways operate in the province of Alberta in 1935 and 1936?

3. How many miles did the Canadian National Railways operate in the province of Saskatchewan in 1935 and 1936?

4. How many miles did the Canadian National Railways operate in the province of Manitoba in 1935 and 1936?

5. How many miles did the Canadian National Railways operate in the province of Ontario in 1935 and 1936?

6. How many miles did the Canadian National Railways operate in the province of Quebec in 1935 and 1936?

7. How many miles did the Canadian National Railways operate in the province of New Brunswick in 1935 and 1936?

8. How many miles did the Canadian National Railways operate in the province of Nova Scotia in 1935 and 1936?

9. How many miles did the Canadian National Railways operate in the province of Prince Edward Island in 1935 and 1936?

10. What was the deficit, or surplus, in each of these provinces in the years 1935 and 1936?

11. What was the total mileage operated by both the Canadian Pacific Railway and the

Canadian National Railways in each of these provinces in the years 1935 and 1936?

12. What was the number of souls in each of the provinces of Canada per mile of railway operated?

That he will call the attention of the Senate to the railway problem in Canada.

Hon. Mr. DANDURAND: I have a statement for my honourable friend (Hon. Mr. Casgrain). I am sorry he is not here. I will have it placed on Hansard so that he may read it.

Data for 1936 not yet available. Changes from 1935 would be small.

1935

Province—	(11) C.N.Rys. and C.P. Rys.		(12) Persons per mile of Railway*
	Miles	Miles	
1. British Columbia . . . . .	1,374	3,330	186
2. Alberta . . . . .	2,162	4,864	133
3. Saskatchewan . . . . .	4,305	8,556	109
4. Manitoba . . . . .	2,472	4,277	143
5. Ontario . . . . .	5,885	9,181	339
6. Quebec . . . . .	2,898	4,560	630
7. New Brunswick . . . . .	1,260	1,881	222
8. Nova Scotia . . . . .	996	1,283	377
9. P. E. Island . . . . .	286	286	322

\*Based on estimated populations and mileage of all railways.

10. No figures are available as to deficit, by provinces, the accounts of the railways being kept on the basis of the various operating regions, and that would be the operating deficit only, there being no assessment of fixed charges on a regional basis.

SATURDAY SITTING

MOTION

Hon. Mr. DANDURAND moved that when the Senate adjourns to-day it do stand adjourned until to-morrow, Saturday, at 11 o'clock in the forenoon.

The motion was agreed to.

UNEMPLOYMENT AND AGRICULTURAL ASSISTANCE BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Dandurand for the second reading of Bill 80, an Act to assist in the alleviation of Unemployment and Agricultural Distress.

Hon. JOHN T. HAIG: Honourable senators, when this Bill came before the House yesterday I asked that it be delayed until this afternoon. Since then the honourable leader of the Government has asked me to be as brief as possible, as it was his hope that Parliament would prorogue to-morrow night. I am in entire accord with that hope, and if I thought that by sitting down now I could bring about its realization, I would sit down at once. But I am not at all certain.

Hon. Mr. BALLANTYNE: It would be a sit-down strike.

Hon. Mr. HAIG: I bring up this question because I come from a province that is the second worst sufferer in the Dominion of Canada in regard to unemployment relief. I think Saskatchewan has more difficulties than we have in Manitoba, but after Saskatchewan our province comes next.

This problem started in 1929 or the winter of 1930, and in the fall of 1930 this Parliament made its first grant of money towards relief. The Bennett Government first decided that relief was the problem of the municipalities; then, when the problem became more widespread, that the provinces should take part; and finally, that the Dominion Government should make certain grants. I will not deal with the politics of the matter, because that does not interest me very much at the moment.

I would point out that there are three classes in the unemployment list: first, there are married people with families; second, there are single male persons, and third, single female persons. I am not going to deal with the cause of unemployment. It is sufficient to say that it exists and has become a matter of paramount importance by reason of the way in which relief has been administered. Let me illustrate. In Winnipeg we had in earlier days a number of people who were engaged for eight or nine months in the year

and saved enough out of their earnings during that period to keep them for the other three months. Now that we have unemployment relief it is the universal practice of these people to work for nine months and then immediately go on relief. This is particularly marked in certain places like summer resorts, where there is about four months' employment, and where men go on relief as soon as the summer is over.

Before the present Government came into power they led the people of Manitoba and the rest of Canada to believe, through their criticisms of what the former Government had been doing, that if they came into power they would inaugurate a new system of dealing with this problem. In the first Speech from the Throne under the new Administration it was intimated that a commission would be appointed to investigate this whole question. Last year such a commission was appointed. Now, as a Manitoban I want to say that that commission has done nothing to relieve unemployment in our province. True, it brought forward a proposition for home improvement. But what are the facts? They are very simple. A man who wants to improve his home can go into a bank and borrow money for that purpose if he can satisfy the banker that his mortgage interest, taxes and insurance are all paid up to date; in other words, that he is a good commercial risk. Otherwise he cannot borrow the money.

Hon. Mr. DANDURAND: Without an endorser.

Hon. Mr. HAIG: Without an endorser. If he can meet the requirements the banks would lend it anyway. All that the scheme of the commission accomplishes is to make it safer for the bankers to lend the money, because the Government takes care of fifteen per cent of the total loss the banks may incur on their loans. That scheme does not provide employment in the city of Winnipeg. In that city there are at the present time 6,800 families on relief, not including about 4,000 single men and about 1,500 single women. Last summer the cost of relief in Winnipeg was the highest it has ever been. While there may have been an improvement in the employment situation in Ontario or Quebec, there has been none in the cities of the Prairie Provinces.

In the city of Winnipeg we have spent on unemployment relief since 1930 some \$22,000,000. Of that sum about \$8,500,000 has been provided by the city, \$7,000,000 by the Government of Manitoba, and the remainder by the Dominion Government. The city of Winnipeg has now reached such a position

Hon. Mr. HAIG.

that it cannot carry the load any further. A member of the other House said the other day that the people were receiving relief from the Bank of Montreal, and that is true, for the city owes the bank about \$2,000,000. If the bank closes down, the unemployed will have to go unclothed, unfed and unsheltered, and when that day comes there will be a revolution.

What is the solution? I have in my hand a resolution passed by the city council of Winnipeg, asking that the Federal Government join with that city in a slum-clearance project. I think I ought to read the resolution, because it substantiates part of what I have said. It reads:

Whereas a very dangerous situation has developed in Winnipeg due to overcrowding in the older areas of the city, and the unprecedented shortage of small homes as shown in the Housing Survey of the Health Department of December, 1936;

And whereas the Federal Housing Act has not assisted in any way in alleviating these conditions;

And whereas the city has been repeatedly assured that the Government would initiate a low-cost housing scheme this year at the latest, in which belief the city did not include housing in the list of proposed unemployment relief works submitted to the Government on February 9, 1937;

And whereas it is quite evident that private capital is unable or unwilling to meet the situation;

Therefore be it resolved that this Council request the Federal Government to make available to the city of Winnipeg for housing and slum-clearing purposes money at a low rate of interest;

And be it further resolved that the Government be asked to make a substantial contribution as an unemployment relief measure.

It may be said that the Senate is not the proper place to raise this question. Primarily it may be a problem for the House of Commons, but the question already has been raised in that House by members from urban parts of the Prairie Provinces. All I want to say is that the municipalities of Western Canada cannot carry the load any longer. Calgary, Edmonton, Saskatoon, Moose Jaw, Regina and Winnipeg are already sinking under the burden, and unless the Federal Government undertakes the administration of relief, there is no telling what will happen.

What do the finances of the provinces of the West show? The budget statement of the Manitoba Government shows a total expenditure of about \$14,500,000 and a total revenue of about \$14,000,000, or a shortage of about \$400,000. I see by the estimates here that we are asked to vote \$750,000 as a special grant to Manitoba. That will balance the budget of the province, and leave a surplus of \$300,000 or \$400,000. But Manitoba's share of unem-

ployment relief is not now, and never has been, included in the budget statement. It is charged to capital account. It is estimated that relief this year will cost Manitoba about \$3,400,000. So the province will go behind about \$3,000,000 on capital account, with no assets at all to place against that amount; and the Bank of Canada has investigated the situation and has said that no more taxes can be imposed on the people of that province.

The Dominion Government ought to realize that this is their problem. There has been an increase in trade and in revenues, but that has not helped the situation in Manitoba at all. Possibly it has assisted in Ontario and Quebec, but in Winnipeg and elsewhere in the West it has been of no assistance whatever. Of the 6,800 families on relief in Winnipeg more than 1,000 have moved into the city since 1930 in order to secure relief.

You may say, "How can this problem be solved?" I have no solution to offer at the moment. If a housing plan were undertaken in the city of Winnipeg it would be of some assistance, because the wage earners in 5,000 of the 6,800 unemployed families are, I should say, artisans, and if building operations were to resume normal proportions those men would be put to work again. If you saddle a municipality with one-third, or forty per cent, of the cost of unemployment relief there will be no capital for building enterprise. There is an acute house shortage in Winnipeg, the most acute that has ever existed to my knowledge. As many as five families are living in one house. The rents in the municipality of St. James, for instance, are such that the owners have notified the tenants that they must get out, even though they do not know where to go.

Hon. Mr. DANDURAND: Does the municipality allow anything by way of rental?

Hon. Mr. HAIG: Yes, it makes an allowance according to the number of occupants. About \$16 a month is the maximum. The consequence is that five or six persons are living in two rooms—cooking, eating and sleeping in them. I can speak with authority as to this, for a very close relative of mine, a teacher in the city, where she went out to see why some of the children were not coming to school, found six persons living in one room. The situation will not improve, because one-third of the cost of unemployment relief is borne by the owners of property, and they cannot carry the load any longer. As long as that condition exists there will be no private capital spent on building, and the problem of relief and the housing shortage will continue.

I could take you to a house that thirty years ago was a fine residence in the best residential section of Winnipeg. To-day as many as twenty-five persons live in that house. That is not good either for the people or for the city.

Hon. Mr. HORSEY: Has it been turned into an apartment?

Hon. Mr. HAIG: No; it is rented out—two rooms to a family of five or six persons.

A survey has been made in Winnipeg. Do honourable members realize that the civic Department of Health spends twice as much in one-third of that city as in the other two-thirds? And that costly section is just where the overcrowding is. The children from that district go to school improperly fed and clothed and live under conditions that are extremely bad. We realize that the situation is a serious one when we remember that these boys and girls will be part of our adult population within a few years. Winnipeg has a peculiarly difficult problem, because one-third of its citizens were born in central Europe.

I want to urge upon honourable members that our unemployment problem will not be cured by more trade and industry.

Hon. Mr. HORSEY: Better crops.

Hon. Mr. HAIG: Yes, better crops would help a little. But we need some action on a national scale if we are to find a way out of our present situation, with property owners being taxed to keep people who are out of work. I know family men, some of them with seven or eight children, who will not take a job. And I will be honest to express my feeling that if I were in their place I would not take a job either. They are afraid that if they go to work and get off relief they will not be able to get back again. When I was studying law I had this principle impressed upon me: better let nine guilty men go free than hang one innocent man. Well, what if there are 1,500 Winnipeg families receiving relief when they should be at work? There remain more than 5,000 families who are perhaps genuinely in need of help because of inability to find work. In our determination to strike unworthy persons off relief we must be careful not to be unjust to those who are really deserving. I plead with the Government of this country to recognize that the problem confronting us is a national one. It will not be solved by any commission, nor by railroads, nor by balanced budgets. If a real attempt is not made to solve the problem on a national basis, there will arise strong public opinion that will result in very definite action, and we may be left to wonder what happened.

Hon. F. B. BLACK: Honourable senators, I have a great deal of sympathy with the unemployed, and with what has been said by the honourable the junior senator from Winnipeg (Hon. Mr. Haig). Yet I am convinced that the unemployment problem, which is growing in Canada, is to a considerable extent due to ill-advised application of the dole and encouragement given by the dole to people to stay on relief rather than to take work when it offers. The honourable senator said that 1,000 families moved to Winnipeg within a year. Why did they do so? Probably because they considered Winnipeg to be a place where it was easy to get on relief. I think that is a reasonably probable explanation, and one that applies to large centres all over Canada. I know it applies to Saint John and Halifax.

We have to continue relief to needy people, but it should be on a downward scale. There is more employment in Canada now than there was a year ago or two years ago; that is, there is more work available now than there was at the depth of the depression. It is true that every year there are some additions to the ranks of those seeking work, as our young people of both sexes come of age; but the available employment has also increased. We recognize that in the Maritime Provinces, and I think that, generally speaking, we have handled the situation well there. In almost any part of New Brunswick, if an indigent person can get work and refuses to take it he is removed from the relief list. I think that is the proper attitude to take, because, as my honourable friend from Winnipeg (Hon. Mr. Haig) pointed out, taxation is piling up and there must be a limit to it.

I am not so much afraid that trouble will result from gradually scaling down relief until it reaches the vanishing point as that the continued granting of relief, except where absolutely necessary, will lead to a large increase in the numbers of those who do not want to work. There are many such people, who would rather depend on others than on themselves; who feel that the world owes them a living. Our forefathers who came to this country hewed their homes out of the forest and made their living from the soil or from fishing along our coasts. They did not get relief from anyone. They built up one of the greatest countries in the world by working hard and by educating their families to work and to become good and useful citizens. If we, as legislators, want Canada to continue to develop as it has developed in the past, we shall give more encouragement to honest labour and less to the dole.

Hon. Mr. HAIG.

In making these remarks I want it clearly understood that I am sincerely sympathetic with persons who are unemployed through no fault of their own. They must be assisted until work is available for them, but my point is that we should no longer give encouragement to those people who have the idea that they can get along without working, without earning their living by the sweat of the brow.

Hon. HENRY A. MULLINS: Honourable senators, I had not intended to speak on this matter until I listened to the remarks of the honourable junior senator from Winnipeg (Hon. Mr. Haig). Coming from a rural district in the province of Manitoba as I do, I can quite understand the situation in the city of Winnipeg. If I had my way I would starve some people out of that city and make them go on the land. Farmers are clamouring for help while in the cities there are thousands of men doing nothing. I have had many petitions from farmers in my old constituency of Marquette who are looking for men and asking that the relief camps be closed.

I am afraid there will not be much decrease in the relief lists so long as people can come to the East Block here and get money. As it is now, many men would rather act as support for a lamp post in a city than go to work on a farm.

I appreciate the seriousness of the situation which my honourable friend from Winnipeg (Hon. Mr. Haig) has outlined. People who have been saving throughout their lives and have a small sum set aside for their old age are wondering how long it will last if the present heavy taxation continues. In the pioneering days, we who went to Winnipeg and other parts of the West did not get any relief, and I do not see why relief should be given now to any man who will refuse work when he can get it.

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

#### THIRD READING

Hon. Mr. DANDURAND: Honourable senators, with leave I move the third reading of the Bill now.

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

CANADA-GERMANY PROVISIONAL  
TRADE AGREEMENT BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 89, an Act respecting a certain Provisional Trade Agreement between Canada and Germany.

He said: Honourable senators, when discussing the Customs Act amendment I alluded to the Bill which is now before us, and I read a statement by the Minister of Trade and Commerce bearing on the connection between the amendments to the Customs Act and this Bill, which contains the provisional trade agreement that he negotiated with Germany. I will now read a statement which he made when the Bill was in the committee stage in the other House.

Probably consideration of this Bill will be facilitated if I explain quite briefly the purposes of the Bill, and give reasons why the agreement with Germany was made and, perhaps incidentally, correct some of the misconceptions which apparently obtain in some quarters.

The essential feature of the Bill is that Canada and Germany agree with each other to accord what is generally known as the most-favoured-nation tariff treatment. That means that Canada gives to Germany tariff rates as favourable as she gives to any other foreign country. It also means that Germany gives to Canada tariff rates as favourable as she gives to any other country, with some slight exceptions to which reference may be made later. Perhaps I should also direct attention to the fact, that when we accord to Germany most-favoured-nation treatment, provision is made that any preferences now given to Great Britain or any of the Dominions are excepted from the operation of the agreement. Germany does not obtain those advantages.

Associated with the trade agreement proper is what is termed a payments agreement, which by the way does not require ratification by this House, but the particulars of which have been printed in the Commercial Intelligence Journal; in fact the payments agreement was included in the documents which were tabled in the House last week. The vital and important factors in the payments agreement are twofold. The first feature is that Germany agrees and obligates herself to provide as much exchange, cash dollar exchange, for the purchase of Canadian goods, as Canada buys from Germany. The second feature of the payments agreement is that of the exchange so described, that is, the full amount of the sales to Canada by Germany, she agrees to provide exchange in certain definite proportions or percentages for the purchase of certain commodities which we are particularly desirous of selling to Germany, commodities for which Germany is peculiarly a market and which I can and perhaps shall name later on. Those commodities comprise 63 per cent of the total exchange which Germany shall provide and which, as I said before, must be equal to the full 100 per cent of all the imports we receive from that country.

Wheat comprises 35 per cent. That is more than half of all the designated commodities. We thought at the time that wheat was a commodity for which we should make sub-

stantial provision. Fortunately since the agreement was made and since negotiations were carried on in Berlin the wheat situation has been altered so materially and so favourably that at this time it is perhaps not so important as it was at that time, but the need may arise again.

The complete list is as follows:

Commodity	Percentage
Wheat . . . . .	35.0
Apples, fresh . . . . .	5.0
Apples, dried . . . . .	0.6
Cheese . . . . .	0.2
Honey . . . . .	0.2
Sausage casings:	
Beef casings . . . . .	0.5
(of which not more than one-third to be beef middles.)	
Hog casings . . . . .	0.25
Seeds . . . . .	2.5
Salmon, salted . . . . .	1.25
Salmon, frozen . . . . .	0.25
Salmon caviar . . . . .	0.15
Eels, frozen . . . . .	0.5
Lobsters, canned . . . . .	0.2
Fish-meal . . . . .	1.4
Fish oil . . . . .	2.0
Black and silver fox skins, undressed	1.5
Lumber, sawn . . . . .	2.0
Pegwood . . . . .	0.2
Wood pulp . . . . .	1.0
Asbestos . . . . .	8.0
Parts of agricultural machines . . . . .	0.2
Ice hockey equipment (skates with and without boots, sticks, etc.) . . . . .	0.2

While I am on this schedule possibly I should explain what is meant by the final column in which certain maxima are presented. For example, opposite the item of fresh apples there is a maximum of \$600,000. That means that Germany obligates herself to provide exchange for at least \$600,000 worth of Canadian apples, provided that the 5 per cent of her total sales to us is as high as \$600,000. For example, let us say our total purchases from Germany are \$12,000,000. Five per cent of that \$12,000,000 must be allocated to the purchase of Canadian apples. I have taken that figure, because the five per cent comes exactly to \$600,000. If her sales to Canada are \$12,000,000 she must allocate exchange to the extent of \$600,000 for the purchase of apples. She is not obliged to buy any more than \$600,000 worth, because that maximum is fixed. However, she has not declared any intention that in any of these cases she will not exceed the maximum purchases of any of the commodities named, and there is nothing to prevent her from exceeding them. We will suppose the Canadian imports of German goods amount to more than \$12,000,000. Then the five per cent which is specified would be more than the \$600,000. She is not obliged to provide exchange for more than \$600,000 worth, but the excess which would be indicated by the increased imports must then be allocated to the purchase of other commodities.

Sixty-three per cent is allocated to these particular commodities. I believe there is a list of about twenty-one of them. The list was selected on this basis: Canada is particularly desirous of selling to Germany those goods for which Germany is peculiarly a market. I might name some of them. For example, there are mild cured salmon, eels, pegwood, dried apples, fish-meal, and commodities of that sort. Then, we were particularly desirous of having Germany

buy some of our products which they were not particularly anxious to buy. It is generally known that Germany desires to obtain raw materials, of which she says she is in desperate need. That was one of the points with which we had to contend, and one of the reasons why we insisted that she obligate herself to an appropriate exchange not only for the things she wants to buy, such as metals and minerals, but for the things which we are anxious to sell, including wheat and other commodities.

Perhaps that is enough for me to read from the Minister's statement. If honourable members desire to familiarize themselves further with the situation, they may refer to the debate of yesterday on this Bill in the other House.

Right Hon. ARTHUR MEIGHEN: Honourable members, as everyone knows, this is not a phase of legislation with respect to which we should think of interposing our will in any way. It is a treaty of trade and commerce, but of a purely provisional character. It specifies nothing in detail. The treaty gives certain very general and very vague rights mutually. An amusing feature is article VI.

The contracting parties agree that it is their intention to replace the present provisional agreement as soon as possible with a general convention of commerce and navigation.

It would not be very difficult to violate that article. I do not know what purpose it serves.

Right Hon. Mr. GRAHAM: It is a gesture.

Right Hon. Mr. MEIGHEN: Yes. Another article gives one an insight into the vagueness of the whole treaty. Honourable members may get some amusement out of article IV. It reads:

In the event of either of the contracting parties prohibiting or restricting the importation or exportation of goods, that party undertakes to give due consideration to the interests of the other party.

Right Hon. Mr. GRAHAM: We should have an interpretation clause on the word "due."

Right Hon. Mr. MEIGHEN: And another clause on "due consideration." Then article III:

The Government of Canada shall give due consideration to German interests with regard to the importation of articles produced or manufactured in Germany.

The German Government shall give due consideration to Canadian interests with regard to the importation of articles produced or manufactured in Canada.

I suppose "due consideration" has been duly defined in the courts of both contracting parties as meaning absolutely nothing.

Right Hon. Mr. GRAHAM: Governments, you know, promise "due consideration."

Hon. Mr. DANDURAND.

Right Hon. Mr. MEIGHEN: Yes. Article II is in these terms:

The provisions of article I shall not extend to:

(a) special privileges which either of the contracting parties grants or may hereafter grant to neighbouring countries for the facilitation of frontier traffic within a zone not extending as a rule beyond fifteen kilometres on either side of the frontier;

(b) privileges which either of the contracting parties may hereafter accord to a state by virtue of a customs union with that state.

That is to say, if there is anything in this treaty to get out of—I have not found it yet—all that either contracting party has to do is make a treaty with another state in the form of a customs union.

On the whole, if this is the mouse that has come out of the mountain, I am afraid that as respects Mr. Euler's trip the profits on the trade which he has provided for by this treaty will not amount to the expenses of travel.

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

#### THIRD READING

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

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

### CANADIAN NATIONAL RAILWAYS CAPITAL REVISION BILL

#### MESSAGE FROM HOUSE OF COMMONS

The Hon. the SPEAKER: Honourable members, a message has been received from the House of Commons in the following words:

That a message be sent to the Senate to acquaint their Honours that this House hath agreed to their amendments to Bill No. 12, "An Act to provide for revision of the accounting set-up of the Canadian National Railway System," with an amendment to their second amendment as follows: by striking out of the said amendment the words "representing an aggregate indebtedness of \$1,334,567,414 is disclosed in the net debt of Canada and" and substituting therefor the words "is included in the net debt of Canada, and disclosed"; for the following reasons:

The inclusion of the second amendment as worded nullifies the purpose of this Bill in that it restores to the balance sheet the amount of accumulated operating deficits covered by loans, and adds thereto the amounts voted in the form of contribution (which are not and never have been loans) under the Maritime Freight Rates Act, 1927, and The Canadian National-Canadian Pacific Act, 1933, which amounts are duplicated in the net debt of Canada.

When shall this message be taken into consideration?

Hon. Mr. DANDURAND: Now.

Right Hon. ARTHUR MEIGHEN: I do not think it should be taken into consideration. I do not like having addressed to us such utter nonsense as is in that message. I should not mind the Commons' rejection of our amendment if they would give us a reason that is true. To tell us that that restores to the balance sheet a certain sum which is being written off is an affront. We know it does not, and they know it does not.

I feel disposed to meet the leader of the Government in this matter, although I have still not the slightest doubt as to the merits of our stand. In fact we yielded, yielded, yielded right along. Because we insist on the people knowing the facts, so as to try to bring their psychology to a realization that we cannot continue going into debt for ever, we are accused of being enemies of the Canadian National Railways. I have heard this accusation for many years. I suffered from it all the time I was leader of the Conservative party. Although, at a cost of no fewer than fifty seats in this Dominion, I was the main actor in the drama that brought about ownership of the National Railways by the country, men who then pointed their finger at me as the rascal author of the programme now hold me up as the enemy of the National System. I do not know how anything could be more preposterous—I had almost said more cruel. The story commenced in 1921. One man was the principal in the whole programme of disseminating that story through the Dominion. He is the same man who was mainly responsible for the \$100,000,000 of added debt through nine years of revel. He was the head of the forces marching through all that débâcle.

Hon. Mr. DANDURAND: Is he a member of Parliament?

Right Hon. Mr. MEIGHEN: No, he is not a member of Parliament. To be very frank, I refer to Sir Henry Thornton. He was the man who disseminated that story and thus was responsible for the alignment of that entire railway vote almost to a man. Now we hear the charge again. If you seek, even by a footnote, to let the people know that this road financially is not being made a success, that it is going into debt at a ghastly rate—if you do not, indeed, enter into a conspiracy with others to conceal it from the people, you are the enemy of the Canadian National Railways. That is the political side of this matter. It appeared even in this House, where it certainly had no right to appear. How anyone can stand up and represent me as the enemy of the National Railway System I do not know. If anyone in Canada should have profited in reputa-

tion by the success of the system, I do not think it would be any other than myself; at least, no one certainly should have profited more. Such has never been my lot. Of that I am not complaining. But I am complaining of being pointed out one hour as the author of the wickedness and the next hour as the enemy of what I created, and particularly of being represented as the enemy because I feel it is better for the Dominion that, even when we are doing right in respect of our accounting, we do not endeavour to mislead the people to their own wrong.

With those remarks I am going to accede to the position of the Government. So far as the honourable leader is concerned, we have been fairly treated, though I do lament that he, too, was a party to the constant dispersion of the story that I have been an enemy of the Canadian National Railways. I think he has done the best he could to have the Government meet us in the matter, and on account of that I am going to accede to the position as far as I am concerned. I hope I may speak for all here when I say I do not insist on our amendment in its original form.

Hon. RAOUL DANDURAND: I must express my appreciation of the stand that my right honourable friend takes on this Bill as it is now before us. I think the main difference between us has nothing to do with the Bill. What is in his mind, as in the minds of us all, is the question: What can we all do, collectively or individually, towards improving the financial situation of our railway system? Unfortunately we have not, legislatively, made very great advance towards improving the situation. I said yesterday, or the day before, that we had been met by two policies to which we had to bow: the one which carried the day in 1930, and the one which carried the day in 1935. What will to-morrow bring? My honourable friend from Montarville (Hon. Mr. Beaubien) has suggested that the people will speak. Well, in the solution of a problem of such importance and intricacy as this, the only men upon whom we can rely are the ones who have been and still are striving to bring about a remedy; and they are to be found in the two branches of Parliament. I have yet to hear of any constructive policy from outside which has been reflected in the attitude of the House of Commons or the Senate of Canada. It does not matter what kind of balance sheet we present, for nine-tenths of the people of Canada do not understand a balance sheet. So in reality the responsibility is upon us.

It is to be hoped that as prosperity increases in the country, as the West comes back to its old-time form and furnishes more freight for the railways, the situation will improve. Of course there are very many handicaps. Competition is appearing in various new forms. I have no suggestion to make as to what we should do to improve the position of the railroads. It is for the experts of those two great systems to try to come together to find a solution; then it will be for the men at the helm to accept the responsibility of presenting it to Parliament.

I confess that I am not a railway man and that I have not yet found the true radical solution. I have not much altered my views since 1925 as to what the ideal solution would be. At that time we heard railway men and great financiers who were summoned before our committee. My right honourable friend himself was at the helm, or at all events was playing an important role in the other House at that time, but that House did not accept with much optimism the suggestion embodied in the unanimous resolution of the Senate. How that suggestion would fit in, if resurrected and examined to-day, I do not know. The people of Canada apparently want the Canadian National Railways to be maintained as a separate entity. That seems quite clear. Will they change their mind? If so, to what extent will they change it, and to what extent would the country benefit? This is such a difficult problem that I hesitate to express any judgment upon it at this hour.

I cannot close without thanking my right honourable friend for accepting the compromise suggestion placed before this Chamber yesterday by my right honourable friend from Eganville (Right Hon. Mr. Graham). That amendment, I think, will satisfy those who desire to link up the balance sheet of the Canadian National Railways with the public accounts of Canada, wherein appears a statement of what the country has done not only for the Canadian National, but for the Canadian Pacific and the other railways that have received subsidies from the Dominion. We all know that the amount represented is a formidable one. It may be a lesson to other young countries like our own, and may be an inducement to them to consider carefully any similar situation which presents itself to them. We know that the railways of our sister dominions have not always enjoyed the greatest prosperity. All countries have had to bear a burden of the same kind. Even France, a country with 40,000,000 people within a small area and with railways running east and west, north and south, is facing formidable deficits every year. I cannot speak by the

Hon. Mr. DANDURAND.

book for other countries, but I do know of that one. Let us hope that brighter days are ahead for Canada and that we shall be relieved of the load we now have to bear.

I move, seconded by the Right Hon. Mr. Graham, that the Senate concur in the report of the House of Commons on this Bill.

Hon. C. C. BALLANTYNE: Before the motion is put, honourable senators, I should like to say a word. While I, of course, will follow my leader in the decision he has arrived at, I certainly regret it, because I think it will create a false impression among the taxpayers and the people of Canada generally. One can visualize two years from now, or probably at an earlier date, enthusiastic Government supporters appearing on election platforms throughout this country with two balance sheets in their hands. They will get up and say, "When we came into power this was the condition of the Canadian National Railways, owing to the bad government of the Conservative party."

Hon. Mr. DANDURAND: I protest most vehemently that men in their senses would not rise to say such a thing on the basis of these facts.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: I protest vehemently, because there will appear annually a statement of the operations of the railway, and the best evidence of any advance having been made will be an improvement in the receipts and expenditures.

Hon. Mr. BALLANTYNE: Very well, I will put it in another way, which I hope will be more pleasing to my honourable friend. Those who will see the balance sheet will gain an erroneous impression. Very few, if any, will go to the public accounts to see what the real liabilities of the road are. The only object of those on this side of the House, as the honourable senator from Montarville (Hon. Mr. Beaubien) said so eloquently yesterday, is to keep before the people of Canada the amount that is written off. I think that is the only fair and right thing to do.

Now I leave the balance sheet for the moment. The honourable leader of the House says that he—and I suppose he speaks for the Government—has no solution whatever for the railway problem of Canada.

Hon. Mr. DANDURAND: Except the economic policy.

Hon. Mr. BALLANTYNE: Quite so. My honourable friend and I live in the same city: the same people who speak to me speak also to him. On many occasions they say, "How

long are we going to be able to stand this terrible financial drag?" No doubt the answer which my honourable friend gives to these people is the answer that I have given many times: "It is impossible, or at least very difficult, for a party government to do anything." Then these people immediately say, "Well, when are we going to have a national government that will really grapple with this question?"

There are only two solutions: unified management, or amalgamation. I was in hopes that something would be done, because in listening to the radiator—

Right Hon. Mr. GRAHAM: Hot air!

Some Hon. SENATORS: Oh, oh.

Hon. Mr. BALLANTYNE: You will pardon the slip. When I was listening to the Prime Minister over the radio during the last election he said: "There has been a good deal of talk in this country about creating a national government. If you give me the majority I am looking for, I am satisfied that with Liberal governments in all the provinces we shall have to all intents and purposes a national government." The Prime Minister and his Government received a majority very much larger, I think, than even he in his optimism expected. So, according to his word, we have a national government, and I hope that at some near date in the future, instead of giving us what is merely a change in the figures on the balance sheet, it will grapple with this question. This is not a question for the heads of the two railways. It is a national question. It is up to the Government to deal with it. It is up to the Government to send for the heads of those two railroads and to say to them, "We cannot carry on with this tremendous debt." And if the true financial position of Canada and of our railroads were placed before the people of Canada, they would, I am sure, give their best efforts to assisting this Government or any other government to solve the problem, which, as I have said, can be solved only in one of two ways—either by amalgamation or by unified management.

Hon. A. C. HARDY: May I be permitted a very few words to introduce an entirely different tone into this discussion? I want to express the appreciation of the members of this House—and I know I speak for honourable members on both sides—of the great patience and forbearance which both our leaders have exercised in this very troubled and difficult matter. I do not think the high plane of debate reached within the last few days has been exceeded on any other question. For myself, and, I am sure, for all honourable members of this Chamber, I ex-

press deep gratitude for the fairness and forbearance, to say nothing of the great ability, which the honourable leaders on both sides of the House have brought to bear on this whole question.

Hon. C. P. BEAUBIEN: Honourable senators, may I express my regret at the abandonment by the right honourable leader on this side (Right Hon. Mr. Meighen) of the amendment which I moved? I understand his decision and I accept it. If government is to be carried out in an efficient way in this country, both Houses of Parliament must give and take, must work together. Therefore I fully concur in the decision which my right honourable leader has made.

I should also like to point out that the value of my amendment has been strongly endorsed by remarks just made by the honourable leader of the House (Hon. Mr. Dandurand). He said that virtually no one would understand the balance sheet. Well, honourable senators, if that is so, would my suggested footnote not have been far more useful than it would have been if that balance sheet were fully understood by everybody? The footnote was simple and clear. It drew attention to the fact that \$1,334,000,000 had been furnished by this country to the Canadian National and had gone by the board. That would have been an impressive reminder to our people of the tremendous sacrifice that Canada has made for this railroad.

My honourable friend said also that the people should not be called upon to suggest a solution to the railway problem.

Hon. Mr. DANDURAND: That they are unable to do so.

Hon. Mr. BEAUBIEN: That is quite true. But the same is true with respect to every great problem which faces the country. For instance, is the Government to wait for a solution to unemployment to be suggested by the people, or must it busy itself to find a solution? What is necessary in the present case, as my honourable friend is no doubt aware, is that the people should insist upon having the railway problem settled by the Government. That is essential, if my honourable friend will allow me to say so, in order that the Government may fulfil its duty to the country, for unless there is strong public opinion demanding that something be done, the Government will not take the requisite action. I take it that we need to circulate propaganda throughout the country with a view to getting behind the Government sufficient public opinion to cause the lifting of the railway burden from the shoulders of the nation.

Hon. Mr. MURDOCK: May I ask a question? What about "Co-operation ever, amalgamation never"?

Hon. Mr. BEAUBIEN: That is a completely different question. I am not suggesting any particular method of settling the problem, but I say it is the duty of the Government to find a way out.

Hon. Mr. MURDOCK: The Government is doing that in this Bill.

Right Hon. Mr. MEIGHEN: By book-keeping.

Hon. Mr. BEAUBIEN: That shows how far my honourable friend has comprehended this Bill. He says the Government has found the solution in this Bill! Then I hold that he is the first victim of the Bill. He thinks that the country has got rid of \$1,334,000,000 of debt. Well, we have right here a surprising illustration of just what we predicted would happen. I do not congratulate the honourable senator from Parkdale (Hon. Mr. Murdock) upon being this first illustration.

Hon. Mr. MURDOCK: Do not worry about him.

Hon. Mr. BEAUBIEN: I am not expecting that the people will present to the Government a fully prepared solution to our railway problem, but I do submit that we in this Parliament should do our duty of keeping before the minds of the people the fact that unless our railway problem is solved we shall be faced with bankruptcy. If we do that, the people will in time resolve that the problem must be settled. Then the Government will be told plainly to do its duty or suffer the consequences.

Hon. JAMES MURDOCK: Honourable senators, I want my first word to be that so far as I personally am concerned no thought of mine, nor, so far as I know, any statement of mine, was ever to the effect that the right honourable leader on the other side (Right Hon. Mr. Meighen) has been against the Canadian National Railway System. In fact, my view has always been otherwise.

What is involved in this Bill? In my humble judgment, from the little and unimportant experience that I have had in railroad matters, all that is involved is the giving to the Canadian National, as a publicly operated railroad system, a fair deal and a chance to show reasonable operating results, through no longer requiring it to be handicapped by an inequitable balance sheet. Every honourable senator knows that millions upon millions of dollars which have been included in the Canadian National's balance sheet of the past have

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been, in part, an heirloom handed down from pre-Confederation days: \$15,000,000 in 1848, 1854 and 1855, and tens of millions of dollars granted in subsidies or assistance to railways before the Canadian National Railway System was ever dreamed of.

My honourable friend from Alma (Hon. Mr. Ballantyne) intimated a little while ago, as I understood him, that he anticipated that during the next general election distinguished gentlemen would be on the platform with two balance sheets—one the balance sheet we have now authorized the Canadian National Railways to make effective, the other an extract from the Auditor General's report showing this \$1,334,000,000 that has heretofore been hanging—I think, unfairly—as a millstone around the neck of the Canadian National Railways. I think my honourable friend from Alma is absolutely correct. There will be gentlemen who will do just that, but they will be gentlemen who will in my judgment be trying to blackmail the Canadian National Railways, as there have been gentlemen at work blackmailing and discrediting the system for many years past. Those are the gentlemen who will be up there with two balance sheets. If we are reasonably inclined to give a square deal to the Canadian National Railways, is it unfair to assume that possibly with a reasonable business recovery—and we have already had some of it—there will be a better showing in the final results of the operation of the Canadian National Railways, and that we shall be placing the system on an even basis with other railways in this country—yes, and in other countries?

Hon. Mr. BALLANTYNE: Does my honourable friend not think that a year from now the Canadian National Railways' balance sheet will look much more favourable than the last one?

Hon. Mr. MURDOCK: Indeed I do. Furthermore, I believe the balance sheet for many years should have looked much more favourable, because it would have shown a reasonable operating profit. If the actual operating results had been included, it would have shown a much—

Right Hon. Mr. MEIGHEN: It could not affect the operating results.

Hon. Mr. MURDOCK: —brighter picture than it has shown heretofore.

Right Hon. Mr. MEIGHEN: It could not possibly show the slightest difference in operating results, because the new set-up obliges the Canadian National Railway System to pay interest on its bonds outstanding to the public, and the old one did the same.

The net results are just operating results less interest owing to the public. It is those which have run \$50,000,000 short in the past, and if we had had this balance sheet for the last ten years the results would have shown exactly the same.

Hon. Mr. MURDOCK: It would have been generally better as an operating picture, I think. Others may hold their own opinion.

I want to make a brief reference to the proposal made twice by the honourable senator from Alma. He gave two examples of how this railway situation could be improved, as I understood him. He indicated there was only one or other of two plans to make the picture better and better for the Canadian taxpayer. I am wondering—and I am selfish in this—whether the honourable senator took into consideration what the application of his beneficent proposal would mean to the operating of our railroads, or would mean—I do not think I exaggerate—to tens of thousands of Canadian railway men and their families. I wonder if he took into consideration what his proposals would mean to thousands of settlers in outlying parts of Canada who located on various branch lines, and who would probably be, under a unified one-system control, without any train service. I do not believe that those who have been arguing so strenuously to put the Canadian National Railways out of business under any circumstances have taken into consideration some of those factors. I thought my honourable friend from Alma should have stated what under his proposal would be done by presumably two-thirds of the present operating staff of the Canadian National Railways, who are citizens of Canada and are surely entitled to some consideration.

Some Hon. SENATORS: Question!

The Hon. the SPEAKER: It has been moved by Hon. Mr. Dandurand, seconded by Right Hon. Mr. Graham:

That the Senate do concur in the amendment made by the Commons to the second amendment made by the Senate to Bill 12, intituled an Act to provide for revision of the accounting set-up of the Canadian National Railway System, and that a message be sent to the Commons accordingly.

Right Hon. Mr. MEIGHEN: Should not the wording be, "do not insist"?

Hon. Mr. DANDURAND: I would suggest that the Clerk see that the message is properly drawn.

Right Hon. Mr. MEIGHEN: I do not like the expression "do concur." I do not concur at all. I simply agree not to insist.

Right Hon. Mr. MEIGHEN.

Hon. Mr. DANDURAND: An amendment is brought to us; so we must accept it.

Right Hon. Mr. MEIGHEN: I think it should be expressed that the Senate do not insist upon its own form, but do accept the substituted form presented by the Commons.

Hon. Mr. DANDURAND: I have no objection. Of course, the expression is "concur in."

Hon. Mr. BEAUBIEN: Not the expression.

Right Hon. Mr. MEIGHEN: The effect is concurring.

Hon. Mr. BEAUBIEN: Yes, the effect must be concurring.

The Hon. the SPEAKER: It is moved by Hon. Mr. Dandurand, seconded by Right Hon. Mr. Graham:

That the Senate do not insist upon the form of its second amendment and do accept the amendment made by the House of Commons thereto, without any amendment, and that a message be sent to that House accordingly.

The motion was agreed to.

#### FEEDING STUFFS BILL REPORT OF COMMITTEE

Hon. Mr. DONNELLY presented the report of the Standing Committee on Agriculture and Forestry on Bill 64, an Act to control and regulate the sale of Feeding Stuffs, and moved concurrence therein.

Right Hon. Mr. MEIGHEN: I am not opposing the Bill, but I cannot see for the life of me what authority we have to pass it. It deals not with agriculture, but with trade. It is no less objectionable constitutionally—it is even more objectionable—than the Natural Products Marketing Act, which was declared unconstitutional just a few months ago, and the constitutionality of which I did not support.

Hon. Mr. DANDURAND: Is it incidental to agriculture?

Right Hon. Mr. MEIGHEN: If it can be said that because these seeds are used mainly on farms the subject of the Bill is agricultural, then a Bill to control the purchase and sale of farm implements would also be agricultural, for they are used altogether on farms. The Bill is not agricultural at all. But let it go.

The motion was agreed to.

#### THIRD READING

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

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

## SEEDS BILL

## REPORT OF COMMITTEE

Hon. Mr. DONNELLY presented the report of the Standing Committee on Agriculture and Forestry on Bill 65, an Act respecting the Testing, Inspection and Sales of Seeds, and moved concurrence therein.

Right Hon. Mr. MEIGHEN: The same remarks that I made on the last Bill apply to this one.

Hon. Mr. LITTLE: The right honourable gentleman was speaking on this Bill before. The other Bill had to do with feeds.

Right Hon. Mr. MEIGHEN: I was speaking of feed stuffs.

Hon. Mr. SINCLAIR: The right honourable gentleman had no reference to the merits of the Bill.

Right Hon. Mr. MEIGHEN: Oh, no.

The motion was agreed to.

## THIRD READING

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

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

## BANKING AND COMMERCE COMMITTEE

Hon. Mr. DANDURAND: I desire to inform the members of the House that the Banking and Commerce Committee will meet at 8.30 this evening.

The Senate adjourned until to-morrow at 11 a.m.

## THE SENATE

Saturday, April 10, 1937.

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

## IMMIGRATION BILL

## FIRST READING

A message was received from the House of Commons with Bill 102, an Act to amend the Immigration Act.

The Bill was read the first time.

## SECOND READING

Hon. M. RAOUL DANDURAND: This Bill does not contain anything that enlarges in any way the matter of immigration into Can-

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ada. The amendments are all of a character which will be conducive to the more efficient functioning of the Act. More than two-thirds of the amendments provided by this Bill relate to changes necessitated by the reorganization of the department into the Department of Mines and Resources. As honourable members are aware, there formerly was a Department of Immigration with its own officers, such as the Deputy Minister and the Assistant Deputy Minister. Under the reorganization their offices disappeared. Under the Immigration Act specific duties were imposed upon the officers I have mentioned, and it is necessary to have certain sections of the Act amended in order to bring them into line with the reorganization.

There are some other amendments, which can be very easily explained. One relates to the matter of domicile. A Canadian who is absent from Canada for more than six years loses the right of domicile in Canada. That is a hardship, particularly as it applies to missionaries in foreign lands and agents of commercial companies in offices outside Canada.

There are further changes relating to the more rigid examination of immigrants entering Canada from Great Britain or European countries in respect of an ailment known as trachoma.

There is a further provision for the refunding of deposits made by steamship companies when one of a steamship crew deserts at a port such as Vancouver or Montreal. There is no provision in the law at the present time for the return of the \$300 deposit exacted from those companies. In many instances a deserter may drop off one ship and join another in a couple of weeks, but there is no power to return the money that we compel the steamship company to deposit with the department.

I went through the entire Bill, and did not even have to read the explanatory notes. Each clause clearly expresses what it means.

With this explanation, honourable senators, I move, by leave of the House, that the Bill be read a second time.

Right Hon. ARTHUR MEIGHEN: This Bill is of considerable length. The main purpose, apparently, is to make such amendments to the Immigration Act as are necessitated by the amalgamation of the old Department of Immigration with the Department of Mines and Resources. The explanatory notes say this is the whole purpose of the Bill, but it is not. If honourable members will look at subsection 3 of the new section 43 they will see that is entirely new, as is subsection 9 of section 53. In these two respects the ex-

planatory notes are misleading. However, I do not see anything of serious importance or anything to complain about in either of these additions. I am prepared to accept second reading.

Hon. Mr. DANDURAND: I explained that the changes to which I referred were the main ones.

Right Hon. Mr. MEIGHEN: Yes.

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

### THIRD READING

Hon. Mr. DANDURAND: With leave, I move third reading of the Bill now.

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

## THE CORONATION

### ADDRESS TO HIS MAJESTY KING GEORGE VI

Hon. RAOUL DANDURAND moved the following resolution:

That an Humble Address, in the following words, be presented to His Majesty the King, on the occasion of His Majesty's Coronation:

To the King's Most Excellent Majesty:

Most Gracious Sovereign:

We, the members of the Senate of Canada, in Parliament assembled, desire respectfully to renew, on the occasion of Your Majesty's Coronation, the assurance of our united loyalty and support, and to offer our heartfelt good wishes for Your Majesty's reign.

Since your accession, we have not failed to recognize, in Your Majesty's public utterances, the assertion of those principles under which the prerogatives and powers of government, vested in your person, are held and exercised only according to law and custom sanctioned by general consent. Justice, civil liberty and ordered freedom, thus secured, constitute a most precious heritage. These time-honoured principles, permeating the relations of your peoples and their homelands one with another, have served to create a community of free states, responsible for their own destinies, yet resolved to conserve their common inheritance as one of the treasures of mankind. The solemn form and character of Your Majesty's Coronation, comprehending both the old and the new, will, we believe, afford a more vivid sense of the meaning and value of the Crown, thereby strengthening the bonds of mutual trust and affection between the Sovereign and his peoples.

To Her Majesty Queen Elizabeth we desire also to express our sentiments of loyalty and devotion. We rejoice that the great responsibilities of the Throne are shared by one who already holds a place in the affections of your peoples, and whose example fosters those simple and homely virtues which beautify character and enrich family life. The companionship in service thus enjoyed, while ensuring your personal happiness, will afford to Your Majesty support and strength in the discharge of your public duties.

Through this stormy and baffling era in human affairs, the Throne has remained broad-based upon the people's will. The Crown, symbolizing the unity and the free association of the nations of the British Commonwealth, continues to embody the principles of government which they hold most sacred, and their common attachment to the ideals of freedom and of peace. We pray, that under Divine blessing and guidance, the foundations of constitutional government may be firmly maintained, and that Your Majesty may be vouchsafed strength and wisdom commensurate with your exalted and exacting task.

He said: To this Address, which I am sure is an expression from the hearts and minds of this Parliament, the representative of the people of Canada, I have nothing to add. I believe it is a sincere statement of our inward feelings of loyalty to the Throne and to the institutions which govern us.

Right Hon. ARTHUR MEIGHEN: Honourable members, the address which the Senate is now asked to adopt is timely and fitting on the occasion of the Coronation of a monarch of this Empire. In my humble judgment it contains all that need be said, and its language is at once dignified and impressive. The citizens of Canada have certainly not failed to observe the sense of responsibility and desire for service and the true conception of majesty which our new King has evidenced since the hour he assumed the duties of the Throne. A continuation of that attitude and that demonstration of character will contribute greatly, as did similar conduct on his father's part, not only to the strengthening of the Throne for the welfare of the people, but also to the stability of the Empire itself. I am honoured indeed in being permitted to second the motion.

The Hon. the SPEAKER: Is it your pleasure, honourable members, that this resolution be adopted?

Hon. Mr. COTE: Honourable members, before we vote whole-heartedly in favour of this resolution, may I ask the honourable leader of the Government whether it will be executed in both languages?

Hon. Mr. DANDURAND: It has already been distributed in French.

Hon. Mr. COTE: But it will be executed in both languages?

Hon. Mr. DANDURAND: Yes.

Hon. Mr. COTE: Thank you.

The resolution was adopted

Hon. Mr. DANDURAND: Honourable senators, I move, seconded by the Right Hon. Mr. Meighen:

That it be resolved that the Hon. the Speaker do sign the said address to His Most Excellent Majesty the King on behalf of the Senate.

The motion was agreed to.

Hon. Mr. DUFF: I would suggest, honourable senators, that we now rise and sing the first verse of the National Anthem.

Some Hon. SENATORS: Hear, hear.

Honourable members then rose and sang the National Anthem.

#### NAVAL AFFAIRS ORDER DISCHARGED

On the Order:

Resuming the further adjourned debate on the question proposed by the Hon. Mr. Ballantyne:

That he will call the attention of the Senate to the training of naval cadets and the closing of the Naval College and also to the sale of the training ship Aurora.—Hon. Mr. Black.

Hon. Mr. BLACK: Honourable members, I think this Order may as well be discharged. It will, I am sure, improve in the keeping, and its discussion will be more pertinent and informative at the next session. I say that because we are rushing to a close of the session. The Banking and Commerce Committee is to sit after we rise, and the time now at our disposal is so short that it would not be worth while for us to attempt to conclude the debate.

Hon. Mr. DANDURAND: I had suggested that perhaps we could take up the Order this afternoon, because I felt I owed it to the honourable senator from Alma (Hon. Mr. Ballantyne) and those who followed him in the debate to express my views and perhaps, in part, those of the Government on this matter.

The atmosphere in Europe is clearing somewhat, and I hope this country will remain safe during the next few months. I shall be in a better position later to state exactly the views which I intended presenting to this House. The debate will be adjourned till Monday.

Some Hon. SENATORS: Dropped!

At 1 o'clock the Senate took recess.

The Senate resumed at 4 p.m.

#### COMBINES INVESTIGATION BILL REPORT OF COMMITTEE

Hon. F. B. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill 41, an Act to amend and consolidate the Combines Investigation Act and amending Act.

Hon. Mr. COTE.

He said: Honourable senators, the committee have considered this Bill and report it with many amendments. I will not read the report. It consists of about eight pages, I think.

The Hon. the SPEAKER: Is it your pleasure, honourable members, to concur in the amendments to this Bill?

Hon. RAOUL DANDURAND: Honourable senators, the Bill was sent to the Banking and Commerce Committee, where it met with considerable criticism from various angles. It soon became apparent that unless we sat for a couple of weeks examining and testing every principle contained in the Bill, as well as in the Act of 1935, upon which it is based, we should be unable to reach a conclusion satisfactory to the members of the committee. This being so, I suggested that the Act of 1935 should be amended as little as possible and that we should direct our attention exclusively to two features of the Bill as it came to us from the House of Commons. The first feature had to do with the transfer of the administration of this Act from the President of the Privy Council and the Tariff Board, so called, to the Department of Labour and a commissioner to be appointed. There were also consequential amendments. The second feature was the amendment of the clause which referred to the admissibility, at any criminal trial which might follow an inquiry, of evidence, not documentary but oral, that had been brought before the commissioner. I thought that by thus limiting the purport of the Bill we could reach a conclusion which would be more satisfactory, not only to the Minister who has been in charge of the Bill, but to this Chamber as well.

But when we came to the question of transferring administration of the Act to the Department of Labour it was proposed that the commissioner's powers should be limited to the conducting of a preliminary inquiry, and not include the right to hear witnesses under oath or compel production of documents. Realizing that the committee desired to transfer from himself to a person in judicial office the power to decide, after a preliminary inquiry, whether there was sufficient evidence to justify full investigation, the Minister suggested—although he feared this would deprive him of his responsibility as Minister of Labour in such cases—that the authority to make the decision be vested in the Attorney-General of Canada or the Minister of Justice. This was not acceptable to the majority of the committee, and there was proposed an amendment which was carried and has been embodied in the report before

us, and which provides that if the commissioner desires, after a preliminary inquiry, to proceed with further investigation he must apply for authority so to do from the President of the Exchequer Court or the Chairman of the Dominion Trade and Industry Commission, if he be a lawyer of ten years' standing. The committee also made an amendment providing that only the oral evidence which is given on inquiry may be used in any subsequent trial arising out of an inquiry.

I thought that possibly the Minister would be disposed to accept the Bill as amended by the Banking and Commerce Committee, but after examining into the amendments prepared in consequence of the committee's decision—amendments which had not been drafted when the committee voted on the principle—he has come to the conclusion that he cannot accept the Bill with these amendments. He feels that the Bill in the form in which we now have it before us violates an essential principle in the administration of the Act, and that he would be accepting the shadow while the substance would not be there. Consequently he has authorized me to declare that he will not support the Bill in its present shape if it passes this Chamber and is sent to the House of Commons; that he would rather examine into the situation between now and next session and see, after consulting with his colleagues in Parliament, what kind of measure he could introduce next year. Therefore I am precluded from moving concurrence in the amendments.

Right Hon. ARTHUR MEIGHEN: Honourable senators, the statement just made by the honourable leader of the Government comes as a very great surprise to honourable members of this House. I say that because, as every honourable member of the committee knows, the resolution which was moved in committee authorizing amendments along a certain line was accepted by the Minister there. The leader of the Government stated that the Minister accepted the amendments to be made along that line.

Hon. Mr. DANDURAND: The vote was taken when he was at the meeting of the committee this morning, and he did not agree to the amendment which was carried. We directed our Law Clerk and the representative of the Department of Justice to prepare amendments based on the principle which had been voted upon by the committee. The Minister had no opportunity of seeing what the form of those amendments would be, and the only intimation I had from him was that perhaps he could accept them and see if they worked satisfactorily when applied under

the Act. But after examining into the amendments and the situation, he has decided that the transfer of ministerial responsibility for the administration of this Act to a judicial authority would be a dangerous principle to which to agree.

Right Hon. Mr. MEIGHEN: I was simply stating what occurred. The motion authorizing amendments to be made to a certain definite effect was carried, and the leader of the Government reported to the committee that the Minister had accepted that situation and was prepared to accept such amendments as gave effect to that motion. The amendments as submitted were accepted by the committee as a whole and by the leader of the Government as carrying this out in the fullest detail, and the committee unanimously reported the Bill thus amended.

Now, I know it is not the wish of the leader of the Government in this House (Hon. Mr. Dandurand) that the stand which he has outlined be taken. I want to record this statement now, that the Minister has not treated the committee rightly. Having authorized the leader of the Government to say to the committee that amendments carrying out that motion would be accepted, the Minister has no right, after the committee reports, to send word to the Senate that he will not accept them. It is an unfair action, an action not worthy of a Minister.

I have no further step to take.

Hon. Mr. MURDOCK: Honourable senators—

Hon. Mr. DANDURAND: Would my honourable friend allow me?

My right honourable friend (Right Hon. Mr. Meighen) well knows what the attitude of the Minister was during the discussion in committee last evening and this morning. After hearing the discussion of last evening the Minister came back this morning with amendments which he thought would go far towards satisfying a majority of the committee; amendments in accordance with the view that he understood to have been expressed. He was ready to agree to submission to the Department of Justice of evidence adduced at a preliminary inquiry. The committee would not accept this suggestion and decided the evidence should be referred to a court. And he, having to consider—

Right Hon. Mr. MEIGHEN: Will the leader of the Government not admit that he stated to the committee that the Minister had agreed to accept amendments in terms of the motion which I moved and which was carried?

Hon. Mr. DANDURAND: The remarks that I made will be found in the report of the committee's proceedings. I think my memory is not at fault when I say that the Minister heard the statement of the right honourable gentleman embodying a principle to be drafted into an amendment. I saw the Minister before I returned to the committee this afternoon and he was inclined at that moment to accept the will of the committee as inevitable, but with considerable reluctance—

Right Hon. Mr. MEIGHEN: But he did accept it.

Hon. Mr. DANDURAND: —in the hope that operation of the Act could be carried on fairly. Now, I have no objection to the Bill being sent over to the House of Commons. But I feel that in loyalty to this Chamber it is my duty to say I have just been informed, after the Minister had examined into the effect of the amendments with some of his colleagues of the Government, which had not met since the committee rose at one o'clock, the Government would not feel like accepting the Bill if sent in its present form to the House of Commons. I am bound to inform the Senate to that effect, so that the whole situation may be made clear at this time. I have stated with all sincerity everything that has taken place, and now the Senate is free to take whatever action it pleases.

If some honourable members, as a result of my statement that the Minister would reluctantly accept the Bill as it came from the Senate, have been precluded from moving further amendments, I desire to say they are now free to propose such further amendments as they may desire.

I have not perhaps emphasized sufficiently the statement which the Minister made to me before I entered this Chamber a moment ago, that instead of accepting this legislation which is now before us he much preferred to leave the Act of 1935 as it is and prepare himself to study the whole situation so as next session to present a Bill which would perhaps cover more ground than does this measure. The Bill as it stands at this stage is so unsatisfactory to him that he would rather defer further action for the present and next session present a Bill which, he hopes, will commend itself to the two Chambers.

Right Hon. Mr. MEIGHEN: What the honourable leader of the Government said in committee will no doubt be on record, for the statements were taken down. The honourable leader opposite has not denied—and I

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know will not deny, for he is a man of honour—that he reported the Minister had accepted the amendments, though reluctantly.

Hon. Mr. DANDURAND: Under the terms I have just indicated.

Right Hon. Mr. MEIGHEN: Yes, under the terms he had accepted the amendments. On the faith of that the committee acted and reported. I make only one statement: the Minister has not kept faith with the committee.

Each honourable member may take what action he feels right from his own standpoint; but, so far as I am concerned, there will be no motion made in respect of these amendments accepted by the leader of the Government, or in respect of the Bill in any phase at all.

Hon. JAMES MURDOCK: Honourable senators, I do not feel I should be doing my duty as a member of this House if I did not now say something in connection with the Combines Investigation Act. As a layman I have for many years been more or less interested in the Act, and I think I should know something of its operation in years gone by.

In the past few days I have had an opportunity of sitting in and hearing the Banking and Commerce Committee discuss this Bill. To me it is an astounding fact that no layman—and please understand I am not holding the chairman responsible for this—no layman could get an opportunity reasonably and consistently to present his views. While I am sure the chairman and all others would say I could have had an opportunity to present my views, I realize it would have been worse than useless to do so.

Hon. Mr. BLACK: May I ask the honourable gentleman a question? I saw him sitting in the committee a great deal of the time. Can he give a single instance in which a layman indicated a desire to speak and was not given an opportunity to do so?

Hon. Mr. MURDOCK: I saw my honourable friend from Kootenay East (Hon. Mr. King) on two or three occasions struggling for the floor and being interrupted by lawyers. The chairman did give him an opportunity to speak.

Hon. Mr. BLACK: Every time he rose he did not get an opportunity to speak immediately, because other members at my end of the room were on their feet before him. As long as I have been chairman of that committee I have tried to give every man an opportunity to speak in turn.

Hon. Mr. MURDOCK: I am sure of that; but the fact remains that the discussion was largely taken up by lawyers presenting their various views. There was continued insistence on the part of legal gentlemen. One or more expressed surprise, if not horror, at the possibility of someone with political bias being entrusted with the administration of this Bill, and, just before the committee adjourned, my good friend from Ottawa (Hon. Mr. Côté) suggested: "Do not hold public hearings." Those are the words I took down, and I am sure the record will sustain my position.

Hon. Mr. COTE: May I ask the privilege of giving my own words? I said that a preliminary inquiry—not an investigation—should not be held in public.

Hon. Mr. MURDOCK: Let my honourable friend look at the record and see what he said.

Hon. Mr. COTE: The record will confirm what I say now.

Hon. Mr. MURDOCK: Some honourable senators opposite have expressed great horror at the possibility of the Commissioner, under direction of the Minister, going into an office of a company alleged to be a combine, examining books and papers and taking documents for his information. I understood several honourable gentlemen to hold up their hands in horror at the audacity of any proposal to do anything of that kind. I came to the conclusion, and I am firmly convinced, that certain honourable gentlemen have been arguing for one law for the big and wealthy law-breaker and another law for the poor fellow who steals a loaf of bread. The poor thief would be taken into court and a public hearing would be held. But as for the malefactor in high place who is trying to exact tribute in the form of thousands, perhaps millions, of dollars from consumers, producers or others, they assert he must not have a public hearing. It would reflect upon his integrity as a citizen, and you must not suggest anything that would be detrimental to him.

Let us see what authority you honourable senators in your wisdom have this session given to officials in various departments to do certain things in upholding the law. You passed a few days ago Bill 65, an Act respecting the Testing, Inspection and Sale of Seeds. Let us see what authority is given the inspector under that Bill—authority that you are not willing to give to somebody who, maybe, is after some distinguished gentlemen

for having conspired with one another to get unfair profits from the public. Section 16 of the Bill is in these words:

Any inspector charged with the enforcement of this Act may require a grower or dealer to take a statutory declaration in respect to seed presented to an inspector for grading and sealing in containers as may be prescribed by regulation, and may enter upon any premises to make any examination of any plants or seeds, in containers or in bulk, whether such seeds or plants are on the premises of the owner or on other premises, or in the possession of any carrier, and may take official samples therefrom for which samples the owner shall, on demand, be paid in accordance with the amount thus taken and its current value; further, he may make or have made any examination of books, invoices or other records to determine the truthfulness of advertising or public statements in respect to seed offered for sale.

A few days ago you passed also Bill 64, an Act to Control and Regulate the Sale of Feeding Stuffs. Let me give two sections of the Bill:

9. There may be appointed in the manner authorized by law such inspectors and analysts as the Minister may consider necessary for the effective carrying out of the provisions of this Act.

10. An inspector may at all reasonable times enter any premises in which he has reasonable cause to believe any feeding stuff is being or has been prepared for sale and may take for analysis samples of any feeding stuff there found on payment of the value of such samples.

Then, a few days ago, you passed another Bill, 119, an Act to amend The Excise Act, 1934, in which you gave authority to certain officers of the Government who might be actuated by political bias, according to the view of honourable gentlemen who were so insistent on such a possibility before the Banking and Commerce Committee. You stated in section 96 of that Bill:

Every one who, when called upon in the King's name by an officer of excise, to aid or assist him in the execution of any act or duty required by this Act, refuses or neglects so to do, and every master or person in charge of any vessel and every driver or person conducting or having charge of any vehicle or conveyance, who refuses or neglects to stop such vessel, vehicle or conveyance when required to do so in the King's name by an officer of excise, is guilty of an indictable offence, and liable to a fine not exceeding one hundred dollars and not less than fifty dollars, and to imprisonment for a term not exceeding six months and not less than three months.

I cite these illustrations of the power which this Senate placed in the hands of inspectors and officers of the Government a few days ago without, I presume, any regard to the possibility of political bias on the part of those Government officials. Yet when it comes to the Combines Investigation Act

honourable members refuse to give even to the Minister and the Commissioner under that Act the authority to go ahead and undertake to secure, in the quiet way in which such things have been handled in years gone by, such information as may be necessary to prove whether or not there is a combine which is contrary to the interests of the consuming public. In listening to some of the honourable gentlemen in the Banking and Commerce Committee one would have thought the Combines Investigation Act had not been of much moment in the years gone by. I will admit that a dose of chloroform was administered to it in 1931, and that since that time it has been moribund, almost dead, doing nothing because those who were in control of its operation were unfriendly to it and unwilling to see done the things which on the Statute Book it was said should be done and which in previous years had been done.

Now let us see what, in brief, was done under the Combines Investigation Act, for it would not be improper right here to place some of the facts on record. In 1926, as a result of the allegation that a very serious combine was operating to the detriment of the public, both producers and consumers, in the province of British Columbia, an officer was appointed to go out to that province and ascertain the facts. He happened to be a legal gentleman from the city of Toronto. After he had ascertained the facts and made his report, in which it was indicated that a very serious and detrimental combine against the public interest was in effect, further action was taken and the matter was submitted to the Attorneys-General of British Columbia, Alberta, Saskatchewan and Manitoba—for the combine operated in all four of those provinces—with the result that those Attorneys-General requested the Federal Government to assign counsel to prosecute in accordance with the findings made by the Commissioner. The final outcome of the prosecution was that eight persons were fined \$25,000 each, and paid in fines a total of \$200,000.

Then we had another alleged combine in the years 1929 and 1930—the Amalgamated Builders' Council. As a result of investigation and prosecution in that case the following fines were imposed: on May 12, 1930, one fine of \$10,000, one fine of \$3,000, one fine of \$4,000, and one fine of \$8,000; on May 26 another fine of \$1,000; and on June 18 a further fine of \$500. But that did not close that particular investigation, for in 1931 the following additional fines were imposed: one of \$8,000, one of \$1,600, one of \$1,100, and another of \$8,000.

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Then we had the Electrical Estimators' Association inquiry, which started in 1930, before the chloroform had been administered, and concluded in 1932. This resulted in fines of \$17,500 and \$8,700.

Then came the case of the Canadian Basket Pool, which ended in 1933 with the collection of fines amounting to \$1,500.

Now I come to an important part of the work of the Combines Investigation Act which has a direct bearing upon the view which I hold, that the arguments adduced and the action taken on this question before the Banking and Commerce Committee indicated to a great extent that there is one law for the rich and another law for the poor. We find that an investigation was launched against the importers of British coal, and that on December 12, 1933, it had got to the point where fines were imposed: one of \$5,000, one of \$7,000, another of \$5,000, another of \$7,000, and one of \$6,000; or \$30,000 all told. As honourable members know, an appeal was taken and the activities of the department under the Combines Investigation Act were questioned. A little later, as a result of the decision handed down, further fines were imposed of \$5,000, \$5,000, \$2,000, \$1,000 and \$500.

Why should I say there is one law for the rich and one for the poor? It is because of the fact, as I see it, that sitting on the Banking and Commerce Committee was a gentleman who had paid one of those substantial fines. Why? Because from the pockets of the poor he had been extracting money to which he was not entitled, and because it was held a crime had been committed against the people of Canada, consumers and producers. But that is not all. Also sitting as a member of the Banking and Commerce Committee was one of the distinguished legal gentlemen who held views opposite to the views of the authorities who made the decision fining his client. Do not take my word for it. The record will tell the story. It will show whether he was not most prominent in contending against the further operation of the Combines Investigation Act and in desiring to hamstring it, and whether he was not filled with bitterness and resentment because the case against his client had been lost, and because his client had been fined a substantial amount of money under that Act. The record will show whether he was not strenuously arguing against and opposing any action that would give anybody the right to examine into the facts of a case and see if there could be a malefactor in high place or if it was only among the poor and lowly that the grafter and the thief were to be found.

Such was the position as I observed it while watching the activities of this committee in dealing with this matter.

I do not want to take up the time of this House unduly, because I know how eager everybody is to get away. I know too that some distinguished gentlemen do not like to hear views expressed that are entirely contrary to their hopes and ambitions respecting wealthy friends.

The question of the propriety of doing certain things under the provisions of the Combines Investigation Act has been before the courts on several occasions. I referred a little while ago to the Amalgamated Builders' Council, and to some of the actions that had been taken in that connection. In my judgment there should be placed in the Debates of this Senate, for future reference, a copy of the records in some of the appeals taken in that matter. I read from page 134 of the Report of the Department of Labour for the year ending March 31, 1932, the section dealing with the Amalgamated Builders' Council, which says:

The Appellate Division of the Supreme Court of Ontario heard two appeals from the judgment of Mr. Justice Wright in *The King v. Singer, et al.* Louis M. Singer, Charles E. Paddon and Herbert Ward appealed against their convictions and sentences; but the judgment of the trial judge was sustained. On the appeal of the Crown against the acquittal of two other defendants, Belyea and Weinraub, president and secretary of the A.B.C., the Court of Appeal reversed Mr. Justice Wright's judgment and imposed a fine of \$4,000 on each of them. The judgment, which was read by Chief Justice Latchford, was delivered on June 26, 1931, and included the following comment on the case:

"That these respondents took an active part in the original scheme—the conspiracy which formed the basis for the prosecution—is admitted; the error in law, into which the learned judge fell, was in not distinguishing between the conspiracy itself and overt acts which, while not themselves the conspiracy, were evidence of the existence of the conspiracy."

Hon. Mr. DANDURAND: Would my honourable friend allow me to intervene? Perhaps I am late in doing so. I recognize that I have some responsibility for the proper conduct of procedure in this Chamber, and I should not like to be accused of being remiss in my duty. I have been wondering whether there is anything before the Chair, for if there is nothing this discussion may be stopped abruptly. Perhaps I should have put the question myself when my honourable friend rose. I do not know what is before the Chair just now.

Hon. Mr. MURDOCK: My honourable leader will, I am sure, recognize the fact that he was speaking on the Combines Investigation Act, as was also the right honourable

leader opposite (Right Hon. Mr. Meighen) I followed them, and I think I should now be doing less than my duty if I did not take the first opportunity to present certain views to this House. If my honourable leader had not stopped me, I should have been almost finished by now.

I proceed. After the quotation which I have just read from the decision of Chief Justice Latchford I find, further:

The Supreme Court of Canada, in November, 1931, refused leave to appeal against the conviction of Louis M. Singer. The appeal against the conviction of Belyea and Weinraub was heard by the Supreme Court in November, and the judgment of the Court, dismissing the appeal, was delivered by Chief Justice Anglin in February, 1932. In the reasons for judgment the following observations were made.

These observations are worthy of the attention of honourable senators who think that this Bill is an imposition upon the wealthy person who may attempt to double-cross his fellow man and unjustly exact money from him. The judgment reads as follows:

The following findings of Wright J., in the course of his judgment, seem to us to be vital and leave no doubt as to the appellants' guilt. Moreover, they are all supported by the evidence. Indeed, as stated by counsel for the appellants in his memorandum, the fact-finding of the learned trial judge was good. . . .

If sitting as a jury, we should have no hesitation in finding that the illegal acts done at Windsor were a result intended by the defendants and their fellow conspirators when they formed the organizations found to have been a combine and a conspiracy. But we do not proceed on this ground, since this would involve making a finding of fact contrary to a finding of the trial judge. . . .

Having determined that the formation of the various organizations in question amounted to the formation of an illegal combine, and to a conspiracy within section 498, Criminal Code, the learned judge proceeded to deal with the questions as to who had incurred criminal responsibility. He convicted Singer, Paddon and Ward on evidence which, in our opinion, clearly implicated Belyea and Weinraub, in much the same manner in which Singer and his companions were involved, in the formation of the combine and conspiracy in question. He fell into error, however, when he proceeded to find that it was essential to a finding of guilt of the accused, that they should be held to have had actual knowledge of, or to have actually participated in, the overt acts at Windsor.

Mr. O'Connor, somewhat ingeniously, argued that, where there is an "inferred conspiracy," or an "inferred combine," as he termed them, proof of the existence of which depends largely on certain overt acts, it is necessary to show privity of the accused to, or participation by them in, such overt acts, in order to make them liable for the formation of the combine or the conspiracy. This seems to us to be a fallacy. The moment it is established that a combine or conspiracy existed, it is unnecessary, in order to warrant a conviction of the respondents for

the formation of the combine, or of the agreement to conspire, to show their complicity in subsequent illegal acts done by, or with the connivance of, the body against members of which conspiracy or unlawful combine is charged; provided always, of course, that there is, in the evidence, sufficient proof of the complicity of the accused in the original formation of the combine, or in the agreement charged as conspiracy. Here, the learned trial judge apparently had already found facts from which the conclusion was inevitable that there was guilt on the part of Belyea and Weinraub in regard to the formation of the illegal combine and the conspiracy, the existence of which he had already found to be proven. On these findings, coupled with the admissions made by Belyea and Weinraub in their testimony, and the documents of which they were proved to have knowledge, their convictions, as was held by the Appellate Division, were a necessary consequence.

There is a great deal more which could be read and said in respect of that. The point I want to make is that the Government never would have brought to task the British Columbia fruit combine if such views as expressed by my honourable friend the senator from Ottawa (Hon. Mr. Côté) and others had been given effect in the law. Never under any circumstances could the Amalgamated Builders' Council have been fined for their offence against public morality and decency; never could the Electrical Estimators' Association have been found guilty; and the importers of British coal would have been scot-free and high-class citizens to-day, and not under the shadow because of a criminal offence having been perpetrated for which they were fined a large sum of money. These are the things I want to get on the record.

But, realizing how desirous honourable senators are of adjourning, I will not say much more at this time. My hope is that when this matter comes before the Senate again, as it has come in the last two or three sessions, we shall have a real, honest-to-goodness opportunity of entering into all phases of it and analysing some of the past situations as well as future possibilities.

I am sorry that the right honourable leader opposite (Right Hon. Mr. Meighen) is not in his seat at the moment, because I should like to refer to a remark which he made before I rose to my feet. I understood him to say—the record will determine whether I am right—that the Minister had gone back on his word, had welched on his undertaking. Without any personal reflection at all upon the chairman of the committee, I want to say that on several occasions I saw the Minister indicating a desire to express his view, but there were too many lawyers who were as insistent as if they were protecting a client in a criminal

Hon. Mr. MURDOCK.

court; so many lawyers attempting to get in an original and brand-new thought as to make it impossible to present an argument which might have been presented had a chance been given to someone who had some authority and knew what was behind the whole question. I am not criticizing the chairman for that. I realize, as a result of observations at many sittings of that committee, how difficult it is to maintain the fullest regard for the rights of everyone who wants to speak. But I thought I should be unfaithful to my past, and, I hope, to my future, did I not bring to the attention of this House my humble opinion—which, I know, will not carry much weight with a number of my distinguished friends—that the whole discussion of the past few days indicates the firm conviction of some honourable gentlemen that in this Canada of ours there really should be one law for the rich and another for the poor.

Hon. A. B. COPP: Honourable senators, I do not intend to take up any time of the House in discussing the Combines Investigation Bill. While this discussion was going on the thought occurred to me, as it did to my honourable leader (Hon. Mr. Dandurand), who is not now in his seat, that we were not proceeding properly. I do not think my honourable friend to my left (Hon. Mr. Murdock) need spend very much time in defending the Minister who appeared before our Banking and Commerce Committee. This Bill came to us, was given first and second reading and referred to that committee. After consideration at a number of sittings—which I may say I faithfully attended, although I am not a member of the committee—the Bill has been reported to the Senate.

I do not pretend to be an expert on parliamentary procedure, but it seems to me that the customary way to deal with reports is to accept or reject them. If we accept a report containing amendments to a bill, the bill as amended is then sent to the House of Commons for concurrence or rejection as that House sees fit. If a minister or some other member of the Commons says he will not accept an amendment which has been made in one of our committees, that is no reason why we should decline to follow our usual procedure. It is not an uncommon thing to have a conference when the two Houses disagree over something. I submit we should follow that procedure now and send the Combines Investigation Bill, as amended by our committee, to the House of Commons, to be dealt with there as that House sees fit.

Hon. F. B. BLACK: Honourable senators, I am perhaps out of order in rising to speak on this matter—

The Hon. the SPEAKER: The honourable member is quite in order.

Hon. Mr. BLACK: —but since the honourable senator from Parkdale (Hon. Mr. Murdock) made certain statements, I think that I, in the absence of the right honourable leader on this side (Right Hon. Mr. Meighen), have a right to say a word or two. In all sincerity I want to state it is a matter of great regret to me, as an individual member of this House, that every session, and sometimes more than once a session, the honourable senator from Parkdale feels it his duty to issue a tirade of abuse against people who do not feel altogether as he does.

Hon. Mr. MURDOCK: I rise to a point of order. "A tirade of abuse"? Where? When?

Hon. Mr. BLACK: This afternoon.

Hon. Mr. MURDOCK: Will the honourable gentleman indicate one term used by me which can be construed as a tirade of abuse?

Hon. Mr. BLACK: I might indicate many. I did not interrupt the honourable senator, except to call attention—

Hon. Mr. MURDOCK: My honourable friend is not going to get away with an untrue statement while I am here.

Hon. Mr. BLACK: I have said it, and I am prepared to back it up, anywhere. Make no mistake about that.

Hon. Mr. MURDOCK: Well, the statement is unqualifiedly false. I will let the record stand.

Some Hon. SENATORS: Order!

The Hon. the SPEAKER: The honourable senator from Westmorland (Hon. Mr. Black) has the floor. I am sure he will answer any questions that the honourable senator from Parkdale may ask.

Hon. Mr. BLACK: The whole tenor of the argument by the honourable senator from Parkdale seemed to be that there was in the Banking and Commerce Committee an express desire on the part of the majority to kill the Combines Investigation Act.

Hon. Mr. LEGER: He mentioned the lawyers.

Hon. Mr. BLACK: No objection was entered there on the part of any lawyer or layman to the Combines Investigation Act of 1935. That Act is still on the Statute Book, and if the Bill which we have had before our committee is not passed the Act will still remain in force and the people of Canada will be as fully protected by it tomorrow as they are to-day.

Hon. Mr. MURDOCK: That was a wooden gun, and so is this.

Hon. Mr. BLACK: I think it has been very useful. And let me say this. It occurs to me that if all combines in Canada were included within the provisions of the Combines Investigation Act, the honourable senator from Parkdale would not be so enthusiastic in his condemnation of people who do not happen to think as he does.

When the honourable gentleman says there is a desire on the part of this House or any other House to oppress the poor, I reply that he is entirely wrong. Speaking for my own part, as an individual citizen and business man, I declare that I have never at any time attempted to oppress anyone unduly.

Hon. Mr. MURDOCK: I did not say that the honourable gentleman did.

Hon. Mr. BLACK: But the honourable gentleman said that was the idea of members of the Banking and Commerce Committee.

Hon. Mr. MURDOCK: I did not. I said I believed it was the view of certain honourable senators that there should be one law for the rich and another for the poor. And I insist on that.

Hon. Mr. BLACK: That is just a part of the honourable senator's language which I referred to as abuse, for it contains an insinuation which is unfair to honourable members of this Chamber, no matter on what side they sit. My honourable friend has been, and still is, so I understand, an official of one of the largest combines in Canada.

Hon. Mr. MURDOCK: You are mistaken.

Hon. Mr. BLACK: Are you not a member of the Telegraphers' Union?

Hon. Mr. MURDOCK: I never was.

Hon. Mr. BLACK: Are you not a member of a labour union?

Hon. Mr. MURDOCK: Yes.

Hon. Mr. BLACK: I believe in labour unions. They are a great benefit to the public and to themselves so long as they keep within bounds, just as combines are good so long as they keep within the law. My honourable friend from Parkdale has for many years received a high salary from a combine which can be used in restraint of trade just as effectively as a combine of millers, paper manufacturers or any other business groups. I am not at all sure, now that we have leaders of international unions coming in from other countries to take charge of our labour organizations, that we had not better bring labour unions within the scope

of the Combines Investigation Act. If our labour unions are to be ruled by somebody outside our national boundaries, then at least those unions should be brought within every restrictive measure, be it the Combines Investigation Act or any other statute. I am inclined to believe that if the suggestion were made that labour unions should come within the provisions of the Act, my honourable friend would be the first to declaim loudly against the suggestion.

Hon. Mr. MURDOCK: You do not dare do it. You are afraid of the political consequences.

Hon. Mr. BLACK: Not at all. There is another statement my honourable friend makes without a shadow of foundation. He has no facts to back up his statement. I say that is a false statement.

Hon. Mr. MURDOCK: The facts speak for themselves.

Hon. Mr. BLACK: Then please state the facts.

Hon. Mr. MURDOCK: The facts are that in the law for many years—

Hon. Mr. BLACK: What are the facts to back up what you have just said?

Hon. Mr. MURDOCK: —there has been a provision exempting labour organizations.

Hon. Mr. BLACK: I admit that. I did not say they were not exempted.

Hon. Mr. MURDOCK: You have been fearful of attacking that; fearful of the political consequences.

Hon. Mr. BLACK: I suppose that, in saying that, you express your own view and reaction, and the view and reaction of your own party, that it would be a mistake politically to do anything of the kind. The honourable member from Parkdale has no right to impute to me hostility to labour unions.

The Hon. the SPEAKER: The question before the House, honourable members, is the adoption of the report of the Banking and Commerce Committee. Discussion as to imputations on any member of that committee is not in order, and honourable senators should confine their remarks to the principle of the motion.

There seems to be in some quarters of the House an impression that the wording rather than the method is out of order. I would call attention to section 41, at page 25, of Forms of Proceedings of the Senate:

If the report contains a Bill with amendments, it is likewise ordered to be received—

Hon. Mr. BLACK.

It was received, of course, when it was read by the Clerk.

—and if the amendments, after being read, being unimportant or merely formal, are not objected to or opposed, the Speaker, after the explanation of the senator presenting the report, says: "Is it your pleasure, honourable senators, to concur in the amendments to this Bill?—Those in favour of the motion" . . .

and so on. That is the motion now being spoken to.

Hon. Mr. BLACK: Mr. Speaker, I insist on the same latitude as was accorded the honourable gentleman who spoke nearly three-quarters of an hour. I will not accept the ruling without appeal to the House.

Some Hon. SENATORS: Go on.

Hon. Mr. BLACK: I am just as much entitled as the honourable senator from Parkdale to take part in the discussion. No one dislikes personalities more than I do. I do not think any honourable senator has heard me indulge in personalities until to-day—if they were personalities. As chairman of the Banking and Commerce Committee I have tried to follow very carefully the proceedings of the committee. From beginning to end of the inquiry I heard every sentence uttered by any member who got on his feet, and I did not hear any member of the committee, nor any honourable senator not a member of the committee, make a single remark which could be interpreted to mean that he was opposed to the Combines Investigation Act. Every member, be he lawyer or layman, has the right when a bill is under discussion to say whether or not he agrees with the terms of any particular section. I submit in all sincerity that that statement is in accordance with all that happened before the committee.

Hon. L. COTE: Will honourable members allow me for a few minutes to make reference to something which was stated by the honourable member from Parkdale (Hon. Mr. Murdock)? He did me the honour to refer to me several times during the course of his speech, and appeared to be very angry indeed at—I humbly think—the useful contribution I made to the discussion of the Bill before the Banking and Commerce Committee. In his opening remarks the honourable member said that just before the committee adjourned he heard me yell, "Don't have public inquiries." Whereupon he started to draw conclusions.

Hon. Mr. MURDOCK: Did I say "yell"?

Hon. Mr. COTE: Or cry.

Hon. Mr. MURDOCK: No, nor "cry."

Hon. Mr. COTE: Or words to that effect.

Hon. Mr. MURDOCK: I said you had "stated."

Hon. Mr. COTE: I understood the honourable gentleman to say "yell." I am glad he made use of a better expression.

Hon. Mr. MURDOCK: Look at the record.

Hon. Mr. COTE: I am prepared to take his word for it. Of course, what he said was not a complete, and therefore not an accurate, report of what I did say.

The economy of this Bill is well known to the honourable member from Parkdale and to other honourable senators. It provides that in the case of a number of citizens laying before the Commissioner under the Act a complaint which points to the existence of a combine, he may hold a preliminary inquiry if the Minister so directs. If, having done so, the Commissioner comes to the conclusion that the subject of the complaint was frivolous or vexatious, and he obtains the consent of his Minister, he proceeds no further with the matter. On the other hand, if the preliminary inquiry reveals a state of affairs serious enough to warrant a formal investigation, that investigation takes place.

During the discussion before the committee the Minister of the department and his officials stated that it was customary not to hold a preliminary inquiry in public. Thereupon we asked the Minister whether he would consent to that principle being included in the Bill. As the committee was about to rise to-day I moved, by way of amendment to the amendments already carried, that preliminary inquiries should not be held in public, and in support of my amendment it was stated that it had received the concurrence of the Minister. As a result of my representation the amendment was unanimously adopted by the committee. Now, why should the honourable member from Parkdale rise in this House and in tones of reproach refer to the member from Ottawa as having stated in the committee that inquiries should not be held in public? It is not a fair report of what took place, and should not be taken as a basis for the conclusions which he drew. The honourable member seems to be under the impression that we senators who happen to be lawyers and give our time to the work of the Banking and Commerce Committee have some special axe to grind,—

Hon. Mr. MURDOCK: I did not say that.

Hon. Mr. COTE: —that we have wealthy friends. That is quite untrue as far as I am concerned. I may say that I walked into that committee and commenced the study of this

Bill having but one guide, or one master—my own conscience. I was influenced by no other motive than a desire to serve the public interest and to see placed on the Statute Book a law which was not an affront to British institutions.

I am in favour of a Combines Investigation Act. I am in favour of giving special powers to some judicial officer to conduct investigations as to whether or not a combine exists; but whenever I give my assent to the granting of special powers to any officer, I am also in favour of clothing the exercise of those powers with reasonable safeguards. I objected in the committee to the section which contemplated giving to the officer or his deputy the right to walk into the premises of any citizen of this country—

Hon. Mr. MURDOCK: Which you, have done in half a dozen other Bills.

Hon. Mr. COTE: —to invade his home in order to secure documents, and so on. I believe that such a power should be exercised only when authorized by a person exercising judicial discretion. It is just a matter of conviction, not of making one law for the rich and another for the poor; a matter of preserving in our statutes an even balance between our citizens, and safeguarding those principles of justice upon which the very foundation of our liberty rests.

The honourable member from Parkdale will recall that in this House last year I voted, as he did, for the repeal of section 98 of the Criminal Code. A great deal in that section was good. The first part of it was not reprehensible at all. Section 98 is the section which said that sedition was a crime. It said that it was a crime to be a member of an association which advocated force and violence to bring about a governmental change in the country. That is sedition. That is a crime against the State. It is a crime against His Majesty—a heinous crime. There was nothing wrong with that part of the section of the Code which gave that definition. But that was followed by a provision which stipulated that property, real or personal, belonging or suspected to belong to such an association—that is, a seditious association, according to the wording of the Code—could be seized without warrant and taken into possession by the Royal Canadian Mounted Police. This section, which had been passed to protect the country against the activities of seditious people, enemies of the State, and seditious conspiracies, was assailed from one end of the country to the other. It was made part of the political platform of a party on the ground that some of its provisions invaded the right of the

individual. I think I remember the Minister of Justice in the present Government stating that an Englishman's house was his castle, and that he, the Minister, was going to see to it that section 98 was repealed. Mind you, I am not discussing the merit of his argument. I agreed with him to the extent of voting for the repeal of section 98; and now, after the electors of the country have given the Government a mandate to come to Parliament and have that section of the Criminal Code repealed on the ground that it is an invasion of the rights of the home and of the man, we are being asked under the Combines Investigation Act to adopt the same principle.

The Acts which my honourable friend quoted a few moments ago are different from the Combines Investigation Act. They are not criminal legislation, but this Act is; and it contains the definition of a crime. This Act is organized for the purpose of detecting crime and punishing the criminal, and in that lies the difference.

In any event, we were being asked in this Bill, a Bill respecting criminal law, to adopt the same principle that was contained in section 98, and because we are lawyers we have no right, according to the honourable gentleman from Parkdale (Hon. Mr. Murdock), to have an opinion, to have a conscience, or to undertake to get up in a committee of this House to say that while we are not opposed to the principle of the Combines Investigation Act, there are certain features we should like to see amended. I am not going to attempt to say what are the motives of the honourable member from Parkdale. I do not know. As a matter of fact, I am rather puzzled and perplexed by the speech he made. When he stood up and tried to give the impression that the lawyers on the committee and the member for Ottawa East (Hon. Mr. Côté) were against the Combines Investigation Act and in favour of one law for the poor and another for the rich, he was doing something he had no right to do, and which was neither fair nor based on fact.

Hon. Mr. MURDOCK: The honourable senator missed the gist of my contention. It was that he and his friends—particularly his friends—had planned that the Act would be no good, and for six years had made sure that it would be no good.

Hon. ARTHUR SAUVE (Translation): Honourable senators, I may be permitted to use my mother tongue to say how much the spectacular outbursts of the honourable senator from Parkdale (Hon. Mr. Murdock) astonish me every time he addresses this

Hon. Mr. COTE.

House. To hear the honourable senator speak, in quivering tones, one might think the members on this side of the House were friends and protectors of trusts, and the members on the other side their enemies. That is not just, true or intelligent.

I was ready to support the Bill with the amendment which had been accepted by both parties, as it was reported to this House by the right honourable leader of the Left.

If there is a man who has fought the trusts and suffered politically thereby, it is your humble servant. I have fought them with all the energy I could command. I fought them in the Legislature of my province, where I saw their intentions and their nefarious work. The results of their audacity and rapacity are evident. Trusts are one of the main causes of our social disorders. It is not enough to denounce them; they must be destroyed, or controlled by effective laws.

The people are complaining of the abuses to which they are subjected. They grumble and threaten. They feel strongly against the trusts, to which they ascribe their ills.

There is a tendency to confuse capital, which is essential to private enterprise, with capitalism, the great social enemy, the centralizer and monopolizer of production and sale.

I am in favour of such legislation as will provide the most efficient protection against the abuses of monopoly. Such a law is necessary. But abuses should not be combated by other abuses. Such is the point of the last dispute, and I regret that the Minister who sponsored the Bill should have withdrawn his word, of which an honest interpretation was previously given by the honourable leader of the Government.

Hon. Mr. DANDURAND: Honourable senators, having heard the right honourable gentleman's (Right Hon. Mr. Meighen's) assertion that the Committee on Banking and Commerce had concluded its labours on Bill 41 on understanding from what I had said that the Minister of Labour, while dissenting from the principle embodied in my right honourable friend's amendment, would reluctantly accept it, I would ask that in accordance with our practice the chairman reporting the Bill do now move concurrence in the report. I shall then move the third reading of the Bill.

Hon. Mr. BLACK: Honourable senators. I move concurrence in the amendments to Bill 41.

The Hon. the SPEAKER: Is it your pleasure, honourable members, to adopt the motion?

Right Hon. Mr. MEIGHEN: I congratulate the leader of the Government, and the Government, on the stand they have taken. I certainly support the motion for concurrence. As I appreciate the position, the Government intends to accept the amendments in the Commons; which, of course, is the only consistent thing to be done. It is really pleasant to reflect that when we do get down to realities there is a high sense of honour on both sides of the House.

Some Hon. SENATORS: Hear, hear.

The motion was agreed to.

### THIRD READING

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

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

### EXCISE BILL

#### FIRST READING

A message was received from the House of Commons with Bill 119, an Act to amend the Excise Act, 1934.

The Bill was read the first time.

#### SECOND READING

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

He said: Honourable senators, as this Bill has just passed through the House of Commons, I am without any brief explaining it. I hope that my right honourable friend who leads the other side will, upon going through it, accept the assurance that it passed the other Chamber without any criticism. It is my impression that the Bill is consequential upon the budget adopted in the other Chamber, though some of the clauses may not be. I might perhaps state that it seems to cover the internal administration of the Act by the department.

The first amendment is intended to make it clear that all officers engaged in inspection work under the Act or in the administration or enforcement thereof have the status of "officers." The only change is indicated by the words underlined at the end of the paragraph:

and every person employed for the purpose of the administration or enforcement of this Act, including any members of the Royal Canadian Mounted Police.

The next amendment provides that duties overpaid or erroneously paid may be refunded by the Minister if application in writing is made within three years from the date of

payment. It is also intended to preclude applications for refund where the written application is not made within three years of the payment.

Certain spirits are subject to abatement, and the next amendment is intended to provide for wineries a schedule of abatements for shrinkage by evaporation similar to those allowed to distilleries under section 142. This is limited, however, to one year's storage.

Clause 4 of the Bill declares:

All persons employed for the purposes of this Act, including members of the Royal Canadian Mounted Police, shall be known as officers of excise.

Clause 5 makes it an offence to refuse to assist officers in the execution of their duty. This amendment is intended to include in the offence of refusal to assist the officers in enforcing the Act, the failure to stop a vehicle, vessel or other conveyance when required to do so by an officer of excise. This follows the language of an existing provision of the Customs Act.

Clause 6 is a clerical amendment intended to clear up an error in typographical arrangement of paragraphs (a) and (b) and also to define more clearly the punishment referred to in paragraph (b).

Clause 7 has to do with licences and the amount of bond required. It is considered that a bond in the amount of \$1,000 is adequate security against chemical stills being utilized for the illegal manufacture of spirits.

Clause 8 is intended to reduce the licence fee for chemical stills from \$25 to \$2, and, further, to provide exemptions from the licence fee to public hospitals.

The object of clause 9 is to reduce the licence fee required of a manufacturer or importer of a still from \$20 to \$2.

Clause 10 is intended to clarify the reading of the section by supplying words inadvertently omitted in the second proviso of one paragraph.

Clause 11 gives statutory sanction to the validation fee imposed by Order in Council in December, 1933.

There are then some technical clauses, which I think I need not read to the Senate.

Clause 17 is intended to clarify the Minister's power to license and control the traffic in specially denatured alcohol, with a view to preventing its use as a beverage.

Clause 19, the last clause to which I need refer, provides penalties for violating provisions of the Act and regulations.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I am not in a position to say that I have any criticism of the Bill, but I do

think it is unfortunate that this measure comes to us so late in the session. The Bill is a long one. Many of its clauses are qualifying provisions, but some of them are important. This is a measure which could be very usefully gone over in one of our committees. I do not just know what the effect of certain amendments might be. I draw attention, though, to section 13. This provides for a new offence and is a rather important section. It says:

The said Act is further amended by inserting immediately after section 169A thereof, the following section:

169B. If any two or more persons are found together and they or any one of them have in their or his possession any spirits liable to seizure under this Act, each of such persons having knowledge of the fact of such possession is guilty of an offence and punishable in accordance with the provisions of this Act as if the goods were found in his possession.

That is a most drastic provision. Suppose, for example, A, who never indulges, calls on his friend B, and while they are sitting talking B confidentially says, "Now, this stuff that we have on the table is made by me at home." At that very moment an excise officer comes in. A immediately becomes liable for heavy penalties. Under this section an entirely innocent man might be found guilty. I should like to see some defence of the provision. The explanatory note says:

This amendment is intended to make all persons who are found together with the person committing an offence under subsection 1 of section 169 equally guilty of the same offence if they have knowledge of their companion's possession of the spirits of illicit manufacture or importation.

Hon. Mr. DANDURAND: I have received this explanation from the department:

It frequently happens that several persons are found together in possession of spirits of unlawful manufacture or importation. When faced with individual charges or with a joint charge they invariably connive to have one of their number claim ownership, with the result that the other charges are dismissed. On many occasions to the knowledge of the officers the person claiming ownership is not the real owner, but one who, for a consideration, is willing to take the fall.

The amendment is identical with section 213 of the Customs Act, which reads as follows:

"If any two or more persons in company are found together and they or any of them have any goods liable to forfeiture under this Act, every such person having knowledge of the fact is guilty of an offence and punishable in accordance with the provisions of this Act, as if the goods were found on such person."

Right Hon. Mr. MEIGHEN: I cannot see any distinction between this section and the provision which my honourable friend has just read from the Customs Act. It seems to me at the moment that the two sections are

Right Hon. Mr. MEIGHEN.

equally bad. I realize, though, the difficulties that officers have when, believing several persons to be guilty, they can charge only one. But proof of guilt is essential before a man can be held as a criminal. It is going pretty far to assume that a fellow is guilty if caught in such circumstances as I referred to a few moments ago. I presume that if this section is passed everybody will have to run out of a place as soon as any liquor is mentioned. If it is of any interest to honourable members of the House, I think we may safely assume that the persons liable under this section are always poor men, not big interests.

Section 19 also is undoubtedly important. It provides penalties for violating provisions of the Act and regulations. The explanatory note says:

This amendment is intended to provide a complete and graduated penal section to enforce the provisions of the Act and the regulations made thereunder respecting all alcohols that might be used for beverage purposes.

I do not say the section is wrong, but it is very drastic. Of course, I realize that drastic provisions are essential in cases of this kind.

Hon. Mr. DANDURAND: We might pass this Bill and give it a trial in actual practice. If it results in abuses we can correct them next session.

Hon. Mr. QUINN: The honourable gentleman may himself be a victim.

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

### THIRD READING

Hon. Mr. DANDURAND: Honourable senators, with leave, I move that the Bill be now read a third time.

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

### SPECIAL WAR REVENUE BILL

#### FIRST READING

A message was received from the House of Commons with Bill 120, an Act to amend the Special War Revenue Act.

The Bill was read the first time.

#### SECOND READING

Hon. Mr. DANDURAND: Honourable senators, with leave, I move that this Bill be now read a second time.

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

## THIRD READING

Hon. Mr. DANDURAND: With leave, I move the third reading of the Bill.

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

## CUSTOMS TARIFF BILL

## FIRST READING

A message was received from the House of Commons with Bill 121, an Act to amend the Customs Tariff.

The Bill was read the first time.

## SECOND READING

Hon. RAOUL DANDURAND: Honourable senators, with leave, I move the second reading of the Bill now. This measure is consequential upon the budget that was adopted in the other House. The schedules indicate the tariff items and cover a wide range of changes.

Right Hon. Mr. MEIGHEN: Which are the furniture items?

Hon. Mr. DANDURAND: I have a vague impression that there is an increase of duties, which will do less violence to the principles of my right honourable friend than to mine.

Right Hon. ARTHUR MEIGHEN: Honourable senators, as I sat reading this measure I could not but lament that the clarion voice of our old and dear friend, the late Dr. Michael Clark, could not be heard upon this Bill. I see it fixes duties up to 45 per cent on many lines of manufactured articles. I know, though I have not observed the particular items, that the Bill very substantially raises the tariff on furniture. I judge that in the schedules there are three or four hundred articles apparently entitled to the benevolent eye of the Government. This is a loud, resounding proclamation of the value of protection in this country.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: One cannot but admire the steady progress made by the doctrine, especially when it reaches the master mind of the present Minister of Finance.

Right Hon. Mr. GRAHAM: We all change our minds on that.

Right Hon. Mr. MEIGHEN: What a long road we have travelled from the days of his early speeches in the province of Saskatchewan! But all this is to his credit. It is just an illustration of the mighty and irresistible power of truth. Enlightenment marches on silently, but without impediment, like the spreading light of dawn.

Hon. Mr. DANDURAND: I was not directly in the fray in September, 1878—I think, the 17th—when the National Policy carried the day under John A. Macdonald, as he then was, against the Government which had at its head Alexander Mackenzie. But for some years after entering the political field—should I say as an amateur?—for I was a law-student of about nineteen years of age, I am ashamed to say—I took part in the campaign for freer trade. I remember my first speeches bore on Protection and Free Trade and the construction of the Canadian Pacific Railway. Of economics I thought then I knew more than I know to-day. Of course I had read Bright's and Cobden's speeches, and I observed that the only justification for protection would be in a young country where it was desired to establish industries in competition with industries in a highly industrialized neighbouring country. But we were warned: "Be careful about those native industries. The more they grow, the more they will claim the privilege of protection against foreign competition." It would be interesting to know how many of the industries established under the National Policy in 1879 have not insisted on and obtained larger and still larger measures of protection. My right honourable friend is quite correct in suggesting that, as we on this side are for freer trade, we should be the champions of tariff reduction. Well, I think that we have not been altogether remiss in our duty in that direction.

Right Hon. Mr. MEIGHEN: With many exceptions.

Hon. Mr. DANDURAND: We have in our modifications of the Ottawa agreements tried to reduce tariff rates, and we have done so in our reciprocity convention with the United States. We are carrying out the same principle in our trade agreements with other countries to which we grant, and by which we are granted, most-favoured-nation treatment. I remember an eloquent speech by my honourable friend from Montarville (Hon. Mr. Beaubien) in which he argued that this most-favoured-nation treatment clause produced reduction of duties, and that this reduction was detrimental to our industries.

Of course, a Government must face present conditions. Industries have been established which give employment to thousands of workmen, and in any revision of duty we must proceed prudently so as not to disturb violently the prevailing conditions.

Right Hon. Mr. MEIGHEN: The increase in furniture duties is made, I suppose, so as not to disturb that industry violently.

Hon. Mr. DANDURAND: I had some data on the furniture industry. I think the Tariff Board made a report on various manufacturing industries, furniture being one of them. The Board recommended a slight increase in duties on furniture and a considerable decrease in duties on other commodities. The Government is now implementing the recommendation.

We could, I suppose, sit here for hours checking every item to see if the duty imposed is justified. I will not undertake that task at this moment. I will content myself with saying—

Right Hon. Mr. GRAHAM: I would rather carry the Bill.

Hon. Mr. DANDURAND: —we should carry the Bill, and I move second reading.

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

#### THIRD READING

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

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

#### BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, I understand that the only other legislation to come from the Commons is the Supply Bill. If I am allowed a few minutes, I shall ascertain to what hour we can adjourn the present sitting.

Right Hon. Mr. GRAHAM: Honourable members, though this side of the House is reinforced by the honourable senator from Rockcliffe (Hon. Cairine Wilson), both sides are leaderless. Our leader (Hon. Mr. Dandurand) has gone to ascertain the proper time to have the Senate meet again. As there are very few members here to receive that information, I think we had better call it 6 o'clock. His Honour the Speaker can have the bell rung when we are to reassemble.

Hon. Mr. DONNELLY: I think the honourable leader of the Government (Hon. Mr. Dandurand) said that there was more legislation to come from the other House, and that he was going to see when it would be received here.

Right Hon. Mr. GRAHAM: There is only the Supply Bill.

At 6 o'clock the Senate took recess.

Right Hon. Mr. MEIGHEN.

The Senate resumed at 8 p.m.

#### PROROGATION

The Hon. the SPEAKER informed the Senate that he had received a communication from the Secretary to the Governor General acquainting him that His Excellency the Governor General would proceed to the Senate Chamber at nine o'clock for the purpose of proroguing the session of Parliament.

#### APPROPRIATION BILL No. 3

##### FIRST READING

A message was received from the House of Commons with Bill 118, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1938.

The Bill was read the first time.

##### SECOND READING

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

He said: Honourable senators will observe that the Bill provides for votes of \$186,975,895, \$80,052,755, and \$11,330,955 to defray the expenses of the public service from April 1, 1937, to March 31, 1938, as set forth in the schedules. Section 5 authorizes a loan of \$200,000,000 for public works and general purposes.

I need not go into further details; they are contained in the various schedules to the Bill.

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

##### THIRD READING

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

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

The Senate adjourned during pleasure.

His Excellency the Governor General having come and being seated on the Throne:

The Hon. the SPEAKER commanded the Gentleman Usher of the Black Rod to proceed to the House of Commons and acquaint that House that: "It is His Excellency the Governor General's pleasure they attend him immediately in the Senate Chamber."

Who being come with their Speaker:

The following Bills were assented to, in His Majesty's name, by His Excellency the Governor General:

#### BILLS ASSENTED TO

An Act for the protection of the Dionne Quintuplets.

An Act to repeal the Biological Board Act and to create The Fisheries Research Board of Canada.

An Act respecting the establishment of a National Park in the Province of New Brunswick and to amend The Nova Scotia and Prince Edward Island National Parks Act, 1936.

An Act to authorize an agreement between His Majesty the King and the Corporation of the City of Ottawa.

An Act to amend the Department of National Revenue Act.

An Act to amend the Supreme Court Act.

An Act to revive and amend The Business Profits War Tax Act, 1916.

An Act respecting a certain Trade Agreement between Canada and Uruguay.

An Act for the relief of Clara Emily Taylor Elkin.

An Act for the relief of Yetta Ginsburg.

An Act for the relief of Marguerite Emily Coombe Low.

An Act for the relief of Mary May Rowell Thom.

An Act for the relief of Eva Josephine Millicent Good Ross.

An Act for the relief of Eva Schiller Lightstone.

An Act for the relief of Ruth Jessica Kimpton Shiells.

An Act for the relief of Grace Ellen Doris Newman.

An Act for the relief of Gretna Golden Laird Rankin.

An Act for the relief of Frank Horace Wood.

An Act for the relief of Edith Mary Bowers-Hill O'Hagan.

An Act for the relief of Isobel Jean Herbert Fleming Johnson.

An Act for the relief of Emilie Letsch Rutishauser.

An Act for the relief of Miriam Silverman.

An Act for the relief of Alice Mary Hickman Ings.

An Act for the relief of Norah Clara Simson Warden.

An Act for the relief of Muriel Beatrice Brown Gray.

An Act for the relief of Joseph Gédéon Emilien Tanguay.

An Act for the relief of Mabel Marjorie Powter Johnston.

An Act for the relief of Evelyn McCaughan McBride.

An Act for the relief of Marie Liette Fortier Mickles.

An Act for the relief of Cecile Snyder Rashback.

An Act to amend the Customs Act.

An Act respecting Foreign Enlistment.

An Act to incorporate Trans-Canada Air Lines.

An Act respecting Department of Transport Stores.

An Act to Control and Regulate the Sale of Feeding Stuffs.

An Act respecting the Testing, Inspection and Sale of Seeds.

An Act to amend the Royal Canadian Mounted Police Act.

An Act respecting a certain Convention between Canada and the United States of America, for the preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea, signed at Ottawa on the 29th day of January, 1937.

An Act to assist the Provinces of Alberta, Manitoba and Saskatchewan in financing the cost

of seed and seeding operations for the crop year 1937.

An Act respecting Gold Clause Obligations.

An Act to amend the Customs Tariff.

An Act to assist in the alleviation of Unemployment and Agricultural Distress.

An Act respecting a certain Provisional Trade Agreement between Canada and Germany.

An Act to provide for cancellation of capital stocks and certain indebtedness of the Canadian National Railway System to His Majesty and for adjustment of the accounts of the System.

An Act for the relief of Albert Henry Pergley.

An Act for the relief of Suzanne Rosenthal Winnikoff.

An Act for the relief of Kate Mary Briggs Robinson.

An Act for the relief of Mildred Gordon Kahn.

An Act for the relief of Ernest Arthur Allen.

An Act for the relief of Florence Rose Wright Clark.

An Act for the relief of Constance Hope Davidson.

An Act for the relief of Rosalie Annie Arathoon Webster.

An Act for the relief of Minnie Sidilkofsky Sadegursky.

An Act for the relief of Simone Baillargeon Mann.

An Act for the relief of Thelma Lucille Farr.

An Act for the relief of Sybil Geddes.

An Act for the relief of Maurice Amédée Tremblay.

An Act to amend the Immigration Act.

An Act respecting The Premier Trust Company.

An Act to incorporate The Canadian Mercantile Insurance Company.

An Act to amend The Excise Act, 1934.

An Act to amend the Special War Revenue Act.

An Act to amend the Customs Tariff.

An Act to amend the Combines Investigation Act and amending Act.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1938.

## THE GOVERNOR GENERAL'S SPEECH

After which His Excellency the Governor General was pleased to close the Second Session of the Eighteenth Parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

I desire to express my appreciation of the care and expedition with which you have conducted the proceedings of the session of Parliament now being concluded. The close and continuous attention given your parliamentary duties is reflected in the number and importance of the measures enacted.

The widespread and substantial improvement in economic conditions is evidence of continued progress towards national recovery. Export trade exceeds in value that of any year since 1929. Expansion in employment is now accompanied by a pronounced decrease in the number of persons on relief.

Convinced that recovery is dependent upon the development of trade, my Ministers have pursued their efforts to negotiate agreements with countries willing to trade with Canada on a reciprocal basis.

The trade agreement concluded between Canada and the United Kingdom has received your approval, and effect has been given to the changes in the customs tariff for which it made provision. Ensuring as it does a freer exchange of commodities, through a lowering of trade barriers, the new agreement will, it is believed, bring substantial benefits to producers and consumers alike. It will serve as well to strengthen understanding and goodwill between the United Kingdom and the Dominion.

Approval has also been given to a trade agreement with Uruguay and to a provisional trade agreement with Germany. Progress has been made in negotiations with the Government of the Commonwealth of Australia for the revision of the existing agreement with that country.

Special provision has been made for the promotion of the sale of farm products.

Appropriate action has been taken to give effect to conventions between Canada and the United States for the preservation of the sockeye salmon and Pacific halibut fisheries.

With a view to fostering increased activity and employment in the construction industries, an Act has been passed to facilitate the granting of loans to finance improvements in rural and urban homes. Provision has also been made for the extension of the work of farm rehabilitation in the drought areas of Western Canada, for assistance to the fishing industry, and, in co-operation with the provinces, for the further alleviation of unemployment and agricultural distress.

Provision has been made for pensions to blind persons who have attained the age of forty years.

Measures have been enacted to provide for the establishment of a trans-Canada air service, and for revision of the capital structure of the Canadian National Railways.

More effective provision has been made for the defence of Canada.

Measures have been enacted to prevent enlistments from this country in foreign wars, and to provide for the control of exports of munitions and war materials. The profound desire of the Canadian people to discourage resort to armed force and to promote peace has found further expression in departmental measures to control profits in the manufacture of defence equipment and supplies.

In the opinion of my Ministers, economic and social developments since Confederation necessitate readjustments in the governmental structure of Canada. As a necessary first step, it has been decided to appoint a royal commission of inquiry to investigate the allocation of financial powers and responsibilities as between the Dominion and the provinces.

The Coronation of Their Majesties King George the Sixth and Queen Elizabeth, on May the twelfth, is an event of unprecedented significance to the nations of the British Commonwealth. Arrangements are being completed for the appropriate representation of Canada at the ceremonies.

Canada will also be duly represented at the Imperial Conference to be held in London immediately following the Coronation.

Members of the House of Commons:

I thank you for the provision you have made for the public service.

Honourable Members of the Senate:

Members of the House of Commons:

In taking leave of you at this time, I pray that the blessing of Divine Providence may rest upon your labours.

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